

**SCHOOL DISTRICT
OF
MORRIS HILLS REGIONAL**



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

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2020**

**Comprehensive Annual
Financial Report**

of the

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

Rockaway, New Jersey

For the Fiscal Year Ended June 30, 2020

Prepared by

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

Business Office

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**INTRODUCTORY SECTION
(UNAUDITED)**



MORRIS HILLS REGIONAL DISTRICT

SUPERINTENDENT of SCHOOLS
James J. Jencarelli 973.664.2291

ASSISTANT SUPERINTENDENT
CURRICULUM & INSTRUCTION
Nisha Zoeller, D. Litt. 973.664.2293

BUSINESS ADMINISTRATOR
& BOARD SECRETARY
Joann Gilman Auricchio 973.664.2281

SUPERVISOR OF
HUMAN RESOURCES
Peter Lazzaro 973.664.2297

Letter of Transmittal For the Fiscal Year Ended June 30, 2020

December 14, 2020

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

As the Superintendent and the Business Administrator of the Morris Hills Regional District (the “District”), we are pleased to submit to you this Comprehensive Annual Financial Report (CAFR) issued by the District. This CAFR for the fiscal year ended June 30, 2020, was prepared in accordance with Generally Accepted Accounting Principles (GAAP) as applicable to governmental entities.

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

Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District’s financial activities have been included.

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

The CAFR is presented in four sections: introductory, financial, statistical and single audit.

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

MORRIS HILLS REGIONAL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2020

Profile of the Morris Hills Regional District

The Morris Hills Regional District is a comprehensive regional public school district that provides academic, technological, and vocational programs for grades 9, 10, 11 and 12 as well as adult education programs. The District serves the communities of Denville Township, Rockaway Borough, Rockaway Township, and Wharton Borough over approximately 58 square miles. The District also hosts two academy programs for the Morris County School of Technology (MCST) which services all Morris County students.

Population estimates for 2019 from the United States Census Bureau reflect a relatively small increase of 2.26% in total population for the four communities served as compared to the census in 2010. Rockaway Township, which represents 47% of the District's total population, saw the largest projected increase of 1,720 residents. Denville representing 29% of the serviced population saw a small projected decrease of 189. Rockaway Borough and Wharton Borough that are very similar in population and size, each representing approximately 11.5% of the population reflected a decline in projected population, 162 and 153 respectively.

Enrollment

The District's enrollment reported on the Application for State School Aid (ASSA) in October 2019 was 2,750 resident students compared to 2,772 resident students the prior year. Although resident students decreased by 22 or less than 1% from prior year, the ASSA does not reflect students enrolled in the academy programs. On October 15, 2019 Morris Knolls enrolled 79 students in the Academy for the Performing Arts (APA) and Morris Hills enrolled 164 students in the Academy for Math, Science and Engineering (MSE). This was an increase of 66 students. The District expects to increase enrollment in both APA and MSE in the 2020-21 school year by approximately 72 students.

School Buildings and Capital Improvements

The District's buildings, Morris Hills High School and Morris Knolls High School were built in 1953 and 1964, respectively. Both buildings are exceptionally well maintained. However, after an energy audit, the District found that additional improvements could reduce operating costs. The District applied to the state for the approval of an energy savings improvement plan and received approval in January 2019. In April 2019, bonds were sold to support the improvements. The ESIP program is discussed in the Management's Discussion and Analysis section of this report. Annual deposits into the District's Capital Reserve have funded additional improvements to classroom space, athletic fields and gymnasium renovations.

Curriculum Offerings

The District has enhanced program offerings that make it unique among other high schools in the state; in fact, school choice applications have grown drastically because of the enhanced opportunities available to students. In 2019 – 2020, applications for the school choice program continued to exceed available seats. Some of the unique offerings include:

- **AP Program**: The District offers 27 Advanced Placement options for students. AP offers students the opportunity to earn college credits while in high school, a major NJDOE initiative. The District has no minimum grade requirement to enter an AP course. This past year, 82% of the students taking 175 AP exams scored 3 or higher, scores high enough to earn college credit. 29% of exams taken earned a perfect score of 5.

MORRIS HILLS REGIONAL DISTRICT

Letter of Transmittal

For the Fiscal Year Ended June 30, 2020

- International Baccalaureate: The District is one of only 14 schools in New Jersey to offer the International Baccalaureate Diploma Program, an extremely competitive, internationally-recognized program for juniors and seniors. IB courses are as rigorous, if not more than AP courses and provide students the opportunity to earn college credit while in high school, a major NJDOE initiative. Our graduating classes in the IB Diploma Program continue to outperform graduates of established IB Programs around the world, including areas in which the United States is considered weak, such as world language.
- Magnet Program for Math and Science: We are in our eleventh year of offering a specialized program that emphasizes statistical analysis and scientific research, which includes coursework that is offered by no other high school in the state and typically seen only at the collegiate level. The Magnet Program utilizes the College Board's AP Capstone Program, combined with our specialized Magnet coursework, we offer a 3-year sequence in Research Methods and provides students with training and skills to conduct collegiate level research and advanced STEM coursework. The NJDOE has been emphasizing the incorporation of STEM into high school curriculum; the Magnet Program exemplifies the type of STEM curricula that is going on in the best schools in the country. The Magnet Program is part of the National Consortium for Secondary Stem Schools (NCSSSS), which requires that programs be aligned to the consortium's STEM standards.
- AVID Program: The District is in our ninth year of implementing the AVID Program (Advancement Via Individual Determination), a national and international program that helps students in the academic middle take more rigorous coursework and provides access to college for historically underrepresented groups. Teachers are trained in research-based instructional strategies to work with this population, and students are provided access to upper level coursework traditionally reserved for the academic elite.
- Gifted and Talented Program: Unlike many high schools in the state, that only offer "gifted" programs through honors and AP coursework, the District also address the other areas of giftedness that are recognized by the National Association for Gifted Children through seminars, pull out programs and a vast independent study program.
- Aviation and Aerospace Program: In the 2017-18 school year, the District partnered with the Aircraft Owners and Pilots Association (AOPA) and offered in 2019-2020 two career pathways (Pilot and Unmanned Aircraft Systems) in the aviation/aerospace industry. The program will afford students the opportunity to earn industry credentials while still in high school.
- School Choice Program: The District continued two school choice programs that began in 2011-2012. The first, an intradistrict school choice program allowed resident students to apply to either high school regardless of their address. Approximately 42 students participated in 2019-20. Also in 2011-2012, Morris Hills Regional District was approved by the New Jersey Department of Education as a Choice School District. There were 128 students enrolled in the District in the 2019-20 school year. Funding is received directly from the State of New Jersey for these students.
- General Education Program: Our general education program provides all students with access to a truly comprehensive curriculum, including technology education, computer science, world languages, the academic core, and visual and performing arts. Both high schools are consistently ranked in the top 100 high schools in the state.

MORRIS HILLS REGIONAL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2020

Economic Condition and Financial Outlook

The District relies on local property taxes and state aid to support its budget. In the 2019-2020 school year, the District saw a slight increase in state aid but the predominant source to support its budget is local property taxes.

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

Internal Controls

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

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

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

Accounting System and Budgetary Controls

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

The District's accounting records include an expanded minimum chart of accounts using dimensions to define area and location. Board approval for budgetary transfers is required at the state minimum level, which is the dimension object within program. Additional approval from the New Jersey State Department of Education is required in the case of General Fund transfers from instructional to non-instructional accounts, any transfer to capital outlay from current expense except for equipment, transfers from unassigned fund balance, and all transfers that on a cumulative basis exceeds 10% of the advertised appropriation as established by the New Jersey Department of Education, Division of Finance.

MORRIS HILLS REGIONAL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2020

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either liquidated or are included as appropriations of fund balance in the subsequent fiscal year. Those amounts to be appropriated are reported as fund balance restrictions, commitments and assignments on June 30, 2020.

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

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

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

Major Initiatives For The Future

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

Awards

The Association of School Business Officials International ("ASBO") awarded a Certificate of Achievement for Excellence in Financial Reporting to the Morris Hills Regional District for its Comprehensive Annual Financial Report ("CAFR") for the fiscal years ended June 30, 2012 through 2019. This program contributes to the enhancement of credibility of financial management, the adoption of accounting principles generally accepted in the United States of America, and sound budgetary and reporting purposes. In order to be awarded the Certificate of Excellence, the District must prepare the CAFR in a fashion that strictly conforms to generally accepted accounting principles and program requirements. The Certificate of Excellence is valid for a period of one year, and the District feels confident that it will continue to meet the program requirements and will apply for the award for the fiscal year ended June 30, 2020.

MORRIS HILLS REGIONAL DISTRICT

*Letter of Transmittal
For the Fiscal Year Ended June 30, 2020*

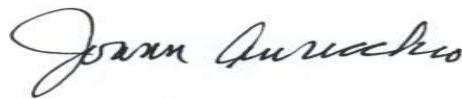
Acknowledgements

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

Respectfully submitted,

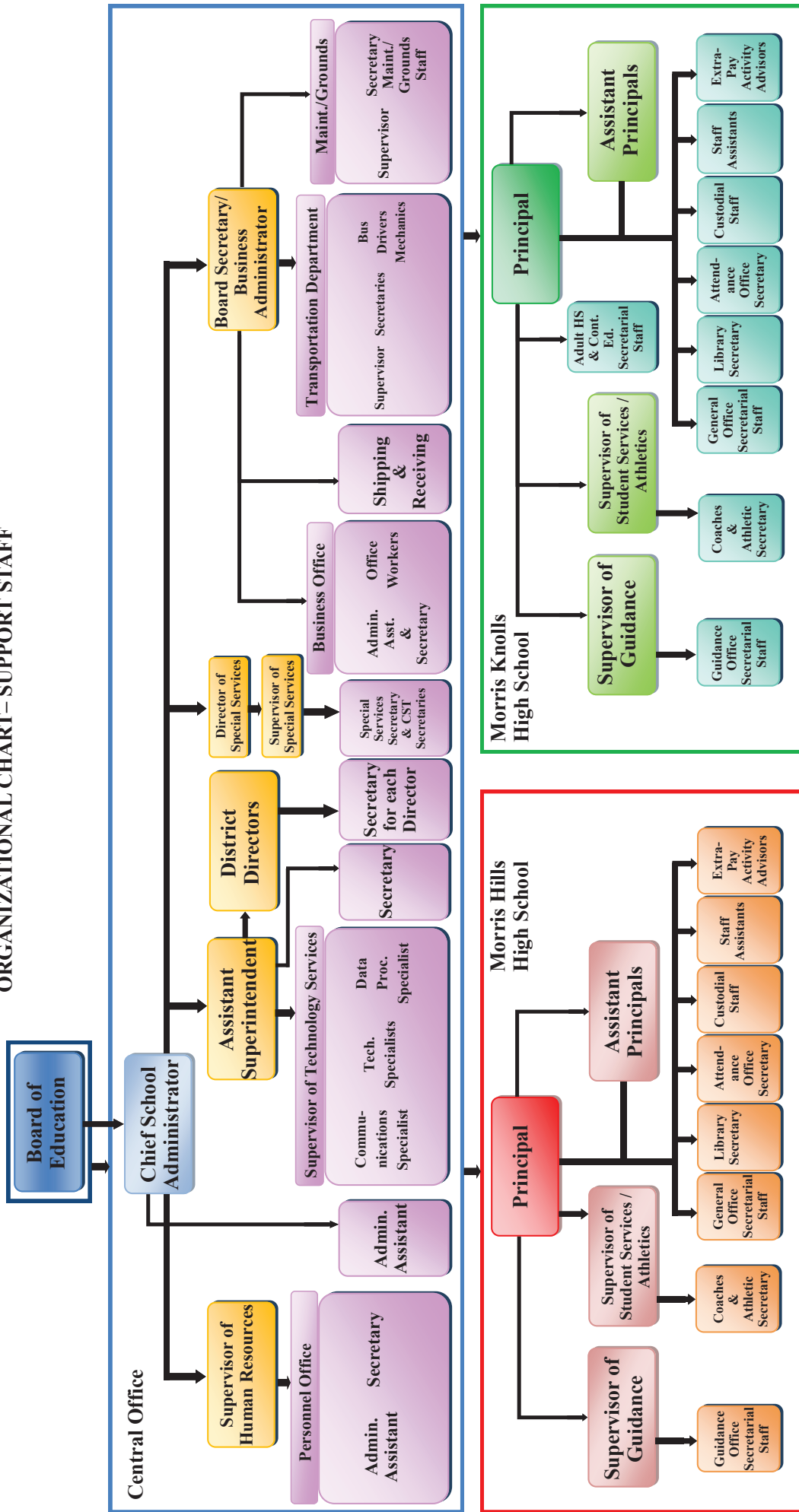


James J. Jencarelli
Superintendent

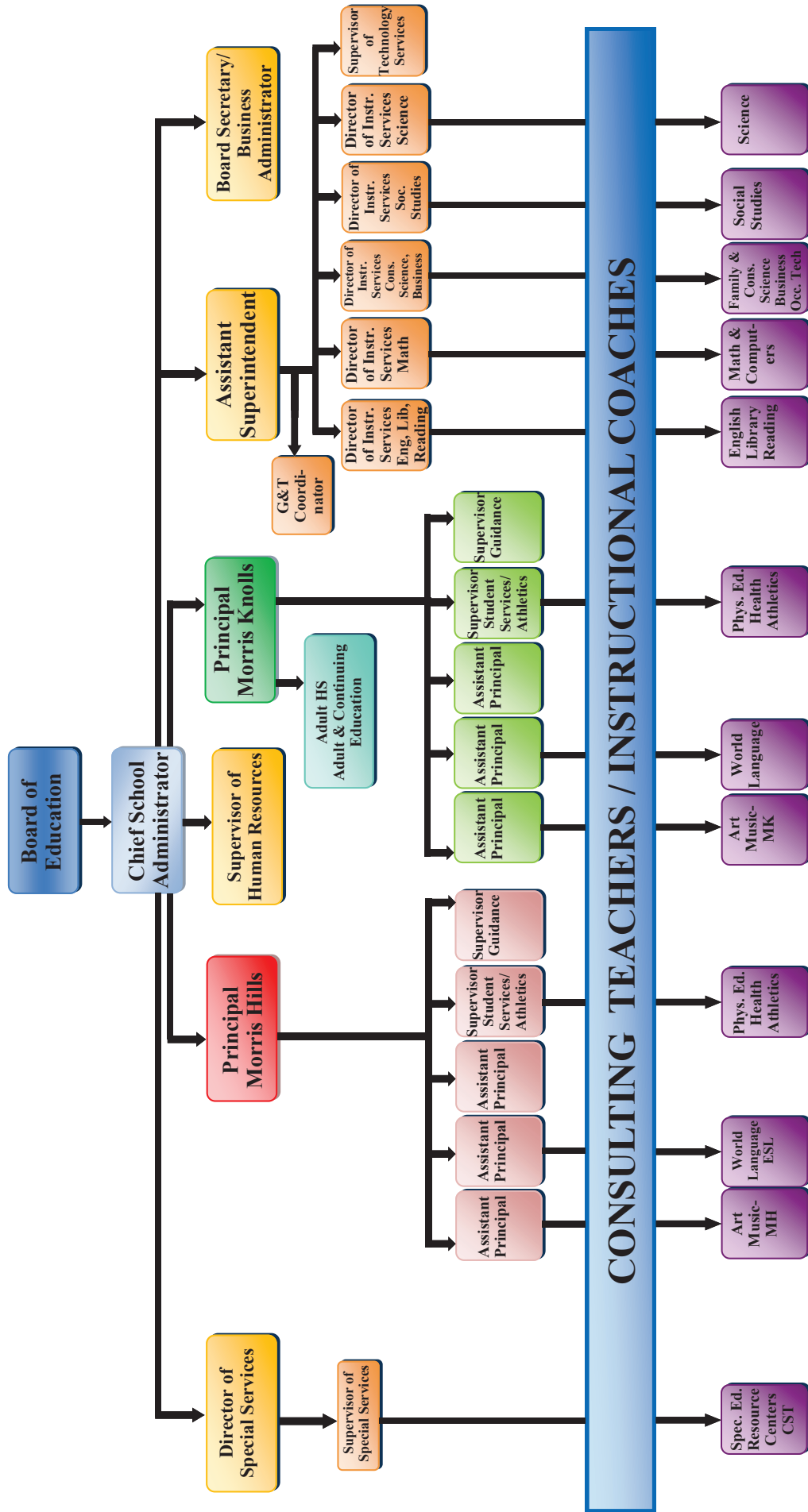


Joann Auricchio
Board Secretary/Business Administrator

MORRIS HILLS REGIONAL DISTRICT
ORGANIZATIONAL CHART – SUPPORT STAFF



MORRIS HILLS REGIONAL DISTRICT
ORGANIZATIONAL CHART – CERTIFIED STAFF



MORRIS HILLS REGIONAL DISTRICT
ROSTER OF OFFICIALS
June 30, 2020

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Barbara C. Levy, President	2022
Michael Bertram, Vice President	2021
Robert Crocetti	2020
Mark DiGennaro	2021
Rob Izsa	2022
Steven Kovacs	2020
Patrick Napolitano	2020
William Serafin	2021
Michael Wiczerzak	2022

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

MORRIS HILLS REGIONAL DISTRICT BOARD OF EDUCATION
Consultants and Advisors

Attorney

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

Audit Firm

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

Official Depository

PNC Bank
55 West Main Street
Rockaway, New Jersey 07866



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

Morris Hills Regional District

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2019.**

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



A handwritten signature in black ink, reading 'Claire Hertz'.

Claire Hertz, SFO
President

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

David J. Lewis
Executive Director

FINANCIAL SECTION



200 Valley Road, Suite 300
Mt. Arlington, NJ 07856
973.298.8500

11 Lawrence Road
Newton, NJ 07860
973.383.6699

nisivoccia.com

Independent Member
BKR International

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Morris Hills Regional School District (the "District") in the County of Morris as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Morris Hills Regional School District, in the County of Morris, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, the pension and postemployment benefit schedules in Exhibits L-1 through L-5 and the related notes and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2020 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Mount Arlington, New Jersey
December 14, 2020

Nisivoccia, LLP

NISIVOCCIA, LLP

Kathryn L. Mantell

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

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

**Morris Hills Regional School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020**

This section of Morris Hills Regional School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2020. Please read it in conjunction with the transmittal letter at the front of this report and the District's basic financial statements, which immediately follow this section.

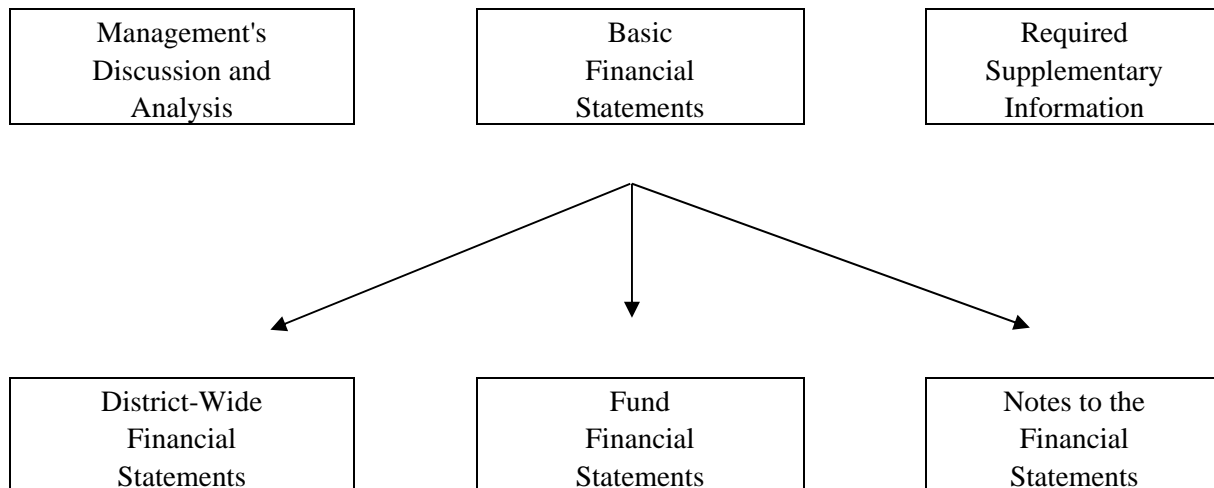
Overview of the Financial Statements

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

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

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

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



**Morris Hills Regional School District
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2020**

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

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services, academy for technology and shared services (special education and custodial)	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenue, expenses, and changes in net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used and liabilities that come due during the fiscal year or soon thereafter; capital assets or long-term	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenue and expenses during the fiscal year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after year-end; expenditures when goods or services have been received and the related liability is due	All revenue and expenses during the fiscal year, regardless of when cash is received or paid	All additions and deductions during the fiscal year, regardless of when cash is received or paid

**Morris Hills Regional School District
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2020**

District-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

**Morris Hills Regional School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020**

Fund Financial Statements

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

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

Financial Analysis of the District as a Whole

Net Position. The Statement of Net Position provides one perspective of the District as a whole. Figure A-3 provides a summary of the District's net position as of June 30, 2020 and 2019. The District's *combined* net position was \$6,906,975 on June 30, 2020, \$3,768,837 or 120.10% more than it was the fiscal year before. The net position of the governmental activities increased by \$3,755,018 and the net position of the business-type activities increased by \$13,819.

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

	Governmental Activities		Business-Type Activities		Total School District		Percentage
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	Change 2019/20
Current and Other Assets	\$ 10,388,991	\$ 16,073,304	\$ 431,055	\$ 349,167	\$ 10,820,046	\$ 16,422,471	
Capital Assets, Net	53,778,198	46,376,157	686,527	721,067	54,464,725	47,097,224	
Total Assets	64,167,189	62,449,461	1,117,582	1,070,234	65,284,771	63,519,695	2.78%
Deferred Outflows of Resources	5,368,776	7,341,606			5,368,776	7,341,606	-26.87%
Other Liabilities	2,469,358	2,490,729	73,898	40,369	2,543,256	2,531,098	
Long-Term Liabilities	53,825,853	57,862,974			53,825,853	57,862,974	
Total Liabilities	56,295,211	60,353,703	73,898	40,369	56,369,109	60,394,072	-6.66%
Deferred Inflows of Resources	7,377,463	7,329,091			7,377,463	7,329,091	0.66%
Net Position:							
Net Investment in Capital Assets	25,849,900	16,518,049	686,527	721,067	26,536,427	17,239,116	
Restricted	5,455,638	4,360,038			5,455,638	4,360,038	
Unrestricted (Deficit)	(25,442,247)	(18,769,814)	357,157	308,798	(25,085,090)	(18,461,016)	
Total Net Position	\$ 5,863,291	\$ 2,108,273	\$ 1,043,684	\$ 1,029,865	\$ 6,906,975	\$ 3,138,138	120.10%

**Morris Hills Regional School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020**

Financial Analysis of the District as a Whole

Figure A-4 represents the *Changes in Net Position*. Net investment in capital assets increased \$9,297,311 due to \$10,878,454 in capital assets additions and the retirement of \$1,610,000 of serial bonds payable and \$466,965 of capital leases payable, offset by \$3,510,953 of depreciation expense and amortized deferred amount on refunding of \$147,155. Restricted net position increased \$1,095,600 primarily due to net increases in the capital reserve of \$1,060,237 and maintenance reserve of \$35,000. Unrestricted net position (deficit) decreased \$6,624,074 primarily due to a net decrease in the capital projects fund, changes in deferred inflows and outflows related to pensions and a net increase in compensated absences, offset by decreases in the net pension liability, unamortized bond issuance premiums and accrued interest.

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

	Governmental Activities		Business-Type Activities		Total School District		Percentage
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	Change 2019/20
Revenue:							
Program Revenue:							
Charges for Services			\$ 4,249,400	\$ 4,084,137	\$ 4,249,400	\$ 4,084,137	
Grants and Contributions:							
Operating	\$ 19,003,504	\$ 21,125,790	313,508	364,721	19,317,012	21,490,511	
Capital	545,940	688,691			545,940	688,691	
General Revenue:							
Property Taxes	62,865,626	61,355,210			62,865,626	61,355,210	
Unrestricted Federal and State Aid	5,634,440	5,727,264			5,634,440	5,727,264	
Other	630,423	1,667,658			630,423	1,667,658	
Total Revenue	88,679,933	90,564,613	4,562,908	4,448,858	93,242,841	95,013,471	-1.86%
Expenses:							
Instruction	44,107,005	46,002,395			44,107,005	46,002,395	
Pupil and Instruction Services	17,090,909	17,280,789			17,090,909	17,280,789	
Administration and Business	7,947,066	7,548,735			7,947,066	7,548,735	
Maintenance and Operations	6,225,422	5,730,133			6,225,422	5,730,133	
Transportation	5,729,894	5,685,945			5,729,894	5,685,945	
Other	3,824,619	4,001,857	4,549,089	4,390,165	8,373,708	8,392,022	
Total Expenses	84,924,915	86,249,854	4,549,089	4,390,165	89,474,004	90,640,019	-1.29%
Increase in Net Position	3,755,018	4,314,759	13,819	58,693	3,768,837	4,373,452	
Beginning Net Position (Deficit)	2,108,273	(2,206,486)	1,029,865	971,172	3,138,138	(1,235,314)	
Ending Net Position	\$ 5,863,291	\$ 2,108,273	\$ 1,043,684	\$ 1,029,865	\$ 6,906,975	\$ 3,138,138	120.10%

**Morris Hills Regional School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020**

Governmental Activities

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

Figure A-5 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

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

	Total Cost of Services		Net Cost of Services	
	2019/2020	2018/2019	2019/2020	2018/2019
Instruction	\$ 44,107,005	\$ 46,002,395	\$ 29,504,211	\$ 29,823,662
Pupil and Instruction Services	17,090,909	17,280,789	14,229,909	14,071,759
Administration and Business	7,947,066	7,548,735	7,067,735	6,495,760
Maintenance and Operations	6,225,422	5,730,133	5,679,482	5,041,442
Transportation	5,729,894	5,685,945	5,175,185	5,132,937
Other	3,824,619	4,001,857	3,718,949	3,869,813
	<u>\$ 84,924,915</u>	<u>\$ 86,249,854</u>	<u>\$ 65,375,471</u>	<u>\$ 64,435,373</u>

Business-Type Activities

The net position of the District's business-type activities increased by \$13,819, which was comprised of a \$33,391 increase in net position for the food service fund, offset by a decrease in the net position of the academy for technology program of \$19,572. (Refer to Figure A-4). The increase in the food service fund continues to be primarily attributable to the recent change in food service vendor which has led to a significant turnaround and would have been higher if not for COVID-19. The decrease in the academy for technology was strictly associated with the annual depreciation of its capital assets.

Financial Analysis of the District's Funds

The financial position of the District declined significantly overall due to a significant decline in the capital projects fund primarily due to expenditures related to various projects, offset by improvement in the general and debt service funds. Difficult economic times have had a direct impact upon the District's revenue sources and planned expenditures. Ratables in the municipality remain more or less stable, thus generating concern for the local tax levy in the future.

**Morris Hills Regional School District
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2020**

Financial Analysis of the District’s Funds

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

The State imposes spending and tax levy limits on the District in its budget process. The financial condition has been directly affected in recent years by legislation titled “S1701” which reduced the amount of allowable General Fund unassigned fund balance to 2% of adjusted expenditures. At June 30, 2020 the District’s 2% limit is \$1,369,134 plus adjustments for additional State Aid of \$518,888, for a total of \$1,888,022 as allowable General Fund unassigned fund balance. However, since the District appropriated \$523,000 of fund balance as revenue in its 2020-2021 budget, only \$1,628,128 (or 1.72%) is unassigned at June 30, 2020 which was further reduced by \$782,163 to \$845,965 on the GAAP basis due to the June state aid payments which are not recognized until the fiscal year ended June 30, 2021.

General Fund Budgetary Highlights

Over the course of the fiscal year, the District revised the annual operating budget between budgetary line items for changes in school-based needs. The District transferred \$55,000 from the Maintenance Reserve for costs associated with Morris Hills and Morris Knolls High Schools bleacher repairs and Morris Hills High School boiler refurbishment. The District transferred \$1,431,187 from the Capital Reserve for costs associated with the Morris Hills High School windows capital outlay project and the Morris Hills and Morris Knolls High Schools energy savings improvement plan (ESIP), Morris Hills High School engineering lab and Morris Knolls High School black box theater capital projects.

Capital Asset and Long-term Liabilities Administration

The District’s capital assets (net of depreciation) increased \$7,367,501, or 15.64%, during the fiscal year. (More detailed information about the District’s capital assets is presented in Note 6 to the Basic Financial Statements).

**Figure A-6
Capital Assets (Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total School District		Percentage
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	Change 2019/20
Sites (Land)	\$ 288,500	\$ 288,500			\$ 288,500	\$ 288,500	
Construction in Progress	12,138,116	2,336,076			12,138,116	2,336,076	
Buildings and Building Improvements	36,727,846	38,732,951			36,727,846	38,732,951	
Land Improvements	1,272,416	1,433,269			1,272,416	1,433,269	
Machinery & Equipment	3,351,320	3,585,361	\$ 686,527	\$ 721,067	4,037,847	4,306,428	
Total Capital Assets, Net of Depreciation	\$ 53,778,198	\$ 46,376,157	\$ 686,527	\$ 721,067	\$ 54,464,725	\$ 47,097,224	15.64%

The District invested \$10,878,454 in capital assets - \$10,871,627 from governmental activities (which includes \$9,802,040 from capital projects and \$1,069,587 from capital outlay for equipment purchases and facilities acquisition and construction services) and \$6,827 from business-type activities. The District incurred \$3,469,586 and \$41,367 of depreciation related to governmental and business-type capital assets, respectively.

**Morris Hills Regional School District
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2020**

Long-term Liabilities

The District’s long-term liabilities decreased by \$4,037,121, or 6.98%, during the fiscal year. At fiscal year-end, the District had \$28,925,000 in general obligation bonds outstanding (\$20,695,000 refunding bonds and \$8,230,000 ESIP bonds), \$4,291,497 in compensated absences payable, \$2,857,330 in unamortized bond issuance premiums, \$17,277,178 in net pension liability and \$474,848 in capital leases payable as shown in Figure A-7. (More detailed information about the District’s long-term liabilities is presented in Note 8 to the Basic Financial Statements).

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

	Total School District		Percentage
	2019/20	2018/19	Change 2019/20
General Obligation Bonds (Financed with Property Taxes), Net	\$ 28,925,000	\$ 30,535,000	
Net Pension Liability	17,277,178	19,342,895	
Other Long-Term Liabilities	<u>7,623,675</u>	<u>7,985,079</u>	
	<u>\$ 53,825,853</u>	<u>\$ 57,862,974</u>	-6.98%

- Other long-term liabilities are comprised of unamortized bond issuance premiums, compensated absences payable and capital leases payable.
- The District retired \$1,610,000 of its general obligation bonds during the fiscal year.
- The District’s net pension liability decreased by \$2,065,717.
- The District’s liability for compensated absences increased by the net amount of \$391,294.
- Unamortized bond issuance premiums decreased by \$285,733.
- The District paid down \$466,965 of capital leases payable during the 2019-2020 fiscal year for the local share of the Morris Hills and Morris Knolls High Schools’ partial roof replacement, the Morris Hills High School’s HVAC and the Morris Knolls High School’s partial window replacement capital projects.

Factors Bearing on the District’s Future

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

- Due to the pandemic, the District ended all in person activities on March 13, 2020.
- All Spring sports and most end of year student activities were cancelled. These cancellations resulted in a larger than average savings in Transportation costs and other general expenses.
- The District Food Service program sales ended in March 2020 yet meals were provided to students at no cost under the Seamless Summer Option Program.

**Morris Hills Regional School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020**

Factors Bearing on the District's Future

- Many unplanned unbudgeted items such as PPE had to be provided for the operational staff on site. Students and staff abruptly began virtual learning which required additional technology applications and hardware.
- Meeting the need of increasing salary and health benefit costs continue to be a major budget concern to the District. Negotiated agreements in Morris County and its surrounding region have been close to 3%. The District's teachers bargaining unit has a contract agreement through June 2021. Health benefit costs continue to rise despite improved experience ratings.
- The District is committed to remaining within the 2% cap increase allowed on school levy and any allowable adjustments for enrollment or health care costs. State Aid is stable and the District will continue to monitor costs by implementing best practices which result in efficient operations including sharing services with our elementary districts.
- The District has an agreement with the Morris County School of Technology to host two academy programs in exchange for tuition. These students are not counted on the District's ASSA for state aid and instead are funded by tuition proceeds. These programs are operated in the financial records as a proprietary fund. Enrollment is projected to grow by 80 students by the 2021 – 2022 school year.
- In an effort to avoid raising taxes for capital improvements, the District has been funding a capital reserve account each year with unexpended fund balance and unanticipated revenue. Those funds are used in subsequent budgets for various capital projects.

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

MORRIS HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 2,931,803	\$ 379,247	\$ 3,311,050
Internal Balances	410,000	(410,000)	
Receivables from Federal Government	375,204	11,832	387,036
Receivables from State Government	1,002,894	2,462	1,005,356
Receivables from Other Governments:			
Tuition		290,700	290,700
Other	270,660	131,067	401,727
Inventories		25,747	25,747
Restricted Assets - Cash and Cash Equivalents:			
Capital Reserve Account	5,093,430		5,093,430
Maintenance Reserve Account	305,000		305,000
Capital Assets, Net:			
Sites (Land) and Construction in Progress	12,426,616		12,426,616
Depreciable Buildings and Building Improvements, Land Improvements, and Machinery & Equipment	41,351,582	686,527	42,038,109
Total Assets	<u>64,167,189</u>	<u>1,117,582</u>	<u>65,284,771</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Debt Refunding	1,471,550		1,471,550
Deferred Outflows of Resources Related to Pensions	3,897,226		3,897,226
Total Deferred Outflows of Resources	<u>5,368,776</u>		<u>5,368,776</u>
LIABILITIES			
Current Liabilities:			
Payable to State Government	8,473		8,473
Accounts Payable	2,108,651	20,852	2,129,503
Accrued Interest Payable	334,135		334,135
Unearned Revenue	18,099	53,046	71,145
Noncurrent Liabilities:			
Due Within One Year	2,825,179		2,825,179
Due Beyond One Year	51,000,674		51,000,674
Total Liabilities	<u>56,295,211</u>	<u>73,898</u>	<u>56,369,109</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources Related to Pensions	7,377,463		7,377,463
Total Deferred Inflows of Resources	<u>7,377,463</u>		<u>7,377,463</u>
NET POSITION			
Net Investment in Capital Assets	25,849,900	686,527	26,536,427
Restricted for:			
Capital Projects	5,093,430		5,093,430
Debt Service	57,208		57,208
Maintenance	305,000		305,000
Unrestricted (Deficit)	(25,442,247)	357,157	(25,085,090)
Total Net Position	<u>\$ 5,863,291</u>	<u>\$ 1,043,684</u>	<u>\$ 6,906,975</u>

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Program Revenues			Net (Expenses)/Revenues and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 32,729,696		\$ 8,195,866		\$ (24,533,830)		\$ (24,533,830)
Special Education	6,998,361		5,249,837		(1,748,524)		(1,748,524)
Other Special Instruction	371,392		111,534		(259,858)		(259,858)
School-Sponsored Other Instruction	4,007,556		1,045,557		(2,961,999)		(2,961,999)
Support Services:							
Tuition	4,996,804				(4,996,804)		(4,996,804)
Student & Instruction Related Services	12,094,105		2,861,000		(9,233,105)		(9,233,105)
General Administration Services	1,621,108				(1,621,108)		(1,621,108)
School Administration Services	3,724,617		879,331		(2,845,286)		(2,845,286)
Central Services	1,668,513				(1,668,513)		(1,668,513)
Administrative Information Technology	932,828				(932,828)		(932,828)
Plant Operations and Maintenance	6,225,422			\$ 545,940	(5,679,482)		(5,679,482)
Pupil Transportation	5,729,894		554,709		(5,175,185)		(5,175,185)
Special Schools	406,686		105,670		(301,016)		(301,016)
Interest on Long-Term Debt	850,382				(850,382)		(850,382)
Unallocated Depreciation*	2,567,551				(2,567,551)		(2,567,551)
Total Governmental Activities	84,924,915		19,003,504	545,940	(65,375,471)		(65,375,471)

* - Excludes direct depreciation expenses of the various programs.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Functions/Programs	Program Revenues			Net (Expenses)/Revenues and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Business-Type Activities:							
Food Service	\$ 1,205,732	\$ 925,615	\$ 313,508		\$ 33,391	\$ 33,391	33,391
Academy for Technology	2,012,172	1,992,600			(19,572)	(19,572)	(19,572)
Shared Services	1,331,185	1,331,185					
Total Business-Type Activities	4,549,089	4,249,400	313,508		13,819	13,819	13,819
Total Primary Government	\$ 89,474,004	\$ 4,249,400	\$ 19,317,012	\$ 545,940	\$ (65,375,471)	13,819	(65,361,652)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					60,284,540		60,284,540
Taxes Levied for Debt Service					2,581,086		2,581,086
Federal and State Aid Not Restricted					5,634,440		5,634,440
Tuition Charges					295,742		295,742
Investment Earnings					196,755		196,755
Miscellaneous Income					137,926		137,926
Total General Revenues					69,130,489	- 0 -	69,130,489
Change in Net Position					3,755,018	13,819	3,768,837
Net Position - Beginning					2,108,273	1,029,865	3,138,138
Net Position - Ending					\$ 5,863,291	\$ 1,043,684	\$ 6,906,975

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

FUND FINANCIAL STATEMENTS

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 105,208	\$ 112,017	\$ 2,657,370	\$ 57,208	\$ 2,931,803
Interfund Receivable	800,000				800,000
Receivables from Federal Government		375,204			375,204
Receivables from State Government	978,074	24,820			1,002,894
Receivables from Other Governments - Other	270,660				270,660
Restricted Cash and Cash Equivalents	5,398,430				5,398,430
Total Assets	\$ 7,552,372	\$ 512,041	\$ 2,657,370	\$ 57,208	\$ 10,778,991
LIABILITIES AND FUND BALANCES					
Liabilities:					
Interfund Payable		\$ 390,000			\$ 390,000
Payable to State Government		8,473			8,473
Accounts Payable	\$ 772,962	107,484	\$ 112,291		992,737
Unearned Revenue	12,015	6,084			18,099
Total Liabilities	784,977	512,041	112,291		1,409,309
Fund Balances:					
Restricted:					
Capital Reserve Account	5,093,430				5,093,430
Maintenance Reserve Account	305,000				305,000
Debt Service Fund				\$ 57,208	57,208
Committed			2,545,079		2,545,079
Assigned:					
For Subsequent Year's Expenditures	523,000				523,000
Unassigned	845,965				845,965
Total Fund Balances	6,767,395	- 0 -	2,545,079	57,208	9,369,682
Total Liabilities and Fund Balances	\$ 7,552,372	\$ 512,041	\$ 2,657,370	\$ 57,208	\$ 10,778,991

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

Total Fund Balances (Per Above)	\$ 9,369,682
Capital Assets Used in Governmental Activities are not Financial Resources and therefore are not reported in the Funds.	53,778,198
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(17,277,178)
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:	
Deferred Outflows of Resources Related to Pensions, Excluding District Contribution Subsequent to the Measurement Date	2,781,312
Deferred Inflows of Resources Related to Pensions	(7,377,463)
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.	(33,691,345)
The Deferred Amount on Refunding is not reported as an expenditure in the Governmental Funds in the year of the expenditure.	1,471,550
Bond Issuance Premiums are reported as revenue in the Funds.	(2,857,330)
Interest on Long-Term Debt is not accrued in the Governmental Funds, but rather is recognized as an expenditure when due.	(334,135)
Net Position of Governmental Activities (Exhibit A-1)	\$ 5,863,291

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources:					
Local Tax Levy	\$ 60,284,540			\$ 2,581,086	\$ 62,865,626
Tuition Charges	295,742				295,742
Miscellaneous	229,216	\$ 581	\$ 105,465		335,262
Total - Local Sources	60,809,498	581	105,465	2,581,086	63,496,630
State Sources	19,051,639	352,459	545,940		19,950,038
Federal Sources	36,465	984,036			1,020,501
Total Revenues	79,897,602	1,337,076	651,405	2,581,086	84,467,169
EXPENDITURES					
Current:					
Regular Instruction	20,857,078	111,158			20,968,236
Special Education Instruction	3,546,818	856,355			4,403,173
Other Special Instruction	259,913				259,913
School-Sponsored Other Instruction	2,962,520				2,962,520
Support Services and Undistributed Costs:					
Tuition	4,996,804				4,996,804
Student & Instruction Related Services	7,131,400	369,563			7,500,963
General Administration Services	1,005,994				1,005,994
School Administration Services	2,137,189				2,137,189
Central Services	1,242,467				1,242,467
Administrative Information Technology	702,199				702,199
Plant Operations and Maintenance	4,598,803				4,598,803
Pupil Transportation	4,213,615				4,213,615

MORRIS HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES					
Current:					
Allocated Benefits	\$ 10,506,152				\$ 10,506,152
Unallocated Benefits	10,033,368				10,033,368
Capital Outlay	1,720,977		\$ 9,802,040		11,523,017
Special Schools	301,069				301,069
Debt Service:					
Principal				\$ 1,610,000	1,610,000
Interest and Other Charges				1,006,700	1,006,700
Total Expenditures	<u>76,216,366</u>	<u>\$ 1,337,076</u>	<u>9,802,040</u>	<u>2,616,700</u>	<u>89,972,182</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>3,681,236</u>	<u>- 0 -</u>	<u>(9,150,635)</u>	<u>(35,614)</u>	<u>(5,505,013)</u>
OTHER FINANCING SOURCES/(USES)					
Transfers In	95,732		2,273,682	35,977	2,405,391
Transfers Out	<u>(2,273,682)</u>		<u>(131,709)</u>		<u>(2,405,391)</u>
Total Other Financing Sources/(Uses)	<u>(2,177,950)</u>	<u>- 0 -</u>	<u>2,141,973</u>	<u>35,977</u>	<u>- 0 -</u>
Net Change in Fund Balances	1,503,286	- 0 -	(7,008,662)	363	(5,505,013)
Fund Balance—July 1	<u>5,264,109</u>	<u>- 0 -</u>	<u>9,553,741</u>	<u>56,845</u>	<u>14,874,695</u>
Fund Balance—June 30	<u>\$ 6,767,395</u>	<u>\$ - 0 -</u>	<u>\$ 2,545,079</u>	<u>\$ 57,208</u>	<u>\$ 9,369,682</u>

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2)		\$ (5,505,013)
Amounts Reported for Governmental Activities in the Statement of Activities (Exhibit A-2) are Different Because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation differs from capital outlays.		
	Depreciation Expense	\$ (3,469,586)
	Capital Outlays	<u>10,871,627</u>
		7,402,041
Repayment of debt service principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		1,610,000
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when accrued, regardless of when due. In the governmental funds, interest is reported when due. When the accrued interest exceeds the interest paid, the difference is reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+).		25,294
The governmental funds report the effect of bond issuance premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities (+)		285,733
The governmental funds report the effect of the deferred amount on refunding when debt is first issued, whereas this amount is deferred and amortized in the statement of activities (-)		(147,155)
Proceeds from debt issues are an other financing source in the Governmental Funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net position.		
Repayment of capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		466,965
The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:		
Change in Net Pension Liability		2,065,717
Change in Deferred Outflows of Resources Related to Pensions		(2,008,898)
Change in Deferred Inflows of Resources Related to Pensions		(48,372)
In the statement of activities, certain operating expenditures, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		<u>(391,294)</u>
Change in Net Position of Governmental Activities (Exhibit A-2)		<u>\$ 3,755,018</u>

MORRIS HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2020

	Business-Type Activities - Enterprise Funds			
	Major Funds			Total Enterprise Funds
	Food Service	Academy for Technology	Shared Services	
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	\$ 366,230	\$ 6,619	\$ 6,398	\$ 379,247
Receivable from:				
Federal Government	11,832			11,832
State Government	2,462			2,462
Other Governments:				
Tuition		290,700		290,700
Other	12,422		118,645	131,067
Inventories	25,747			25,747
Total Current Assets	418,693	297,319	125,043	841,055
Non-Current Assets:				
Capital Assets	618,501	1,002,113		1,620,614
Less: Accumulated Depreciation	(323,419)	(610,668)		(934,087)
Total Non-Current Assets	295,082	391,445		686,527
Total Assets	713,775	688,764	125,043	1,527,582
LIABILITIES:				
Current Liabilities:				
Interfund Payable - General Fund		290,700	119,300	410,000
Accounts Payable	15,109		5,743	20,852
Unearned Revenue - Prepaid Sales	53,046			53,046
Total Current Liabilities	68,155	290,700	125,043	483,898
Total Liabilities	68,155	290,700	125,043	483,898
NET POSITION:				
Investment in Capital Assets	295,082	391,445		686,527
Unrestricted	350,538	6,619		357,157
Total Net Position	\$ 645,620	\$ 398,064	\$ -0-	\$ 1,043,684

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Business-Type Activities - Enterprise Funds			
	Major Funds			Total Enterprise Funds
	Food Service	Academy for Technology	Shared Services	
Operating Revenue:				
Charges for Services:				
Daily Sales:				
Reimbursable Programs	\$ 303,145			\$ 303,145
Non-Reimbursable Programs	595,398			595,398
Total Daily Sales	898,543			898,543
Special Events	27,072			27,072
Tuition		\$ 1,992,600		1,992,600
Service Fees			\$ 1,331,185	1,331,185
Total Operating Revenue	925,615	1,992,600	1,331,185	4,249,400
Operating Expenses:				
Cost of Sales:				
Reimbursable Programs	342,227			342,227
Non-Reimbursable Programs	218,293			218,293
Total Cost of Sales	560,520			560,520
Salaries	348,840	1,536,874	889,181	2,774,895
Payroll Taxes	50,130	30,566	29,960	110,656
Employee Benefits	30,239	360,160	274,154	664,553
Purchased Professional - Educational Services		50,000	108,550	158,550
Other Purchased Services		15,000	500	15,500
Purchased Property Services	150,601			150,601
Supplies and Materials	43,607		28,840	72,447
Depreciation Expense	21,795	19,572		41,367
Total Operating Expenses	1,205,732	2,012,172	1,331,185	4,549,089
Operating Income/(Loss)	(280,117)	(19,572)	-0-	(299,689)
Non-Operating Revenue:				
Federal Sources:				
School Breakfast Program	38,316			38,316
National School Lunch Program	167,245			167,245
COVID-19 Seamless Summer Option:				
School Breakfast Program	15,585			15,585
National School Lunch Program	29,476			29,476
Food Distribution Program	53,452			53,452
State Sources:				
School Lunch Program	6,628			6,628
COVID-19 Seamless Summer Option	466			466
Supplemental	2,340			2,340
Total Non-Operating Revenue	313,508			313,508
Change in Net Position	33,391	(19,572)	-0-	13,819
Net Position - Beginning of Year	612,229	417,636	-0-	1,029,865
Net Position - End of Year	\$ 645,620	\$ 398,064	\$ -0-	\$ 1,043,684

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Business-Type Activities - Enterprise Funds			
	Major Funds			Total Enterprise Funds
	Food Service	Academy for Technology	Shared Services	
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 936,619	\$ 1,701,900	\$ 1,324,107	\$ 3,962,626
Payments to Employees		(1,567,440)	(919,141)	(2,486,581)
Payments to Food Service Vendor	(1,116,316)			(1,116,316)
Payments to Suppliers	(21,024)	(134,460)	(398,568)	(554,052)
Net Cash Provided by/(Used for) Operating Activities	(200,721)	-0-	6,398	(194,323)
Cash Flows from Noncapital and Related Financing Activities:				
Federal Subsidy Reimbursements	253,406			253,406
State Subsidy Reimbursements	7,416			7,416
Net Cash Provided by Noncapital and Related Financing Activities	260,822	-0-	-0-	260,822
Cash Flows from Capital and Related Financing Activities:				
Purchase of Capital Assets	(6,827)			(6,827)
Net Cash Used for Capital and Related Financing Activities	(6,827)	-0-	-0-	(6,827)
Net Increase in Cash and Cash Equivalents	53,274	-0-	6,398	59,672
Cash and Cash Equivalents, July 1	312,956	6,619	-0-	319,575
Cash and Cash Equivalents, June 30	\$ 366,230	\$ 6,619	\$ 6,398	\$ 379,247
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:				
Operating Income/(Loss)	\$ (280,117)	\$ (19,572)	\$ -0-	\$ (299,689)
Adjustment to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:				
Depreciation	21,795	19,572		41,367
Federal Food Distribution Program	53,452			53,452
Changes in Assets and Liabilities:				
(Increase) in Receivables:				
Tuition		(290,700)		(290,700)
Other	(12,422)		(7,078)	(19,500)
(Increase) in Inventory	(13,999)			(13,999)
Increase in Accounts Payable	7,144		2,959	10,103
Increase in Interfund Payable		290,700	10,517	301,217
Increase in Unearned Revenue	23,426			23,426
Net Cash Provided by/(Used for) Operating Activities	\$ (200,721)	\$ -0-	\$ 6,398	\$ (194,323)

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received and utilized commodities from the Federal Food Distribution Program valued at \$53,452 for the fiscal year ended June 30, 2020.

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Trust</u>
ASSETS:			
Cash and Cash Equivalents	\$ 362,448	\$ 207,170	\$ 375,130
Total Assets	<u>362,448</u>	<u>207,170</u>	<u>375,130</u>
LIABILITIES:			
Payroll Deductions and Withholdings	51,512		
Due to Student Groups	310,936		
Total Liabilities	<u>362,448</u>	<u>- 0 -</u>	<u>- 0 -</u>
NET POSITION:			
Held in Trust for:			
Unemployment Claims		207,170	
Scholarships			375,130
Total Net Position	<u>\$ - 0 -</u>	<u>\$ 207,170</u>	<u>\$ 375,130</u>

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Unemployment Compensation Trust	Private Purpose Scholarship Trust
	<u> </u>	<u> </u>
ADDITIONS:		
Contributions:		
Employee	\$ 121,027	
Donations		\$ 25,630
	<u> </u>	<u> </u>
Total Contributions	121,027	25,630
	<u> </u>	<u> </u>
Investment Earnings:		
Interest	1,029	5,352
	<u> </u>	<u> </u>
Net Investment Earnings	1,029	5,352
	<u> </u>	<u> </u>
Total Additions	122,056	30,982
	<u> </u>	<u> </u>
DEDUCTIONS:		
Unemployment Claims	68,015	
Scholarships Awarded		62,150
	<u> </u>	<u> </u>
Total Deductions	68,015	62,150
	<u> </u>	<u> </u>
Change in Net Position	54,041	(31,168)
	<u> </u>	<u> </u>
Net Position - Beginning of the Year	153,129	406,298
	<u> </u>	<u> </u>
Net Position - End of the Year	<u>\$ 207,170</u>	<u>\$ 375,130</u>

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

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

Fund Financial Statements:

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

The District reports the following governmental funds:

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

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

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

B. Basis of Presentation: (Cont'd)

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

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

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

The District reports the following proprietary funds:

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

Additionally, the District reports the following fund type:

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

C. Measurement Focus and Basis of Accounting

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

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

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

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

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue and Debt Service Funds. The budget for the fiscal year ended June 30, 2020 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2 (m) 1. All budget amendments/transfers must be made by School Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the fiscal year).

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

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

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

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$79,907,606	\$ 1,339,956
Difference - Budgetary to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue whereas the GAAP Basis Does Not:		
Current Year Encumbrances		(2,880)
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	772,159	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(782,163)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$79,897,602	\$ 1,337,076

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$76,216,366	\$ 1,339,956
Differences - Budget to GAAP:		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, not in the Year the Supplies are Received for GAAP Reporting Purposes:		
Current Year Encumbrances		(2,880)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$76,216,366	\$ 1,337,076

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

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

	Capital Projects Fund	
	SDA Revenue	Fund Balance
Summary Schedule of Revenue, Expenditures and Changes in Fund Balance (Budgetary Basis) (Exhibit F-1)	\$ - 0 -	\$ 2,545,079
Reconciliation to Governmental Funds Statement (GAAP): SDA Grants are recognized as revenue on the budgetary basis when awarded but are recognized when expended and submitted for reimbursement on the GAAP Basis	545,940	- 0 -
Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds (GAAP Basis) (Exhibit B-2)	\$ 545,940	\$ 2,545,079

E. Cash and Cash Equivalents and Investments:

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

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

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

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

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

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2020.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

K. Capital Assets:

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

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

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

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

L. Long Term Liabilities:

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

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year; therefore, there are no accrued salaries and wages as of June 30, 2020.

N. Compensated Absences:

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

N. Compensated Absences: (Cont'd)

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

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

O. Unearned Revenue:

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

P. Fund Balance Appropriated:

General Fund: Of the \$6,767,395 General Fund balance at June 30, 2020, \$5,093,430 is restricted in the capital reserve account; \$305,000 is restricted in the maintenance reserve account; \$523,000 is assigned and included as anticipated budget revenue for the fiscal year ending June 30, 2021; and \$845,965 is unassigned which is \$782,163 less on the GAAP basis than the calculated maximum unassigned fund balance (budgetary basis) due to the June state aid payments which are not recognized until the fiscal year ended June 30, 2021.

Capital Projects Fund: The \$2,545,079 Capital Projects Fund balance at June 30, 2020 is committed.

Debt Service Fund: The Debt Service Fund balance at June 30, 2020 of \$57,208 is restricted, of which \$35,000 is included as anticipated budget revenue for the fiscal year ending June 30, 2021.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7 as amended, the designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent fiscal year's budget. The District did not have excess surplus at June 30, 2020.

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$782,163 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event one or more state school aid payments are not made until the following school budget year, districts must record those state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the school district cannot recognize the June state aid payments on the GAAP financial statements until the fiscal year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the June state aid payments and not the fund balance reported on the fund statement which excludes the June state aid payments.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

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

Q. Fund Balance Restrictions, Commitments and Assignments:

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

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

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has \$2,545,079 of committed resources in the Capital Projects Fund at June 30, 2020.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has \$523,000 of assigned resources for subsequent fiscal year's expenditures in the General Fund at June 30, 2020.

R. Deficit Net Position:

The District has a \$25,442,247 deficit in unrestricted net position primarily due to the accrual of \$4,291,247 in compensated absences payable, \$334,135 in accrued interest payable, \$2,857,330 of unamortized bond premiums, deferred inflows related to pensions of \$7,377,463, and net pension liability of \$17,277,178, offset by deferred outflows related to pensions of \$3,897,226, deferred amount on debt refunding of \$1,471,550, and Governmental Funds unassigned, committed and assigned fund balances. The deficit balance does not indicate that the District is having financial difficulties and is a permitted practice under generally accepted accounting principles.

S. Net Position:

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources at June 30, 2020 related to pensions and for the deferred amount on refunding of debt related to the District's 2012 refunding bonds.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

S. Net Position: (Cont'd)

A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred inflows of resources at June 30, 2020 related to pensions.

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

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

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

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

T. Revenue - Exchange and Nonexchange Transactions:

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

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

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

U. Operating Revenue and Expenses:

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

V. Management Estimates:

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

W. Pensions

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

GASB requires disclosure of the level of custodial credit risk assumed by the Board in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

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

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

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

Deposits:

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

Deposits: (Cont'd)

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

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

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

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

Investments: (Cont'd)

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

- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.);
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed; or

- (9) Deposit of funds in accordance with the following conditions:
 - (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
 - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
 - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
 - (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
 - (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

As of June 30, 2020, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents		Total
		Capital Reserve Account	Maintenance Reserve Account	
Checking and Savings Accounts	\$ 4,255,798	\$ 5,093,430	\$ 305,000	\$ 9,654,228

During the period ended June 30, 2020, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2020 was \$9,654,228 and the bank balance was \$10,743,389.

NOTE 4. CAPITAL RESERVE ACCOUNT

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

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

The activity of the capital reserve for the July 1, 2019 to June 30, 2020 fiscal year is as follows:

Beginning Balance, July 1, 2019	\$ 4,033,193
Interest Earnings	200
Increase by Board Resolution - June 22, 2020	4,101,924
Unexpended Funds Returned:	
Capital Outlay	47,876
Capital Projects Fund	52,885
Budgeted Withdrawals	(1,711,461)
Withdrawals by Board Resolution	(1,431,187)
Ending Balance, June 30, 2020	\$ 5,093,430

The balance in the capital reserve account at June 30, 2020 does not exceed the balance of local support costs of uncompleted capital projects in the District's Long Range Facilities Plan ("LRFP"). Withdrawals from the capital reserve were for use in DOE approved facilities projects, consistent with the District's LRFP.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 5. MAINTENANCE RESERVE ACCOUNT

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

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

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

The activity of the maintenance reserve for the July 1, 2019 to June 30, 2020 fiscal year is as follows:

Beginning Balance, July 1, 2019	\$ 270,000
Interest Earnings	10
Increase by Board Resolution - June 22, 2020	193,648
Unexpended Funds Returned	6,342
Budgeted Withdrawals	(110,000)
Withdrawals by Board Resolution	<u>(55,000)</u>
Ending Balance, June 30, 2020	<u>\$ 305,000</u>

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the fiscal year ended June 30, 2020 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 288,500			\$ 288,500
Construction in Progress	2,336,076	\$ 9,802,040		12,138,116
Total Capital Assets Not Being Depreciated	<u>2,624,576</u>	<u>9,802,040</u>		<u>12,426,616</u>
Capital Assets Being Depreciated:				
Buildings and Building Improvements	102,194,970	354,125		102,549,095
Land Improvements	4,905,316			4,905,316
Machinery and Equipment	14,210,267	715,462		14,925,729
Total Capital Assets Being Depreciated	<u>121,310,553</u>	<u>1,069,587</u>		<u>122,380,140</u>
Governmental Activities Capital Assets	<u>123,935,129</u>	<u>10,871,627</u>		<u>134,806,756</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(63,462,019)	(2,359,230)		(65,821,249)
Land Improvements	(3,472,047)	(160,853)		(3,632,900)
Machinery and Equipment	(10,624,906)	(949,503)		(11,574,409)
	<u>(77,558,972)</u>	<u>(3,469,586)</u>		<u>(81,028,558)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$46,376,157</u>	<u>\$ 7,402,041</u>	<u>\$ -0-</u>	<u>\$53,778,198</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balance</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Buildings and Building Improvements	\$ 782,890			\$ 782,890
Machinery and Equipment	830,897	\$ 6,827		837,724
Total Capital Assets Being Depreciated	<u>1,613,787</u>	<u>6,827</u>		<u>1,620,614</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(371,873)	(19,572)		(391,445)
Machinery and Equipment	(520,847)	(21,795)		(542,642)
	<u>(892,720)</u>	<u>(41,367)</u>		<u>(934,087)</u>
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 721,067</u>	<u>\$ (34,540)</u>	<u>\$ -0-</u>	<u>\$ 686,527</u>

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 6. CAPITAL ASSETS (Cont'd)

The increases totaling \$10,878,454 including \$9,802,040 towards construction projects in progress, represent current fiscal year capitalized expenditures in the General and Capital Projects Funds and Business-Type Activities. As of June 30, 2020, the District had active construction projects balances totaling \$2,545,079 and \$2,528,942 in outstanding construction encumbrances.

Depreciation expense was charged directly to governmental functions as follows:

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

NOTE 7: TRANSFERS TO/FROM CAPITAL OUTLAY

During the fiscal year ended June 30, 2020, the District transferred \$50,000 to the capital outlay accounts for facilities acquisition and construction services for which County Superintendent approval was required.

NOTE 8. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2020, the following changes occurred in liabilities reported in the district-wide financial statements:

	<u>Balance</u> <u>6/30/2019</u>	<u>Added</u>	<u>Retired</u>	<u>Balance</u> <u>6/30/2020</u>	<u>Balance Due</u> <u>Within</u> <u>One Year</u>
Serial Bonds Payable	\$22,305,000		\$ 1,610,000	\$20,695,000	\$ 1,670,000
ESIP Bonds Payable	8,230,000			8,230,000	260,000
Compensated Absences Payable	3,900,203	\$ 552,885	161,591	4,291,497	134,598
Unamortized Bond Issuance					
Premiums	3,143,063		285,733	2,857,330	285,733
Net Pension Liability	19,342,895		2,065,717	17,277,178	- 0 -
Capital Lease Payable	941,813		466,965	474,848	474,848
	<u>\$57,862,974</u>	<u>\$ 552,885</u>	<u>\$ 4,590,006</u>	<u>\$53,825,853</u>	<u>\$ 2,825,179</u>

A. Bonds Payable:

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

A. Bonds Payable: (Cont'd)

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

The District had refunding bonds outstanding as of June 30, 2020 as follows:

<u>Purpose</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
Refunding Bonds	10/01/2029	3.00%-5.00%	<u>\$20,695,000</u>

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

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 1,670,000	\$ 949,150	\$ 2,619,150
2022	1,740,000	880,950	2,620,950
2023	1,810,000	809,950	2,619,950
2024	1,895,000	726,375	2,621,375
2025	1,990,000	629,250	2,619,250
Thereafter:			
2026-2030	<u>11,590,000</u>	<u>1,505,750</u>	<u>13,095,750</u>
	<u>\$20,695,000</u>	<u>\$ 5,501,425</u>	<u>\$26,196,425</u>

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

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

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

A. Bonds Payable: (Cont'd)

The District had ESIP bonds outstanding as of June 30, 2020 as follows:

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

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

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 260,000	\$ 355,250	\$ 615,250
2022	425,000	344,150	769,150
2023	470,000	326,250	796,250
2024	285,000	311,150	596,150
2025	295,000	298,075	593,075
Thereafter:			
2026-2030	1,525,000	1,283,125	2,808,125
2031-2035	2,250,000	894,350	3,144,350
2036-2040	2,720,000	358,425	3,078,425
	<u>\$ 8,230,000</u>	<u>\$ 4,170,775</u>	<u>\$ 12,400,775</u>

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

B. Bonds Authorized But Not Issued:

As of June 30, 2020, the Board had no bonds authorized but not issued.

C. Capital Leases Payable:

In fiscal year 2016, the District entered into a five-year capital lease agreement in the amount of \$2,300,000 for the local share of four District NJSDA grant projects in the Capital Projects Fund of which \$1,825,152 has been liquidated as of June 30, 2020. The gross amount of assets acquired under capital leases have been classified as building improvements in the District's capital assets. The following is a schedule of the future minimum lease payments under this capital lease and the present value of the net minimum lease payments at June 30, 2020.

<u>Fiscal Year</u>	<u>Amount</u>
2021	\$ 482,863
Less: Amount representing interest	<u>(8,015)</u>
Present value of net minimum lease payments	<u>\$ 474,848</u>

The current portion of capital leases payable at June 30, 2020 is \$474,848 and there is no long-term portion. Capital leases payable are liquidated by the General Fund (not the Debt Service Fund) as required by the New Jersey Department of Education.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

D. Unamortized Bond Issuance Premiums:

The liability for unamortized bond issuance premiums of the governmental fund types is recorded in the current and long-term liabilities. The current portion of unamortized bond issuance premiums at June 30, 2020 is \$285,733 and the long-term portion is \$2,571,597.

E. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities and is liquidated by the General Fund. The current portion of compensated absences payable at June 30, 2020 is \$134,598 and the long-term portion is \$4,156,899.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees; however, there was no liability as of June 30, 2020.

F. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2020 is \$-0- and the long-term portion is \$17,277,178. See Note 9 for further information on the PERS.

NOTE 9. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

A. Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

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

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years, beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$937,288 for fiscal year 2020.

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

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

At June 30, 2020, the District reported a liability of \$17,277,178 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2019, the District's proportion was 0.0959%, which was a decrease of 0.0023% from its proportion measured as of June 30, 2018.

For the fiscal year ended June 30, 2020, the District recognized pension expense of \$955,452.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Amortization Period</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions:			
2014	6.44 years	\$ 45,660	
2015	5.72 years	282,326	
2016	5.57 years	1,397,204	
2017	5.48 years		\$ 2,480,202
2018	5.63 years		2,004,231
2019	5.21 years		1,512,421
Subtotal		<u>1,725,190</u>	<u>5,996,854</u>
Changes in Proportion:			
2014	6.44 years	74,603	
2015	5.72 years		20,420
2016	5.57 years	369,105	
2017	5.48 years		580,311
2018	5.63 years	302,311	
2019	5.21 years		430,828
Subtotal		<u>746,019</u>	<u>1,031,559</u>
Difference Between Expected and Actual Experience:			
2015	5.72 years	78,331	
2016	5.57 years	42,401	
2017	5.48 years	73,761	
2018	5.63 years		76,323
2019	5.21 years	115,610	
Subtotal		<u>310,103</u>	<u>76,323</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments:			
2016	5 years		(318,888)
2017	5 years		382,687
2018	5 years		266,189
2019	5 years		(57,261)
Subtotal			<u>272,727</u>

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources: (Cont'd)

	Amortization Period	Deferred Outflows of Resources	Deferred Inflows of Resources
District Contribution Subsequent to the Measurement Date - 2019	1 year	\$ 1,115,914	
		\$ 3,897,226	\$ 7,377,463

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

Fiscal Year Ending June 30,	Total
2020	\$ (498,886)
2021	(1,618,377)
2022	(1,445,117)
2023	(678,557)
2024	(69,674)
	\$ (4,310,611)

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 – 6.00% based on years of service
Thereafter	3.00 – 7.00% based on years of service
Investment Rate of Return	7.00%

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Actuarial Assumptions (Cont'd)

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2019 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	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Discount Rate

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. 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 3.50% as of June 30, 2019 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 based on 100% of actuarially determined contributions for the local employers. 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 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2019 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2019		
	1% Decrease (5.28%)	Current Discount Rate (6.28%)	1% Increase (7.28%)
District's proportionate share of the Net Pension Liability	\$ 21,824,244	\$ 17,277,178	\$ 13,446,157

Pension Plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Benefits Provided

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

The following represents the membership tiers for TPAF:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 and Tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2020, the State's pension contribution was less than the actuarial determined amount.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2020, the State of New Jersey contributed \$5,783,479 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$9,578,864.

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

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

At June 30, 2020, the State's proportionate share of the net pension liability associated with the District was \$162,401,325. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2019, the District's proportion was 0.2646%, which was an increase of 0.0007% from its proportion measured as of June 30, 2018.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>162,401,325</u>
Total	<u>\$ 162,401,325</u>

For the fiscal year ended June 30, 2020, the State recognized pension expense on behalf of the District in the amount of \$9,578,864 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2020 financial statements.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

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

	Amortization Period	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions:			
2014	8.50 years	\$ 768,874,621	
2015	8.30 years	2,351,172,865	
2016	8.30 years	5,609,216,856	
2017	8.30 years		\$ 8,483,527,374
2018	8.29 years		5,172,258,445
2019	8.04 years		3,507,345,617
Difference Between Expected and Actual Experience:			
2014	8.50 years		7,323,009
2015	8.30 years	145,211,243	
2016	8.30 years		69,755,412
2017	8.30 years	150,939,884	
2018	8.29 years	907,352,137	
2019	8.04 years		136,265,890
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments:			
2016	5 years		(431,855,192)
2017	5 years		452,016,524
2018	5 years		288,091,115
2019	5 years		(144,882,771)
		\$ 9,932,767,606	\$ 17,539,845,423

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

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

Fiscal Year Ending June 30,	Total
2020	\$ (272,405,510)
2021	(704,260,700)
2022	(630,562,767)
2023	(1,216,378,743)
2024	(2,381,316,232)
Total Thereafter	(2,402,153,865)
	\$ (7,607,077,817)

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55 – 4.45% based on years of service
Thereafter	2.75 – 5.65% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and a 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected_returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2019 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	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. 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 3.50% as of June 30, 2019 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 70% of the actuarially determined contributions for the State. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2054. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2054, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2019 calculated using the discount rate as disclosed above, as well as what the State's proportionate share of the net pension liability associated with the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2019		
	1% Decrease (4.60%)	Current Discount Rate (5.60%)	1% Increase (6.60%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 191,507,106	\$ 162,401,325	\$ 138,252,716

Pension Plan Fiduciary Net Position

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

C. Defined Contribution Retirement Program (DCRP)

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

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

For DCRP, the District recognized pension expense of \$31,706 for the fiscal year ended June 30, 2020. Employee contributions to DCRP amounted to \$58,224 for the fiscal year ended June 30, 2020.

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

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

General Information about the OPEB Plan

Plan Description and Benefits Provided

The District is in a "special funding situation", as described in GASB Codification Section P50, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the District.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Education Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in GASB Codification Section P50. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

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

General Information about the OPEB Plan (Cont'd)

Plan Description and Benefits Provided (Cont'd)

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

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

Employees Covered by Benefit Terms

At June 30, 2018, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	148,051
Active Plan Members	<u>216,892</u>
Total	<u><u>364,943</u></u>

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018 which was rolled forward to June 30, 2019. The total nonemployer OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017 which was rolled forward to June 30, 2018.

Actuarial Assumptions and Other Inputs

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

Inflation Rate	2.50%	
	<u>TPAF/ABP</u>	<u>PERS</u>
Salary Increases:		
Through 2026	1.55 - 3.05% based on years of service	2.00 - 6.00% based on years of service
Thereafter	1.55 - 3.05% based on years of service	3.00 - 7.00% based on years of service

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

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

Actuarial Assumptions and Other Inputs (Cont'd)

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 – June 30, 2018 and July 1, 2014 – June 30, 2018 for TPAF and PERS, respectively.

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Post-retirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 is reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount Rate

The discount rate for June 30, 2019 and 2018 was 3.50% and 3.87%, respectively, a change of -.37%. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

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

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

	Total OPEB Liability
Balance at June 30, 2018	\$ 111,623,976
Changes for Year:	
Service Cost	4,003,433
Interest Cost	4,417,056
Difference Between Expected and Actual Experience	(17,430,672)
Changes in Assumptions	1,507,552
Member Contributions	92,004
Gross Benefit Payments	(3,103,763)
Net Changes	(10,514,390)
Balance at June 30, 2019	\$ 101,109,586

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2019 calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2019		
	At 1% Decrease (2.50%)	At Discount Rate (3.50%)	At 1% Increase (4.50%)
	Total OPEB Liability Attributable to the District	\$ 119,450,377	\$ 101,109,586

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

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

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2019 calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2019		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 83,309,792	\$ 101,109,586	\$ 124,672,858

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

For the fiscal year ended June 30, 2020, the District recognized OPEB expense of \$2,601,400 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

In accordance with GASB Codification Section P50, as the District's proportionate share of the OPEB liability is \$-0, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2019, the State deferred outflows of resources and deferred inflows of resources related to OPEB attributable to the District is from the following sources:

	Year of Deferral	Original Amortization Period	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumption	2017	9.54 years		\$ 11,771,200
	2018	9.51 years		10,124,825
	2019	9.29 years	\$ 1,345,275	
			1,345,275	21,896,025
Difference Between Expected and Actual Experience	2018	9.51 years		9,571,111
	2019	9.29 years		15,833,966
				25,405,077
Changes in Proportion	N/A	N/A	2,788,034	197,849
			\$ 4,133,309	\$ 47,498,951

N/A - Not Available

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

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

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

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

Fiscal Year Ending June 30,	Total
2020	\$ (6,170,237)
2021	(6,170,237)
2022	(6,170,237)
2023	(6,170,237)
2024	(6,170,237)
Total Thereafter	(15,104,642)
	\$ (45,955,827)

NOTE 11. RISK MANAGEMENT

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

Property and Liability Insurance

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

Property and Liability Insurance (Cont'd)

Selected, summarized financial information for the Group as of June 30, 2020 is as follows:

	New Jersey Schools Insurance Group (NJSIG)
Total Assets	\$ 342,337,056
Net Position	\$ 139,233,105
Total Revenue	\$ 144,445,665
Total Expenses	\$ 113,037,156
Member Dividends	\$ - 0 -
Change in Net Position	\$ 31,408,509

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

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

New Jersey Unemployment Compensation Insurance

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2019-2020	\$ -0-	\$ 1,029	\$ 121,027	\$ 68,015	\$ 207,170
2018-2019	-0-	1,008	96,780	72,653	153,129
2017-2018	-0-	10	138,523	134,939	127,994

NOTE 12. DEFERRED COMPENSATION

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 12. DEFERRED COMPENSATION (Cont'd)

The plan administrators are as follows:

403b

The Legend Group 4600 East Park Drive Suite 300 Palm Beach Gardens, FL 33410 Lincoln National Life Insurance Co. PO Box 2340 Fort Wayne, IN 46801-2340 Variable Annuity Life Insurance Co. 205 E. 10th Avenue Amarillo, TX 79101	Equitable Life Insurance Co. AXA Advisors, LLC 90 Woodbridge Center Drive Woodbridge, NJ 07095 Mass Mutual Financial Group 1295 State Street Springfield, MA 01111-0001 Security Benefit One Security Benefit Place Topeka, KS 66636	Aspire Financial Services 4010 Boy Scout Boulevard Suite 450 Tampa, FL 33607 MetLife PO Box 10356 Des Moines, IA 50303-0356 Lincoln Investment Planning 601 Office Center Drive Suite 300 Fort Washington, PA 19034
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457

Equitable Life Insurance Co. AXA Advisors, LLC 90 Woodbridge Center Drive Woodbridge, NJ 07095 Security Benefit One Security Benefit Place Topeka, KS 66636	The Legend Group 4600 East Park Drive Suite 300 Palm Beach Gardens, FL 33410	MetLife PO Box 10356 Des Moines, IA 50303-0356
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NOTE 13. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The following interfund balances remained on the balance sheet at June 30, 2020:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 800,000	
Special Revenue Fund		\$ 390,000
Proprietary Funds:		
Academy for Technology		290,700
Shared Services		119,300
	<u>\$ 800,000</u>	<u>\$ 800,000</u>

The interfund receivable balance in the General Fund represents interfund loans advanced to the Special Revenue Fund while awaiting collection of federal grant reimbursements and to the Proprietary Funds while awaiting the collection of accounts receivable.

During the fiscal year, the General Fund transferred \$2,273,682 to the Capital Projects Fund for the local share of capital projects, and the Capital Projects Fund transferred \$52,885 of unexpended balance for the local share of projects and \$42,847 of interest earnings to the General Fund and \$35,977 of interest earnings to the Debt Service Fund.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 14. ACCOUNTS PAYABLE

The following accounts payable balances existed as of June 30, 2020:

	<u>Governmental Funds</u>			District Contribution Subsequent to the Measurement Date	Total Governmental Activities	Business- Type Activities Proprietary Funds
	General Fund	Special Revenue Fund	Capital Projects Fund			
Salaries	\$ 87,078	\$ 645			\$ 87,723	
Vendors	685,884	106,839	\$ 112,291		905,014	\$ 20,852
Due to:						
State of New Jersey				\$ 1,115,914	1,115,914	
	<u>\$ 772,962</u>	<u>\$ 107,484</u>	<u>\$ 112,291</u>	<u>\$ 1,115,914</u>	<u>\$ 2,108,651</u>	<u>\$ 20,852</u>

NOTE 15. CONTINGENCIES

Litigation

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

Grant Programs

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

Encumbrances

At June 30, 2020, there were encumbrances as detailed below in the governmental funds.

<u>Governmental Funds</u>		
Special Revenue	Capital Projects	Total
<u>\$ 2,880</u>	<u>\$ 2,528,942</u>	<u>\$ 2,531,822</u>

In the District's Governmental Funds Balance Sheet as of June 30, 2020, no amount is assigned for encumbrances in the Special Revenue Fund since encumbrances are not recognized on the GAAP basis until they are paid. Actual encumbrances of \$2,880 on the budgetary basis are instead reflected as either a reduction of grants receivable or an increase in unearned revenue on the GAAP basis in the Special Revenue Fund. The \$2,528,942 of fiscal year-end encumbrances in the Capital Projects Fund are included in the \$2,545,079 committed fund balance on a GAAP and budgetary basis at June 30, 2020.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 16. ECONOMIC DEPENDENCY

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

NOTE 17. TAX ABATEMENTS

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

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

The Township of Rockaway recognized revenue in the amount of \$40,617 from one payment in lieu of taxes ("PILOT") agreement. The taxes which would have been paid on this property for 2019 without the abatement would have been \$333,336 of which \$83,071 would have been regional school taxes.

The Borough of Wharton recognized revenue in the amount of \$516,034 from two payment in lieu of taxes ("PILOT") agreements. The taxes which would have been paid on these properties for 2019 without the abatements would have been \$988,749 of which \$221,218 would have been regional school taxes.

NOTE 18. TAX CALENDAR

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

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 19: SUBSEQUENT EVENTS

The COVID-19 outbreak in the United States and specifically in New Jersey has caused disruption of the District's normal financial operations. Though the impact on the District's operations cannot be reasonably estimated at this date, it is likely that there will be an impact on certain revenue in the General Fund other than state aid and the local tax levy. The District's state aid in the General Fund was reduced after their budget was adopted due to the reduction of state aid provided to certain school districts by the State of New Jersey. Also, there have been additional operating expenses in the General Fund which were not planned or expected at the time of the approval of the District's 2020-21 budget related to COVID-19.

Additionally, the District's cash flow in the Governmental Funds may be affected by the timing of the collection of the District's tax levy as well as certain State aid payments.

The District's Enterprise Funds likely will be impacted by COVID-19 for the fiscal year ending June 30, 2021 due to loss of revenue.

The District refunded the last seven payments due on its 2012 School Refunding Bonds totaling \$15,475,000 with an interest rate of 5.00% in July 2020. The District issued 2020 School Refunding Bonds in the amount of \$17,615,000 with interest rates of between 0.446% and 1.662%. The savings in principal and interest on the 2020 School Refunding Bonds is \$1,674,167.

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
District's Proportion of the Net Pension Liability	0.0962923203%	0.0954496502%	0.1020423880%	0.0961607878%	0.0982396375%
District's Proportionate Share of the Net Pension Liability	\$ 18,028,556	\$ 21,426,534	\$ 30,222,029	\$ 22,384,694	\$ 19,342,895
District's Covered Employee Payroll	\$ 6,627,964	\$ 6,819,569	\$ 6,608,576	\$ 6,781,784	\$ 6,639,087
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	272.01%	314.19%	457.32%	330.07%	291.35%
Plan Fiduciary Net Position as a % of the Total Pension Liability	52.08%	47.93%	40.14%	48.10%	53.60%
	<u>Fiscal Year</u> <u>Ending June 30,</u> <u>2020</u>				
District's Proportion of the Net Pension Liability	0.0958858628%				
District's Proportionate Share of the Net Pension Liability	\$ 17,277,178				
District's Covered Employee Payroll	\$ 7,093,614				
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	243.56%				
Plan Fiduciary Net Position as a % of the Total Pension Liability	56.27%				

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

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

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
Contractually Required Contribution	\$ 793,820	\$ 820,611	\$ 912,135	\$ 903,471	\$ 1,013,329
Contributions in relation to the Contractually Required Contribution	<u>(793,820)</u>	<u>(820,611)</u>	<u>(912,135)</u>	<u>(903,471)</u>	<u>(1,013,329)</u>
Contribution Deficiency/(Excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's Covered Employee Payroll	\$ 6,819,569	\$ 6,608,576	\$ 6,781,784	\$ 6,639,087	\$ 7,093,614
Contributions as a % of Covered Employee Payroll	11.64%	12.42%	13.45%	13.61%	14.29%
	<u>Fiscal Year Ending June 30, 2020</u>				
Contractually Required Contribution	\$ 937,288				
Contributions in relation to the Contractually Required Contribution	<u>(937,288)</u>				
Contribution Deficiency/(Excess)	<u>\$ -0-</u>				
District's Covered Employee Payroll	\$ 7,391,394				
Contributions as a % of Covered Employee Payroll	12.68%				

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

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

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
State's Proportion of the Net Pension Liability attributable to the District	0.2567333136%	0.2564323239%	0.2639141422%	0.2675915304%	0.2638701563%
State's Proportionate Share of the Net Pension Liability attributable to the District	\$ 137,215,600	\$ 162,076,179	\$ 207,611,668	\$ 180,419,859	\$ 167,868,526
District's Covered Employee Payroll	\$ 26,259,124	\$ 27,301,314	\$ 27,267,601	\$ 28,035,898	\$ 27,905,288
State's Proportionate Share of the Net Pension Liability attributable to the District as a % of the District's Covered Employee Payroll	522.54%	593.66%	761.39%	643.53%	601.57%
Plan Fiduciary Net Position as a % of the Total Pension Liability	33.64%	28.71%	22.33%	25.41%	26.49%
	<u>Fiscal Year</u> <u>Ending June 30,</u> <u>2020</u>				
State's Proportion of the Net Pension Liability attributable to the District	0.2646224977%				
State's Proportionate Share of the Net Pension Liability attributable to the District	\$ 162,401,325				
District's Covered Employee Payroll	\$ 28,062,499				
State's Proportionate Share of the Net Pension Liability attributable to the District as a % of the District's Covered Employee Payroll	578.71%				
Plan Fiduciary Net Position as a % of the Total Pension Liability	26.95%				

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

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

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
Contractually Required Contribution	\$ 7,383,488	\$ 9,896,210	\$ 15,599,128	\$ 12,498,574	\$ 9,786,148
Contributions in relation to the Contractually Required Contribution	<u>(1,386,367)</u>	<u>(2,112,999)</u>	<u>(2,904,636)</u>	<u>(3,885,876)</u>	<u>(5,204,484)</u>
Contribution Deficiency/(Excess)	<u>\$ 5,997,121</u>	<u>\$ 7,783,211</u>	<u>\$ 12,694,492</u>	<u>\$ 8,612,698</u>	<u>\$ 4,581,664</u>
District's Covered Employee Payroll	\$ 27,301,314	\$ 27,267,601	\$ 28,035,898	\$ 27,905,288	\$ 28,062,499
Contributions as a % of Covered Employee Payroll	5.08%	7.75%	10.36%	13.93%	18.55%
	<u>Fiscal Year Ending June 30, 2020</u>				
Contractually Required Contribution	\$ 9,578,864				
Contributions in relation to the Contractually Required Contribution	<u>(5,783,479)</u>				
Contribution Deficiency/(Excess)	<u>\$ 3,795,385</u>				
District's Covered Employee Payroll	\$ 29,580,115				
Contributions as a % of Covered Employee Payroll	19.55%				

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF CHANGES IN THE STATE'S PROPORTIONATE SHARE OF THE TOTAL
OPEB LIABILITY ATTRIBUTABLE TO THE DISTRICT AND RELATED RATIOS
LAST THREE FISCAL YEARS

	Fiscal Year Ending June 30,		
	2017	2018	2019
Total OPEB Liability			
Service Cost	\$ 5,288,809	\$ 4,381,225	\$ 4,003,433
Interest Cost	4,017,148	4,646,229	4,417,056
Difference Between Expected and Actual Experience		(8,542,298)	(17,430,672)
Changes in Assumptions	(16,715,162)	(12,809,410)	1,507,552
Member Contributions	108,172	103,159	92,004
Gross Benefit Payments	<u>(2,937,649)</u>	<u>(2,984,785)</u>	<u>(3,103,763)</u>
Net Change in Total OPEB Liability	(10,238,682)	(15,205,880)	(10,514,390)
Total OPEB Liability - Beginning	<u>137,068,538</u>	<u>126,829,856</u>	<u>111,623,976</u>
Total OPEB Liability - Ending	<u>\$ 126,829,856</u>	<u>\$ 111,623,976</u>	<u>\$ 101,109,586</u>
District's Covered Employee Payroll *	\$ 33,876,177	\$ 34,817,682	\$ 34,544,375
Total OPEB Liability as a Percentage of Covered Employee Payroll	374%	321%	293%

* - Covered payroll for the fiscal years ending June 30, 2019, 2018 and 2017 is based on the payroll on the June 30, 2018, 2017 and 2016 census data, respectively.

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

	As of June 30,	
	2019	2018
Discount Rate	6.28%	5.66%
Municipal Bond Rate	3.50%	3.87%
Inflation Rate		2.25%
Inflation Rate:		
Price	2.75%	
Wage	3.25%	
Salary Increases:		
Through 2026 Based on Age		1.65% - 4.15%
Through 2026 Based on Years of Service	2.00% - 6.00%	
Thereafter Based on Age		2.65% - 5.15%
Thereafter Based on Years of Service	3.00% - 7.00%	

The July 1, 2017 actuarial valuation utilized the following mortality rate assumptions:

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and a generational approach based on the plan actuary's modified MP-2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

The July 1, 2018 actuarial valuation utilized the following mortality rate assumptions:

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

	As of June 30,	
	2019	2018
Discount Rate	5.60%	4.86%
Municipal Bond Rate	3.50%	3.87%
Inflation Rate		2.25%
Inflation Rate:		
Price	2.75%	
Wage	3.25%	
Salary Increases:		
2011 - 2026 Based on Age		1.55% - 4.55%
Through 2026 Based on Years of Service	1.55% - 4.45%	
Thereafter Based on Age		2.00% - 5.45%
Thereafter Based on Years of Service	2.75% - 5.65%	

The July 1, 2017 actuarial valuation utilized the following mortality rate assumptions:

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

The July 1, 2018 actuarial valuation utilized the following mortality rate assumptions:

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and a 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 3.87% as of June 30, 2018 to 3.50% as of June 30, 2019, a change of -.37%.

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

The mortality rates utilized in the June 30, 2019 valuation were as follows: Pre-retirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Post-retirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

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

The health care trend rates utilized in the June 30, 2019 valuation were as follows: For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 is reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

BUDGETARY COMPARISON SCHEDULES

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 60,284,540		\$ 60,284,540	\$ 60,284,540	
Tuition From Other LEA's Within the State	245,491		245,491	260,244	\$ 14,753
Tuition From Summer School	25,019		25,019	35,498	10,479
Interest Earned on Maintenance Reserve	10		10	10	
Interest Earned on Capital Reserve	200		200	200	
Miscellaneous	239,367		239,367	229,006	(10,361)
Total - Local Sources	60,794,627		60,794,627	60,809,498	14,871
State Sources:					
Special Education Categorical Aid	2,003,767		2,003,767	2,003,767	
Equalization Aid	3,725,355		3,725,355	3,725,355	
School Choice Aid	1,804,262		1,804,262	1,804,262	
Security Aid	58,232		58,232	58,232	
Transportation Aid	554,744		554,744	554,744	
Extraordinary Special Education Aid	363,027		363,027	881,563	518,536
Nonpublic School Transportation Costs				352	352
On-Behalf TPAF Contributions:					
Post-Retirement Medical Benefits (Non-Budgeted)				2,184,021	2,184,021
Pension (Non-Budgeted)				5,783,479	5,783,479
Non-Contributory Insurance (Non-Budgeted)				103,662	103,662
Long-Term Disability Insurance (Non-Budgeted)				3,620	3,620
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				1,958,586	1,958,586
Total State Sources	8,509,387		8,509,387	19,061,643	10,552,256
Federal Sources:					
Medicaid Reimbursement (SEMI)	25,649		25,649	36,465	10,816
Total Federal Sources	25,649		25,649	36,465	10,816
TOTAL REVENUES	69,329,663		69,329,663	79,907,606	10,577,943

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Grades 9-12 - Salaries of Teachers	\$ 18,721,513	\$ 113,500	\$ 18,835,013	\$ 18,786,285	\$ 48,728
Regular Programs - Home Instruction:					
Salaries of Teachers	80,000	(25,300)	54,700	51,861	2,839
Purchased Professional - Educational Services	100,000	33,300	133,300	132,065	1,235
Regular Programs - Undistributed Instruction:					
Purchased Professional - Educational Services	186,000		186,000		186,000
Other Purchased Services (400-500 series)	1,024,494	(212,453)	812,041	587,510	224,531
General Supplies	1,245,022	(87,744)	1,157,278	1,092,236	65,042
Textbooks	266,521	(65,957)	200,564	193,931	6,633
Other Objects	22,735	3,126	25,861	13,190	12,671
Total Regular Programs - Instruction	21,646,285	(241,528)	21,404,757	20,857,078	547,679
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	365,022	(40,000)	325,022	316,766	8,256
Other Salaries for Instruction	131,769		131,769	111,695	20,074
Other Purchased Services (400-500 series)	5,000	1,500	1,500	1,500	1,500
General Supplies	5,000	1,680	6,680	6,377	303
Textbooks	5,000		5,000	4,973	27
Total Learning and/or Language Disabilities	506,791	(36,820)	469,971	439,811	30,160

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Special Education - Instruction:					
Multiple Disabilities:					
Salaries of Teachers	\$ 424,789	\$ (40,000)	\$ 384,789	\$ 378,729	\$ 6,060
Other Salaries for Instruction	108,239	63,000	171,239	164,482	6,757
Other Purchased Services (400-500 series)	4,000	1,500	5,500	4,360	1,140
General Supplies	5,000		5,000	4,782	218
Textbooks	5,000		5,000	5,000	
Total Multiple Disabilities	547,028	24,500	571,528	557,353	14,175
Resource Room/Resource Center:					
Salaries of Teachers	2,358,452		2,358,452	2,348,708	9,744
Other Salaries for Instruction	220,156	(16,267)	203,889	199,122	4,767
Other Purchased Services (400-500 series)		1,000	1,000		1,000
General Supplies	2,000		2,000	1,824	176
Total Resource Room/Resource Center	2,580,608	(15,267)	2,565,341	2,549,654	15,687
Total Special Education Instruction	3,634,427	(27,587)	3,606,840	3,546,818	60,022

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Bilingual Education - Instruction:					
Salaries of Teachers	\$ 237,950	\$ 22,000	\$ 259,950	\$ 259,333	\$ 617
Other Purchased Services (400-500 series)	200	(200)			
General Supplies	200	400	600	580	20
Textbooks	200	(200)			
Total Bilingual Education - Instruction	238,550	22,000	260,550	259,913	637
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	535,164	5,550	540,714	539,817	897
Purchased Services (300-500 series)	34,950	(2,174)	32,776	22,764	10,012
Supplies and Materials	16,807	4,427	21,234	18,524	2,710
Other Objects	16,450	(2,145)	14,305	7,956	6,349
Total School-Sponsored Cocurricular Activities - Instruction	603,371	5,658	609,029	589,061	19,968
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	1,871,822	26,676	1,898,498	1,891,250	7,248
Purchased Services (300-500 series)	288,288	28,968	317,256	248,354	68,902
Supplies and Materials	209,548	5,386	214,934	195,264	19,670
Other Objects	50,725	(5,514)	45,211	38,591	6,620
Total School-Sponsored Cocurricular Athletics - Instruction	2,420,383	55,516	2,475,899	2,373,459	102,440
Total Instruction	28,543,016	(185,941)	28,357,075	27,626,329	730,746

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Special	\$ 930,970	\$ (137,950)	\$ 793,020	\$ 705,762	\$ 87,258
Tuition to County Vocational Schools - Regular	1,276,300	200,500	1,476,800	1,440,756	36,044
Tuition to County Vocational Schools - Special	86,400	(68,500)	17,900	17,010	890
Tuition to County Special Services Schools and Regional Day Schools	111,450	72,450	183,900	183,900	
Tuition to Private Schools for the Disabled - Within the State	3,084,159	(236,420)	2,847,739	2,643,426	204,313
Tuition to Private Schools for the Disabled and Other LEAs - Special - Outside the State	44,660		44,660		44,660
Tuition - Other		5,950	5,950	5,950	
Total Undistributed Expenditures - Instruction	5,533,939	(163,970)	5,369,969	4,996,804	373,165
Attendance and Social Work Services:					
Salaries	107,840		107,840	106,437	1,403
Unused Vacation Payment to Terminated/Retired Staff		5,900	5,900	5,813	87
Supplies and Materials	7,395	(5,700)	1,695	1,619	76
Total Attendance and Social Work Services	115,235	200	115,435	113,869	1,566
Health Services:					
Salaries	435,079	(4,181)	430,898	413,410	17,488
Purchased Professional and Technical Services	372,400	69,402	441,802	372,709	69,093
Other Purchased Services (400-500 series)	32,275		32,275	14,413	17,862
Supplies and Materials	5,375	400	5,775	5,459	316
Total Health Services	845,129	65,621	910,750	805,991	104,759

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Other Support Services - Speech, OT, PT and Related Services:					
Salaries	\$ 278,692		\$ 278,692	\$ 269,072	\$ 9,620
Purchased Professional - Educational Services	495,000	\$ 97,229	592,229	497,203	95,026
Total Other Support Services - Speech, OT, PT and Related Services	773,692	97,229	870,921	766,275	104,646
Other Support Services - Students - Extraordinary Services:					
Salaries	688,436	(108,500)	579,936	454,140	125,796
Other Purchased Services (400-500 series)	5,000	(150)	4,850	4,445	405
Supplies and Materials	10,000	5,600	15,600	9,279	6,321
Total Other Support Services - Students - Extraordinary Services	703,436	(103,050)	600,386	467,864	132,522
Other Support Services - Students - Guidance:					
Salaries of Other Professional Staff	1,547,574	14,000	1,561,574	1,552,405	9,169
Salaries of Secretarial and Clerical Assistants	168,025	1,800	169,825	169,585	240
Other Purchased Services (400-500 series)	101,136		101,136	69,868	31,268
Supplies and Materials	21,116		21,116	19,619	1,497
Other Objects	1,620		1,620	890	730
Total Other Support Services - Students - Guidance	1,839,471	15,800	1,855,271	1,812,367	42,904
Other Support Services - Child Study Teams:					
Salaries of Other Professional Staff	1,069,702	(5,000)	1,064,702	962,251	102,451
Salaries of Secretarial and Clerical Assistants	119,304	3,200	122,504	122,360	144
Other Purchased Services (400-500 series)	30,000	(695)	29,305	26,661	2,644
Supplies and Materials	8,000	7,756	15,756	13,626	2,130
Other Objects		1,000	1,000	995	5
Total Other Support Services - Child Study Teams	1,227,006	6,261	1,233,267	1,125,893	107,374

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	\$ 748,952	\$ 39,990	\$ 788,942	\$ 763,485	\$ 25,457
Salaries of Secretarial and Clerical Assistants	320,315	10	320,325	320,318	7
Unused Vacation Payment to Terminated/Retired Staff		9,255	9,255	9,253	2
Other Purchased Services (400-500 series)	115,921	15,083	131,004	114,961	16,043
Supplies and Materials	1,000	25	1,025	1,021	4
Other Objects	951	(862)	89	89	
Total Improvement of Instructional Services	1,187,139	63,501	1,250,640	1,209,127	41,513
Educational Media Services/School Library:					
Salaries	384,060		384,060	382,737	1,323
Other Purchased Services (400-500 series)	17,750	(2,400)	15,350	14,908	442
Supplies and Materials	135,184	21,660	156,844	120,548	36,296
Total Educational Media Services/School Library	536,994	19,260	556,254	518,193	38,061
Instructional Staff Training Services:					
Salaries of Supervisors of Instruction	181,466		181,466	180,086	1,380
Salaries of Other Professional Staff	12,000		12,000	7,230	4,770
Salaries of Secretarial and Clerical Assistants	56,528		56,528	56,524	4
Other Salaries	40,000	117	40,117	17,834	22,283
Other Purchased Services (400-500 series)	70,252	(6,400)	63,852	45,355	18,497
Supplies and Materials	12,637		12,637	4,792	7,845
Total Instructional Staff Training Services	372,883	(6,283)	366,600	311,821	54,779

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Support Services - General Administration:					
Salaries	\$ 296,124	\$ 2,473	\$ 298,597	\$ 298,514	\$ 83
Legal Services	75,000		75,000	67,802	7,198
Audit Fees	80,000	(3,000)	77,000	72,850	4,150
Architectural/Engineering Services	20,000	20,119	40,119	28,918	11,201
Other Purchased Professional Services	10,000	(10,000)			
Communications/Telephone	121,100	139,536	260,636	244,074	16,562
BOE Other Purchased Services	7,000	(4,000)	3,000	2,388	612
Miscellaneous Purchased Services (400-500 series)	295,748	(41,983)	253,765	246,485	7,280
General Supplies	20,150	(9,762)	10,388	9,408	980
Miscellaneous Expenditures	5,000	900	5,900	5,870	30
BOE Membership Dues and Fees	30,000		30,000	29,685	315
Total Support Services - General Administration	960,122	94,283	1,054,405	1,005,994	48,411
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	1,432,216	47,000	1,479,216	1,463,768	15,448
Salaries of Secretarial and Clerical Assistants	606,695	(2,763)	603,932	578,038	25,894
Unused Vacation Payment to Terminated/Retired Staff		2,763	2,763	2,761	2
Other Purchased Services (400-500 series)	94,083	95,660	189,743	59,392	130,351
Supplies and Materials	27,900	20,492	48,392	32,011	16,381
Other Objects	1,125	340	1,465	1,219	246
Total Support Services - School Administration	2,162,019	163,492	2,325,511	2,137,189	188,322

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Central Services:					
Salaries	\$ 919,608	\$ 7,097	\$ 926,705	\$ 911,486	\$ 15,219
Unused Vacation Payment to Terminated/Retired Staff	6,000	18,181	24,181	23,843	338
Purchased Professional Services	30,900		30,900	6,136	24,764
Miscellaneous Purchased Services (400-500 series)	218,825	116,000	334,825	244,063	90,762
Supplies and Materials	24,700	11,700	36,400	27,395	9,005
Interest on Lease Purchase Agreements	16,000		16,000	15,897	103
Miscellaneous Expenditures	5,050	9,900	14,950	13,647	1,303
Total Central Services	1,221,083	162,878	1,383,961	1,242,467	141,494
Administration Information Technology:					
Salaries	531,283		531,283	521,911	9,372
Other Purchased Services (400-500 series)	123,950		123,950	112,739	11,211
Supplies and Materials	75,128		75,128	67,549	7,579
Total Administration Information Technology	730,361		730,361	702,199	28,162
Required Maintenance for School Facilities:					
Salaries	590,955	(171,000)	419,955	383,553	36,402
Cleaning, Repair and Maintenance Services	114,000	160,029	274,029	252,662	21,367
General Supplies	176,000	(48,050)	127,950	118,346	9,604
Total Required Maintenance for School Facilities	880,955	(59,021)	821,934	754,561	67,373

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Custodial Services:					
Salaries	\$ 1,256,341	\$ (50,000)	\$ 1,206,341	\$ 1,198,249	\$ 8,092
Purchased Professional and Technical Services	66,600	(12,479)	54,121	51,453	2,668
Cleaning, Repair and Maintenance Services	146,000	167,405	313,405	248,183	65,222
Other Purchased Property Services	80,000	29,333	109,333	70,768	38,565
Insurance	319,200	1,000	320,200	319,980	220
Miscellaneous Purchased Services	284,000	(242,928)	41,072	34,792	6,280
General Supplies	181,000	36,600	217,600	182,589	35,011
Energy (Natural Gas)	133,000	200,098	333,098	267,627	65,471
Energy (Electricity)	422,794	184,089	606,883	453,617	153,266
Energy (Oil)	340,000	(340,000)			
Other Objects	500	400	900	445	455
Interest - Energy Savings Improvement Program (ESIP) Bonds	289,600	(3,000)	286,600	280,316	6,284
Total Custodial Services	3,519,035	(29,482)	3,489,553	3,108,019	381,534
Care & Upkeep of Grounds:					
Salaries	125,461	90,124	215,585	197,991	17,594
Unused Vacation Payment to Terminated/Retired Staff		8,876	8,876	8,876	
Cleaning, Repair and Maintenance Services	42,352		42,352	41,497	855
Total Care & Upkeep of Grounds	167,813	99,000	266,813	248,364	18,449
Security:					
Salaries	247,710	(14,000)	233,710	229,327	4,383
Purchased Professional and Technical Services	180,605	32,000	212,605	141,978	70,627
General Supplies	130,200	(13,000)	117,200	116,554	646
Total Security	558,515	5,000	563,515	487,859	75,656

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Student Transportation Services:					
Salaries for Pupil Transportation:					
Non-Instructional Aides	\$ 210,545	\$ 100,000	\$ 310,545	\$ 286,855	\$ 23,690
Between Home and School - Regular	1,737,608	(39,000)	1,698,608	1,681,405	17,203
Between Home and School - Special Education	391,209	17,000	408,209	398,037	10,172
Other Than Between Home and School	205,000	(53,000)	152,000	107,710	44,290
Cleaning, Repair and Maintenance Services	58,950	8,325	67,275	14,729	52,546
Contracted Services:					
Aid in Lieu of Payments - Nonpublic Students	150,000	(35,000)	115,000	73,732	41,268
Aid in Lieu of Payments - Choice Students	2,000	1,000	3,000	2,000	1,000
Between Home and School - Vendors	72,000	24,303	96,303	57,210	39,093
Other Than Between Home and School - Vendors	339,025	(35,605)	303,420	172,444	130,976
Special Education Students - Joint Agreements	40,000	(25,000)	15,000	2,580	12,420
Between Home and School - ESC's and CTSA's	175,000		175,000	161,427	13,573
Special Education Students - ESC's and CTSA's	1,257,580	61,088	1,318,668	1,000,941	317,727
Miscellaneous Purchased Services	50,943	4,196	55,139	47,781	7,358
General Supplies	60,000		60,000	21,353	38,647
Transportation Supplies	325,128	(28,307)	296,821	182,533	114,288
Other Objects	5,000		5,000	2,878	2,122
Total Student Transportation Services	5,079,988		5,079,988	4,213,615	866,373
Allocated Benefits:					
Regular Programs - Instruction:					
Social Security Contributions	155,202	7,664	162,866	160,340	2,526
Other Retirement Contributions - Regular	22,608	(372)	22,236	7,928	14,308
Unemployment		75,000	75,000	75,000	
Workmen's Compensation	88,000		88,000	88,000	
Health Benefits	3,510,994	(430,450)	3,080,544	3,054,298	26,246
Tuition Reimbursement	76,000	26,489	102,489	102,436	53
Other Employee Benefits	159,000	12,750	171,750	170,749	1,001
Unused Sick Payment to Terminated/Retired Staff	85,000		85,000	66,000	19,000
Total Allocated Benefits - Regular Programs - Instruction	4,096,804	(308,919)	3,787,885	3,724,751	63,134

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Allocated Benefits:					
Special Programs - Instruction:					
Social Security Contributions	\$ 68,106	\$ 9,968	\$ 78,074	\$ 75,374	\$ 2,700
Other Retirement Contributions - PERS	36,691	45,993	82,684	66,991	15,693
Workmen's Compensation	4,400		4,400	4,400	
Health Benefits	961,281	85,050	1,046,331	948,292	98,039
Tuition Reimbursement	15,150	(1,618)	13,532	12,230	1,302
Other Employee Benefits	51,000	(8,000)	43,000	16,685	26,315
	<u>1,136,628</u>	<u>131,393</u>	<u>1,268,021</u>	<u>1,123,972</u>	<u>144,049</u>
Total Allocated Benefits - Special Programs - Instruction					
Other Instructional Programs - Instruction:					
Social Security Contributions	76,310	78,213	154,523	154,523	
Other Retirement Contributions - PERS	29,201		29,201	13,306	15,895
Workmen's Compensation	4,339		4,339	4,339	
Health Benefits	99,952	4,904	104,856	97,217	7,639
Other Employee Benefits	6,000	1,796	7,796	7,796	
	<u>215,802</u>	<u>84,913</u>	<u>300,715</u>	<u>277,181</u>	<u>23,534</u>
Total Allocated Benefits - Other Instructional Programs - Instruction					
Attendance and Social Work Services:					
Social Security Contributions	8,251		8,251	7,666	585
Other Retirement Contributions - PERS	15,097	800	15,897	13,127	2,770
Workmen's Compensation	6,050		6,050	6,050	
Health Benefits	62,237	500	62,737	56,197	6,540
Unused Sick Payment to Terminated/Retired Staff	5,000	2,500	7,500	7,500	
	<u>96,635</u>	<u>3,800</u>	<u>100,435</u>	<u>90,540</u>	<u>9,895</u>
Total Allocated Benefits - Attendance and Social Work Services					

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Allocated Benefits:					
Health Services:					
Social Security Contributions	\$ 4,323	\$	4,323	\$ 3,520	\$ 803
Workmen's Compensation	4,840		4,840		4,840
Health Benefits	46,894		46,894	38,321	8,573
Tuition Reimbursement	1,000		1,000		1,000
Other Employee Benefits	3,000		3,000	3,000	
Unused Sick Payment to Terminated/Retired Staff	17,000		17,000		17,000
Total Allocated Benefits - Health Services	77,057		77,057	44,841	32,216
Other Support Services - Speech, OT, PT and Related Services:					
Social Security Contributions	383	\$ 1,500	1,883	1,022	861
Workmen's Compensation	1,210		1,210	1,210	
Health Benefits	32,192		32,192	27,616	4,576
Unused Sick Payment to Terminated/Retired Staff	17,000		17,000		17,000
Total Allocated Benefits - Other Support Services - Speech, OT, PT and Related Services	50,785	1,500	52,285	29,848	22,437
Other Support Services - Students - Extraordinary Services:					
Social Security Contributions	56,379	(13,665)	42,714	42,714	
Other Retirement Contributions - PERS	57,129	18,232	75,361	75,334	27
Health Benefits	425,200		425,200	388,911	36,289
Tuition Reimbursement	3,000		3,000	444	2,556
Other Employee Benefits	12,000	3,000	15,000	15,000	
Unused Sick Payment to Terminated/Retired Staff	17,000		17,000	811	16,189
Total Allocated Benefits - Other Support Services - Students - Extraordinary Services	570,708	7,567	578,275	523,214	55,061

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Allocated Benefits:					
Other Support Services - Students - Guidance:					
Social Security Contributions	\$ 21,425		\$ 21,425	\$ 21,206	\$ 219
Other Retirement Contributions - PERS	23,524		23,524	17,023	6,501
Workmen's Compensation	7,260		7,260	7,260	
Health Benefits	289,097	\$ 5,000	294,097	256,628	37,469
Tuition Reimbursement	3,000	200	3,200	3,199	1
Other Employee Benefits	12,000	2,125	14,125	14,125	
Unused Sick Payment to Terminated/Retired Staff	17,000		17,000		17,000
Total Allocated Benefits - Other Support Services - Students - Guidance	373,306	7,325	380,631	319,441	61,190
Other Support Services - Child Study Teams:					
Social Security Contributions	11,588		11,588	11,182	406
Other Retirement Contributions - PERS	15,156	6,000	21,156	21,109	47
Workmen's Compensation	12,100		12,100	12,100	
Health Benefits	216,443	(49,189)	167,254	142,199	25,055
Tuition Reimbursement	6,000		6,000	1,154	4,846
Other Employee Benefits	6,000	750	6,750	6,750	
Unused Sick Payment to Terminated/Retired Staff	17,000		17,000	3,215	13,785
Total Allocated Benefits - Other Support Services - Child Study Teams	284,287	(42,439)	241,848	197,709	44,139
Improvement of Instruction Services:					
Social Security Contributions	24,572	4,921	29,493	29,493	
Other Retirement Contributions - PERS	44,961	(19,000)	25,961	25,802	159
Workmen's Compensation	7,260		7,260	7,260	
Health Benefits	137,000	(13,255)	123,745	110,428	13,317
Tuition Reimbursement	7,400	(700)	6,700	6,456	244
Other Employee Benefits	16,800	4,880	21,680	21,647	33
Total Allocated Benefits - Improvement of Instruction Services	237,993	(23,154)	214,839	201,086	13,753

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Allocated Benefits:					
Educational Media Services - School Library:					
Social Security Contributions	\$ 13,570	\$ (193)	\$ 13,377	\$ 13,377	
Other Retirement Contributions - PERS	26,122	981	27,103	17,666	\$ 9,437
Workmen's Compensation	7,260		7,260	7,260	
Health Benefits	116,684		116,684	107,181	9,503
Tuition Reimbursement	6,000		6,000	6,000	
Total Allocated Benefits - Educational Media Services - School Library	169,636	788	170,424	151,484	18,940
Instructional Staff Training Services:					
Social Security Contributions	4,264	2,350	6,614	6,349	265
Other Retirement Contributions - PERS	7,790		7,790	4,553	3,237
Workmen's Compensation	7,260		7,260	7,260	
Health Benefits	27,471		27,471	20,436	7,035
Other Employee Benefits	900		900	900	
Total Allocated Benefits - Instructional Staff Training Services	47,685	2,350	50,035	39,498	10,537
Support Services - General Administration:					
Social Security Contributions	5,879	269	6,148	6,148	
Other Retirement Contributions - PERS	10,759	5,000	15,759	15,491	268
Workmen's Compensation	7,260		7,260	7,260	
Health Benefits	30,983		30,983	26,851	4,132
Tuition Reimbursement	10,000	(2,372)	7,628	6,137	1,491
Other Employee Benefits	8,400		8,400	8,000	400
Total Allocated Benefits - Support Services - General Administration	73,281	2,897	76,178	69,887	6,291

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Allocated Benefits:					
Support Services - School Administration:					
Social Security Contributions	\$ 46,911		\$ 46,911	\$ 42,653	\$ 4,258
Other Retirement Contributions - PERS	87,935	(19,000)	68,935	68,195	740
Workmen's Compensation	26,620		26,620	26,620	
Health Benefits	398,151	(64,628)	333,523	321,494	12,029
Tuition Reimbursement	8,000	24,305	32,305	31,944	361
Other Employee Benefits	25,655	(20,132)	5,523	5,522	1
Total Allocated Benefits - Support Services - School Administration	593,272	(79,455)	513,817	496,428	17,389
Support Services - Central Services:					
Social Security Contributions	44,147		44,147	39,875	4,272
Other Retirement Contributions - PERS	69,176		69,176	68,280	896
Workmen's Compensation	7,260		7,260	7,260	
Health Benefits	230,747	59,489	290,236	203,986	86,250
Other Employee Benefits	8,000	(550)	7,450	7,450	
Unused Sick Payment to Terminated/Retired Staff	15,000		15,000	14,036	964
Total Allocated Benefits - Support Services - Central Services	374,330	58,939	433,269	340,887	92,382
Support Services - Administrative Information Technology:					
Social Security Contributions	33,985		33,985	32,867	1,118
Other Retirement Contributions - PERS	42,197	48,000	90,197	89,956	241
Workmen's Compensation	7,260		7,260	7,260	
Health Benefits	123,535	(210)	123,325	94,123	29,202
Other Employee Benefits	6,000	610	6,610	6,535	75
Total Allocated Benefits - Support Services - Administrative Information Technology	212,977	48,400	261,377	230,741	30,636

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Allocated Benefits:					
Required Maintenance for School Facilities:					
Social Security Contributions	\$ 45,195	\$ (16,000)	\$ 29,195	\$ 28,316	\$ 879
Other Retirement Contributions - PERS	73,582		73,582	65,080	8,502
Workmen's Compensation	4,905		4,905	4,905	
Health Benefits	198,627	(54,411)	144,216	116,592	27,624
Tuition Reimbursement	3,000	(3,000)			
Other Employee Benefits	4,000		4,000	3,250	750
	<u>329,309</u>	<u>(73,411)</u>	<u>255,898</u>	<u>218,143</u>	<u>37,755</u>
Total Allocated Benefits - Required Maintenance for School Facilities					
Custodial Services:					
Social Security Contributions	99,546		99,546	93,193	6,353
Other Retirement Contributions - PERS	132,732	(4,905)	127,827	114,111	13,716
Workmen's Compensation	88,000		88,000	88,000	
Health Benefits	502,223	(42,000)	460,223	437,900	22,323
Other Employee Benefits	10,500		10,500	10,209	291
Unused Sick Payment to Terminated/Retired Staff	15,000		15,000		15,000
	<u>848,001</u>	<u>(46,905)</u>	<u>801,096</u>	<u>743,413</u>	<u>57,683</u>
Total Allocated Benefits - Custodial Services					
Care and Upkeep of Grounds:					
Social Security Contributions	9,592	9,000	18,592	15,998	2,594
Other Retirement Contributions - PERS	12,374	28,000	40,374	39,634	740
Workmen's Compensation	1,100		1,100	743	357
Health Benefits	51,976	55,700	107,676	106,571	1,105
Other Employee Benefits	675		675	334	341
Unused Sick Payment to Terminated/Retired Staff		8,000	8,000	8,000	
	<u>75,717</u>	<u>100,700</u>	<u>176,417</u>	<u>171,280</u>	<u>5,137</u>
Total Allocated Benefits - Care and Upkeep of Grounds					

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Allocated Benefits:					
Security:					
Social Security Contributions	\$ 19,841	\$ (4,000)	\$ 15,841	\$ 15,577	\$ 264
Other Retirement Contributions - PERS	35,594		35,594	16,269	19,325
Workmen's Compensation	1,100		1,100		1,100
Health Benefits	169,701	10,000	179,701	150,626	29,075
Other Employee Benefits	3,000	(3,000)			
Total Allocated Benefits - Security	229,236	3,000	232,236	182,472	49,764
Student Transportation Services:					
Social Security Contributions	206,552	(21,400)	185,152	185,083	69
Other Retirement Contributions - PERS	248,808	(74,467)	174,341	162,451	11,890
Unemployment		25,000	25,000	25,000	
Workmen's Compensation	44,000		44,000	44,000	
Health Benefits	922,659	(1,000)	921,659	894,735	26,924
Other Employee Benefits	22,000	(1,400)	20,600	18,067	2,533
Unused Sick Payment to Terminated/Retired Staff	20,000		20,000		20,000
Total Allocated Benefits - Student Transportation Services	1,464,019	(73,267)	1,390,752	1,329,336	61,416
Total Allocated Benefits	11,557,468	(193,978)	11,363,490	10,506,152	857,338
On-Behalf TPAF Contributions:					
Post-Retirement Medical Benefits (Non-Budgeted)				2,184,021	(2,184,021)
Pension (Non-Budgeted)				5,783,479	(5,783,479)
Non-Contributory Insurance (Non-Budgeted)				103,662	(103,662)
Long-Term Disability Insurance (Non-Budgeted)				3,620	(3,620)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				1,958,586	(1,958,586)
Total On-Behalf Contributions				10,033,368	(10,033,368)
Total Personal Services - Employee Benefits	11,557,468	(193,978)	11,363,490	20,539,520	(9,176,030)
Total Undistributed Expenses	39,972,283	236,741	40,209,024	46,567,991	(6,358,967)
TOTAL GENERAL CURRENT EXPENSE	68,515,299	50,800	68,566,099	74,194,320	(5,628,221)

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CAPITAL OUTLAY:					
Equipment:					
Regular Programs - Instruction:					
Grades 9-12	\$ 125,900	\$ 17,303	\$ 143,203	\$ 66,360	\$ 76,843
Undistributed Expenditures:					
Support Services:					
Instructional Staff	28,670	(11,753)	16,917	16,917	
General Administration	4,000	(4,000)			
Central Services	12,000	(2,350)	9,650	6,257	3,393
Administrative Information Technology	29,000	20,000	49,000	48,563	437
Custodial Services	90,000		90,000	73,823	16,177
Student Transportation Services:					
Non-Instructional Equipment	3,000	10,000	13,000	9,344	3,656
School Buses - Regular	640,000	(30,000)	610,000	495,312	114,688
Total Equipment	<u>932,570</u>	<u>(800)</u>	<u>931,770</u>	<u>716,576</u>	<u>215,194</u>
Facilities Acquisition and Construction Services:					
Construction Services	352,000	50,000	402,000	354,125	47,875
Lease Purchase Agreements - Principal	466,966		466,966	466,965	1
Other Objects - Debt Service Assessment	183,311		183,311	183,311	
Total Facilities Acquisition and Construction Services	<u>1,002,277</u>	<u>50,000</u>	<u>1,052,277</u>	<u>1,004,401</u>	<u>47,876</u>
TOTAL CAPITAL OUTLAY	<u>1,934,847</u>	<u>49,200</u>	<u>1,984,047</u>	<u>1,720,977</u>	<u>263,070</u>

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
SPECIAL SCHOOLS:					
Summer School - Instruction:					
Salaries of Teachers	\$ 22,075	\$ (90)	\$ 21,985	\$ 18,912	\$ 3,073
Other Purchased Services (400-500 series)	4,500	90	4,590	4,059	531
Total Summer School - Instruction	26,575		26,575	22,971	3,604
Summer School - Support Services:					
Personal Services - Employee Benefits	1,769		1,769	1,434	335
Total Summer School - Support Services	1,769		1,769	1,434	335
Total Summer School	28,344		28,344	24,405	3,939
Accredited Evening/Adult High School - Post-Graduate - Instruction:					
Salaries of Teachers	183,359	(1,200)	182,159	175,546	6,613
General Supplies	1,000	1,200	2,200	1,692	508
Other Objects	500		500	312	188
Total Accredited Evening/Adult High School - Post-Graduate - Instruction	184,859		184,859	177,550	7,309
Accredited Evening/Adult High School - Post-Graduate - Support Services:					
Salaries	51,240		51,240	51,240	
Personal Services - Employee Benefits	64,830	5,000	69,830	47,757	22,073
Other Purchased Services (400-500 series)	2,000		2,000	117	1,883
Total Accredited Evening/Adult High School - Post-Graduate - Support Services	118,070	5,000	123,070	99,114	23,956
Total Accredited Evening/Adult High School - Post-Graduate	302,929	5,000	307,929	276,664	31,265
TOTAL SPECIAL SCHOOLS	331,273	5,000	336,273	301,069	35,204

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
TOTAL EXPENDITURES	\$ 70,781,419	\$ 105,000	\$ 70,886,419	\$ 76,216,366	\$ (5,329,947)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(1,451,756)	(105,000)	(1,556,756)	3,691,240	5,247,996
OTHER FINANCING USES:					
Transfers In:					
Capital Projects Fund:					
Interest Earned				42,847	42,847
Capital Reserve - Unexpended Project Balances				52,885	52,885
Transfers Out:					
Capital Projects Fund - Capital Reserve	(892,495)	(1,381,187)	(2,273,682)	(2,273,682)	
Total Other Financing Uses	(892,495)	(1,381,187)	(2,273,682)	(2,177,950)	95,732
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(2,344,251)	(1,486,187)	(3,830,438)	1,513,290	5,343,728
Fund Balance, July 1	6,036,268		6,036,268	6,036,268	
Fund Balance, June 30	\$ 3,692,017	\$ (1,486,187)	\$ 2,205,830	\$ 7,549,558	\$ 5,343,728

Recapitulation of Fund Balance at June 30, 2020:

Restricted:	
Capital Reserve	\$ 5,093,430
Maintenance Reserve	305,000
Assigned - Designated for Subsequent Year's Expenditures	523,000
Unassigned	1,628,128
Total Fund Balance - Budgetary Basis	7,549,558
Reconciliation to Governmental Fund Statements (GAAP):	
June State Aid Payments not recognized on GAAP Basis	(782,163)
Fund Balance per Governmental Fund on (Exhibit B-2)	\$ 6,767,395

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources		\$ 6,665	\$ 6,665	\$ 581	\$ (6,084)
State Sources	\$ 343,586	17,346	360,932	352,459	(8,473)
Federal Sources	797,901	292,696	1,090,597	986,916	(103,681)
Total Revenues	1,141,487	316,707	1,458,194	1,339,956	(118,238)
EXPENDITURES:					
Instruction:					
Personal Services - Salaries	56,088	(11,724)	44,364	42,685	1,679
Purchased Professional - Educational Services	239,845	16,680	256,525	250,728	5,797
Other Purchased Services	624,905	9,155	634,060	609,902	24,158
General Supplies	18,540	27,567	46,107	39,142	6,965
Textbooks	27,501	(250)	27,251	25,056	2,195
Total Instruction	966,879	41,428	1,008,307	967,513	40,794
Support Services:					
Personal Services - Salaries	41,592	62,953	104,545	104,545	
Personal Services - Employee Benefits	4,291	44,412	48,703	46,244	2,459
Purchased Professional - Educational Services		124,695	124,695	99,651	25,044
Other Purchased Services	63,025	10,206	73,231	69,027	4,204
Supplies and Materials	65,700	33,013	98,713	52,976	45,737
Total Support Services	174,608	275,279	449,887	372,443	77,444
Total Expenditures	1,141,487	316,707	1,458,194	1,339,956	118,238
Excess of Revenues Over Expenditures	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -

MORRIS HILLS REGIONAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 79,907,606	\$ 1,339,956
Difference - Budgetary to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue whereas the GAAP Basis Does Not:		
Current Year Encumbrances		(2,880)
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	772,159	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(782,163)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 79,897,602	\$ 1,337,076
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 76,216,366	\$ 1,339,956
Differences - Budgetary to GAAP:		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, not in the Year the Supplies are Received for GAAP Reporting Purposes.		
Current Year Encumbrances		(2,880)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 76,216,366	\$ 1,337,076

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

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

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

**SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)**

SPECIAL REVENUE FUND

MORRIS HILLS REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Elementary and Secondary Education Act				CARES Act Emergency Relief	IDEA Basic
	Title I	Title II, Part A	Title III Immigrant	Title IV		
REVENUE:						
Local Sources						
State Sources						
Federal Sources	\$ 148,791	\$ 42,019	\$ 5,471	\$ 10,000	\$ 71,082	\$ 709,553
Total Revenue	148,791	42,019	5,471	10,000	71,082	709,553
EXPENDITURES:						
Instruction:						
Personal Services - Salaries	37,858		2,133			
Purchased Professional - Educational Services				10,000		609,902
Other Purchased Services					17,232	
General Supplies			3,189			
Textbooks						
Total Instruction	37,858		5,322	10,000	17,232	609,902
Support Services:						
Personal Services - Salaries	66,545	38,000				
Personal Services - Employee Benefits	43,188	2,907	149			
Purchased Professional - Educational Services						99,651
Other Purchased Services	1,200	108			43,175	
Supplies and Materials		1,004			10,675	
Total Support Services	110,933	42,019	149		53,850	99,651
Total Expenditures	\$ 148,791	\$ 42,019	\$ 5,471	\$ 10,000	\$ 71,082	\$ 709,553

MORRIS HILLS REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	NJ Nonpublic					
	Local Grants	Auxiliary Services (Chapter 192)		Handicapped Services (Chapter 193)		
	Home Instruction	Compensatory Education	Corrective Speech	Examination & Classification	Supplementary Instruction	
REVENUE:						
Local Sources	581					
State Sources	\$ 2,694	\$ 66,761	\$ 820	\$ 62,447	\$ 60,551	
Federal Sources						
Total Revenue	581	2,694	66,761	820	62,447	60,551
EXPENDITURES:						
Instruction:						
Personal Services - Salaries		2,694				
Purchased Professional - Educational Services			66,761	820	62,447	60,551
Other Purchased Services						
General Supplies	581					
Textbooks						
Total Instruction	581	2,694	66,761	820	62,447	60,551
Support Services:						
Personal Services - Salaries						
Personal Services - Employee Benefits						
Purchased Professional - Educational Services						
Other Purchased Services						
Supplies and Materials						
Total Support Services						
Total Expenditures	\$ 581	\$ 2,694	\$ 66,761	\$ 820	\$ 62,447	\$ 60,551

MORRIS HILLS REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	NJ Nonpublic				Totals June 30, 2020
	Security Aid	Technology	Textbooks	Nursing	
REVENUE:					
Local Sources					581
State Sources	\$ 65,841	\$ 18,140	\$ 25,056	\$ 50,149	\$ 352,459
Federal Sources					986,916
Total Revenue	65,841	18,140	25,056	50,149	1,339,956
EXPENDITURES:					
Instruction:					
Personal Services - Salaries					42,685
Purchased Professional - Educational Services				50,149	250,728
Other Purchased Services					609,902
General Supplies		18,140			39,142
Textbooks			25,056		25,056
Total Instruction		18,140	25,056	50,149	967,513
Support Services:					
Personal Services - Salaries					104,545
Personal Services - Employee Benefits					46,244
Purchased Professional - Educational Services					99,651
Other Purchased Services	25,744				69,027
Supplies and Materials	40,097				52,976
Total Support Services	65,841				372,443
Total Expenditures	\$ 65,841	\$ 18,140	\$ 25,056	\$ 50,149	\$ 1,339,956

CAPITAL PROJECTS FUND

MORRIS HILLS REGIONAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGETARY BASIS
CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Revenue and Other Financing Sources:	
Interest on ESIP Bonds	\$ 26,641
Transfer from Capital Reserve	2,273,682
Interest Revenue	<u>78,824</u>
Total Revenue and Other Financing Sources	<u>2,379,147</u>
Expenditures and Other Financing Uses:	
Purchased Professional and Technical Services	459,097
Construction Services	9,342,943
Transfers Out:	
General Fund:	
Interest Earned	42,847
Unexpended Project Balances - Capital Reserve	52,885
Debt Service Fund - Interest Earned	<u>35,977</u>
Total Expenditures and Other Financing Uses	<u>9,933,749</u>
Excess/(Deficiency) of Revenue and Other Financing Sources	
Over/(Under) Expenditures and Other Financing Uses	(7,554,602)
Fund Balance - Beginning	<u>10,099,681</u>
Fund Balance - Ending	<u><u>\$ 2,545,079</u></u>
<u>Recapitulation of Fund Balance at June 30, 2020:</u>	
Committed Fund Balance	\$ 16,137
Committed Fund Balance - Year-End Encumbrances	<u>2,528,942</u>
Committed Fund Balance per Governmental Funds (Budgetary/GAAP Basis)	<u><u>\$ 2,545,079</u></u>

MORRIS HILLS REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
MORRIS HILLS AND MORRIS KNOLLS HIGH SCHOOLS FIELD REFURBISHMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 2,858,580		\$ 2,858,580	\$ 2,858,580
Total Revenue and Other Financing Sources	2,858,580	\$ - 0 -	2,858,580	2,858,580
Expenditures:				
Purchased Professional and Technical Services	98,041	44,955	142,996	200,000
Construction Services	130,000	1,454,074	1,584,074	2,658,580
Total Expenditures	228,041	1,499,029	1,727,070	2,858,580
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 2,630,539</u>	<u>\$(1,499,029)</u>	<u>\$ 1,131,510</u>	<u>\$ - 0 -</u>
Additional Project Information:				
Project Number		Not Applicable		
Grant Date		Not Applicable		
Bond Authorization Date		Not Applicable		
Bonds Authorized		Not Applicable		
Bonds Issued		Not Applicable		
Original Authorized Cost		\$ 2,858,580		
Change Orders		\$ -0-		
Revised Authorized Cost		\$ 2,858,580		
Change Order Percentage		0.00%		
Percentage Completion		60.42%		
Original Target Completion Date		December 2020		

MORRIS HILLS REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
MORRIS HILLS HIGH SCHOOL BLEACHER REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Project</u> <u>Authorization</u>
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 420,000	\$ (44,164)	\$ 375,836	\$ 375,836
Total Revenue and Other Financing Sources	<u>420,000</u>	<u>(44,164)</u>	<u>375,836</u>	<u>375,836</u>
Expenditures:				
Purchased Professional and Technical Services		7,736	7,736	7,736
Construction Services		368,100	368,100	368,100
Total Expenditures	<u>- 0 -</u>	<u>375,836</u>	<u>375,836</u>	<u>375,836</u>
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 420,000</u>	<u>\$ (420,000)</u>	<u>\$ -0-</u>	<u>\$ - 0 -</u>
Additional Project Information:				
Project Number		Not Applicable		
Grant Date		Not Applicable		
Bond Authorization Date		Not Applicable		
Bonds Authorized		Not Applicable		
Bonds Issued		Not Applicable		
Original Authorized Cost	\$ 300,000			
Additional Authorization	\$ 120,000			
Transfers	\$ (11,760)			
Change Orders	\$ -0-			
Unexpended Balance:				
Returned to Capital Reserve	\$ (32,404)			
Revised Authorized Cost	\$ 375,836			
Change Order Percentage		0.00%		
Percentage Completion		100.00%		
Original Target Completion Date		June 2020		

MORRIS HILLS REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
MORRIS HILLS AND MORRIS KNOLLS HIGH SCHOOLS -
ENERGY SAVINGS IMPROVEMENT PLAN (ESIP)
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Project Authorization</u>
Revenue and Other Financing Sources:				
ESIP Bond Proceeds and Transfers	\$ 8,230,000		\$ 8,230,000	\$ 8,230,000
Premium on ESIP Bonds	927,177		927,177	927,177
Interest on ESIP Bonds		\$ 26,641	26,641	26,641
Transfer from Capital Reserve		750,000	750,000	750,000
	<u>9,157,177</u>	<u>776,641</u>	<u>9,933,818</u>	<u>9,933,818</u>
Total Revenue and Other Financing Sources				
Expenditures:				
Purchased Professional and Technical Services	289,140	346,076	635,216	652,645
Construction Services	1,818,895	6,955,979	8,774,874	9,281,173
	<u>2,108,035</u>	<u>7,302,055</u>	<u>9,410,090</u>	<u>9,933,818</u>
Total Expenditures				
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 7,049,142</u>	<u>\$(6,525,414)</u>	<u>\$ 523,728</u>	<u>\$ - 0 -</u>
Additional Project Information:				
Project Number(s)	Not Applicable			
Grant Date	Not Applicable			
Bond Authorization Date	January 2019			
Bonds Authorized	\$ 8,230,000			
Bonds Issued	\$ 8,230,000			
Original Authorized Cost	\$ 9,157,177			
Additional Authorization	\$ 776,641			
Change Orders	\$ -0-			
Revised Authorized Cost	\$ 9,933,818			
Change Order Percentage	0.00%			
Percentage Completion	94.73%			
Original Target Completion Date	December 2020			

MORRIS HILLS REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
MORRIS HILLS HIGH SCHOOL PARTIAL ROOF REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Prior Periods	Current Year	Totals	Revised Project Authorization
Revenue and Other Financing Sources:				
Transfer from Capital Reserve		\$ 472,723	\$ 472,723	\$ 472,723
Total Revenue and Other Financing Sources	\$ - 0 -	472,723	472,723	472,723
Expenditures:				
Purchased Professional and Technical Services		20,224	20,224	20,224
Construction Services		452,499	452,499	452,499
Total Expenditures	-0-	472,723	472,723	472,723
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ -0-	\$ - 0 -	\$ - 0 -	\$ - 0 -
Additional Project Information:				
Project Number	Not Applicable			
Grant Date	Not Applicable			
Bond Authorization Date	Not Applicable			
Bonds Authorized	Not Applicable			
Bonds Issued	Not Applicable			
Original Authorized Cost	\$ 500,000			
Transfers	\$ (6,796)			
Change Orders	\$ -0-			
Unexpended Balance:				
Returned to Capital Reserve	\$ (20,481)			
Revised Authorized Cost	\$ 472,723			
Change Order Percentage	0.00%			
Percentage Completion	100.00%			
Original Target Completion Date	June 2020			
Revised Target Completion Date	May 2020			

MORRIS HILLS REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
MORRIS HILLS HIGH SCHOOL ENGINEERING LAB
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Project Authorization</u>
Revenue and Other Financing Sources:				
Transfer from Capital Reserve		\$ 275,082	\$ 275,082	\$ 275,082
Total Revenue and Other Financing Sources	\$ - 0 -	275,082	275,082	275,082
Expenditures:				
Purchased Professional and Technical Services		9,707	9,707	25,000
Construction Services		72,803	72,803	250,082
Total Expenditures	-0-	82,510	82,510	275,082
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ -0-	\$ 192,572	\$ 192,572	\$ - 0 -

Additional Project Information:

Project Number(s)	Not Applicable
Grant Date	Not Applicable
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 150,000
Additional Authorization	\$ 125,082
Change Orders	\$ -0-
Revised Authorized Cost	\$ 275,082
Change Order Percentage	0.00%
Percentage Completion	29.99%
Original Target Completion Date	September 2020
Revised Target Completion Date	October 2020

MORRIS HILLS REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
MORRIS KNOLLS HIGH SCHOOL BLACK BOX THEATER
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Prior Periods	Current Year	Totals	Revised Project Authorization
Revenue and Other Financing Sources:				
Transfer from Capital Reserve		\$ 767,156	\$ 767,156	\$ 767,156
Total Revenue and Other Financing Sources	\$ - 0 -	767,156	767,156	767,156
Expenditures:				
Purchased Professional and Technical Services		30,399	30,399	40,551
Construction Services		39,488	39,488	726,605
Total Expenditures	-0-	69,887	69,887	767,156
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ -0-	\$ 697,269	\$ 697,269	\$ - 0 -

Additional Project Information:

Project Number	Not Applicable
Grant Date	Not Applicable
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 242,495
Additional Authorization	\$ 506,105
Transfers	\$ 18,556
Change Orders	\$ -0-
Revised Authorized Cost	\$ 767,156
Change Order Percentage	0.00%
Percentage Completion	9.11%
Original Target Completion Date	September 2020
Revised Target Completion Date	June 2021

PROPRIETARY FUNDS

MORRIS HILLS REGIONAL SCHOOL DISTRICT
PROPRIETARY FUND
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2020

	Business-Type Activities - Enterprise Funds			
	Major Funds			Total Enterprise Funds
	Food Service	Academy for Technology	Shared Services	
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	\$ 366,230	\$ 6,619	\$ 6,398	\$ 379,247
Receivable from:				
Federal Government	11,832			11,832
State Government	2,462			2,462
Other Governments:				
Tuition		290,700		290,700
Other	12,422		118,645	131,067
Inventories	25,747			25,747
Total Current Assets	418,693	297,319	125,043	841,055
Non-Current Assets:				
Capital Assets	618,501	1,002,113		1,620,614
Less: Accumulated Depreciation	(323,419)	(610,668)		(934,087)
Total Non-Current Assets	295,082	391,445		686,527
Total Assets	713,775	688,764	125,043	1,527,582
LIABILITIES:				
Current Liabilities:				
Interfund Payable - General Fund		290,700	119,300	410,000
Accounts Payable	15,109		5,743	20,852
Unearned Revenue - Prepaid Sales	53,046			53,046
Total Current Liabilities	68,155	290,700	125,043	483,898
Total Liabilities	68,155	290,700	125,043	483,898
NET POSITION:				
Investment in Capital Assets	295,082	391,445		686,527
Unrestricted	350,538	6,619		357,157
Total Net Position	\$ 645,620	\$ 398,064	\$ -0-	\$ 1,043,684

MORRIS HILLS REGIONAL SCHOOL DISTRICT
PROPRIETARY FUND
COMBINING STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Business-Type Activities - Enterprise Funds</u>			
	<u>Major Funds</u>			<u>Total Enterprise Funds</u>
	<u>Food Service</u>	<u>Academy for Technology</u>	<u>Shared Services</u>	
Operating Revenue:				
Charges for Services:				
Daily Sales:				
Reimbursable Programs	\$ 303,145			\$ 303,145
Non-Reimbursable Programs	595,398			595,398
Total Daily Sales	898,543			898,543
Special Events	27,072			27,072
Tuition		\$ 1,992,600		1,992,600
Service Fees			\$ 1,331,185	1,331,185
Total Operating Revenue	925,615	1,992,600	1,331,185	4,249,400
Operating Expenses:				
Cost of Sales:				
Reimbursable	342,227			342,227
Non-Reimbursable	218,293			218,293
Total Cost of Sales	560,520			560,520
Salaries	348,840	1,536,874	889,181	2,774,895
Payroll Taxes	50,130	30,566	29,960	110,656
Employee Benefits	30,239	360,160	274,154	664,553
Purchased Professional - Educational Services		50,000	108,550	158,550
Other Purchased Services		15,000	500	15,500
Purchased Property Services	150,601			150,601
Supplies and Materials	43,607		28,840	72,447
Depreciation Expense	21,795	19,572		41,367
Total Operating Expenses	1,205,732	2,012,172	1,331,185	4,549,089
Operating Income/(Loss)	(280,117)	(19,572)	-0-	(299,689)

MORRIS HILLS REGIONAL SCHOOL DISTRICT
PROPRIETARY FUND
COMBINING STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Business-Type Activities - Enterprise Funds</u>			
	<u>Major Funds</u>			<u>Total</u>
	<u>Food</u>	<u>Academy</u>	<u>Shared</u>	
	<u>Service</u>	<u>for</u>	<u>Services</u>	<u>Enterprise</u>
		<u>Technology</u>	<u>Funds</u>	
Non-Operating Revenue:				
Federal Sources:				
School Breakfast Program	\$ 38,316			\$ 38,316
National School Lunch Program	167,245			167,245
COVID-19 Seamless Summer Option:				
School Breakfast Program	15,585			15,585
National School Lunch Program	29,476			29,476
Food Distribution Program	53,452			53,452
State Sources:				
School Lunch Program	6,628			6,628
COVID-19 Seamless Summer Option	466			466
Supplemental	2,340			2,340
Total Non-Operating Revenue	<u>313,508</u>			<u>313,508</u>
Change in Net Position	33,391	\$ (19,572)	\$ -0-	13,819
Net Position - Beginning of Year	<u>612,229</u>	<u>417,636</u>	<u>-0-</u>	<u>1,029,865</u>
Net Position - End of Year	<u>\$ 645,620</u>	<u>\$ 398,064</u>	<u>\$ -0-</u>	<u>\$ 1,043,684</u>

MORRIS HILLS REGIONAL SCHOOL DISTRICT
PROPRIETARY FUND
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Business-Type Activities - Enterprise Funds			
	Major Funds			Total Enterprise Funds
	Food Service	Academy for Technology	Shared Services	
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 936,619	\$ 1,701,900	\$ 1,324,107	\$ 3,962,626
Payments to Employees		(1,567,440)	(919,141)	(2,486,581)
Payments to Food Service Vendor	(1,116,316)			(1,116,316)
Payments to Suppliers	(21,024)	(134,460)	(398,568)	(554,052)
Net Cash Provided by/(Used for) Operating Activities	(200,721)	-0-	6,398	(194,323)
Cash Flows from Noncapital and Related Financing Activities:				
Federal Subsidy Reimbursements	253,406			253,406
State Subsidy Reimbursements	7,416			7,416
Net Cash Provided by Noncapital and Related Financing Activities	260,822	-0-	-0-	260,822
Cash Flows from Capital and Related Financing Activities:				
Purchase of Capital Assets	(6,827)			(6,827)
Net Cash Used for Capital and Related Financing Activities	(6,827)	-0-	-0-	(6,827)
Net Increase in Cash and Cash Equivalents	53,274	-0-	6,398	59,672
Cash and Cash Equivalents, July 1	312,956	6,619	-0-	319,575
Cash and Cash Equivalents, June 30	\$ 366,230	\$ 6,619	\$ 6,398	\$ 379,247
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:				
Operating Income/(Loss)	\$ (280,117)	\$ (19,572)	\$ -0-	\$ (299,689)
Adjustment to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:				
Depreciation	21,795	19,572		41,367
Federal Food Distribution Program	53,452			53,452
Changes in Assets and Liabilities:				
(Increase) in Receivables:				
Tuition		(290,700)		(290,700)
Other	(12,422)		(7,078)	(19,500)
(Increase) in Inventory	(13,999)			(13,999)
Increase in Accounts Payable	7,144		2,959	10,103
Increase in Interfund Payable		290,700	10,517	301,217
Increase in Unearned Revenue	23,426			23,426
Net Cash Provided by/(Used for) Operating Activities	\$ (200,721)	\$ -0-	\$ 6,398	\$ (194,323)

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received and utilized commodities from the Federal Food Distribution Program valued at \$53,452 for the fiscal year ended June 30, 2020.

FIDUCIARY FUNDS

MORRIS HILLS REGIONAL SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2020

	<u>Agency</u>			<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Trust</u>
	<u>Student Activity</u>	<u>Payroll</u>	<u>Total</u>		
ASSETS:					
Cash and Cash Equivalents	\$ 310,936	\$ 51,512	\$ 362,448	\$ 207,170	\$ 375,130
Total Assets	<u>310,936</u>	<u>51,512</u>	<u>362,448</u>	<u>207,170</u>	<u>375,130</u>
LIABILITIES:					
Payroll Deductions and Withholdings		51,512	51,512		
Due to Student Groups	<u>310,936</u>		<u>310,936</u>		
Total Liabilities	<u>310,936</u>	<u>51,512</u>	<u>362,448</u>	<u>- 0 -</u>	<u>- 0 -</u>
NET POSITION:					
Held in Trust for:					
Unemployment Claims				207,170	
Scholarships					<u>375,130</u>
Total Net Position	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 207,170</u>	<u>\$ 375,130</u>

MORRIS HILLS REGIONAL SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Trust</u>
ADDITIONS:		
Contributions:		
Employee	\$ 121,027	
Donations		\$ 25,630
Total Contributions	<u>121,027</u>	<u>25,630</u>
Investment Earnings:		
Interest	<u>1,029</u>	<u>5,352</u>
Net Investment Earnings	<u>1,029</u>	<u>5,352</u>
Total Additions	<u>122,056</u>	<u>30,982</u>
DEDUCTIONS:		
Unemployment Claims	68,015	
Scholarships Awarded		62,150
Total Deductions	<u>68,015</u>	<u>62,150</u>
Change in Net Position	54,041	(31,168)
Net Position - Beginning of the Year	<u>153,129</u>	<u>406,298</u>
Net Position - End of the Year	<u>\$ 207,170</u>	<u>\$ 375,130</u>

MORRIS HILLS REGIONAL SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
ASSETS:				
Cash and Cash Equivalents	\$ 350,624	\$ 187,324	\$ 227,012	\$ 310,936
Total Assets	<u>\$ 350,624</u>	<u>\$ 187,324</u>	<u>\$ 227,012</u>	<u>\$ 310,936</u>
LIABILITIES:				
Liabilities:				
Due to Student Groups	\$ 350,624	\$ 187,324	\$ 227,012	\$ 310,936
Total Liabilities	<u>\$ 350,624</u>	<u>\$ 187,324</u>	<u>\$ 227,012</u>	<u>\$ 310,936</u>

MORRIS HILLS REGIONAL SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Balance</u> <u>July 1, 2019</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2020</u>
Senior High Schools:				
Morris Hills	\$ 143,456	\$ 78,504	\$ 76,950	\$ 145,010
Morris Knolls	204,251	105,320	147,083	162,488
District-Wide	<u>2,917</u>	<u>3,500</u>	<u>2,979</u>	<u>3,438</u>
Total All Schools	<u>\$ 350,624</u>	<u>\$ 187,324</u>	<u>\$ 227,012</u>	<u>\$ 310,936</u>

MORRIS HILLS REGIONAL SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
ASSETS:				
Cash and Cash Equivalents	\$ 40,650	\$ 59,382,757	\$ 59,371,895	\$ 51,512
Total Assets	<u>\$ 40,650</u>	<u>\$ 59,382,757</u>	<u>\$ 59,371,895</u>	<u>\$ 51,512</u>
LIABILITIES:				
Payroll Deductions and Withholdings	\$ 40,650	\$ 59,382,757	\$ 59,371,895	\$ 51,512
Total Liabilities	<u>\$ 40,650</u>	<u>\$ 59,382,757</u>	<u>\$ 59,371,895</u>	<u>\$ 51,512</u>

LONG-TERM DEBT

MORRIS HILLS REGIONAL SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance June 30, 2019	Matured	Balance June 30, 2020
			Date	Amount				
Refunding Bonds	03/28/12	\$ 28,230,000	10/01/20	\$ 1,670,000	4.00%			
			10/01/21	1,740,000	4.00%			
			10/01/22	1,810,000	4.00%			
			10/01/23	1,895,000	5.00%			
			10/01/24	1,990,000	5.00%			
			10/01/25	2,095,000	5.00%			
			10/01/26	2,200,000	5.00%			
			10/01/27	2,315,000	5.00%			
			10/01/28	2,430,000	5.00%			
			10/01/29	2,550,000	5.00%			
						\$ 22,305,000	\$ 1,610,000	\$ 20,695,000
						<u>\$ 22,305,000</u>	<u>\$ 1,610,000</u>	<u>\$ 20,695,000</u>

MORRIS HILLS REGIONAL SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF ENERGY SAVINGS IMPROVEMENT PLAN (ESIP) BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance June 30, 2019	Balance June 30, 2020
			Date	Amount			
ESIP	04/03/19	\$ 8,230,000	07/15/20	\$ 260,000	2.00%		
			07/15/21	425,000	4.00%		
			07/15/22	470,000	4.00%		
			07/15/23	285,000	4.00%		
			07/15/24	295,000	5.00%		
			07/15/25	250,000	5.00%		
			07/15/26	280,000	5.00%		
			07/15/27	305,000	5.00%		
			07/15/28	330,000	4.00%		
			07/15/29	360,000	4.00%		
			07/15/30	390,000	4.00%		
			07/15/31	415,000	4.00%		
			07/15/32	450,000	4.00%		
			07/15/33	480,000	4.00%		
			07/15/34	515,000	4.00%		
			07/15/35	465,000	4.00%		
			07/15/36	500,000	5.00%		
			07/15/37	540,000	5.00%		
			07/15/38	585,000	5.00%		
			07/15/39	630,000	5.00%		
						<u>\$ 8,230,000</u>	<u>\$ 8,230,000</u>
						<u>\$ 8,230,000</u>	<u>\$ 8,230,000</u>

MORRIS HILLS REGIONAL SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

<u>Item</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance June 30, 2019</u>	<u>Matured</u>	<u>Balance June 30, 2020</u>
Morris Hills and Morris Knolls High Schools Partial Roof Replacement; Morris Hills High School HVAC; Morris Knolls High School Partial Window Replacement	1.688%	\$ 2,300,000	\$ 941,813	\$ 466,965	\$ 474,848
			<u>\$ 941,813</u>	<u>\$ 466,965</u>	<u>\$ 474,848</u>

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 2,581,086		\$ 2,581,086	\$ 2,581,086	
Total Revenues	2,581,086		2,581,086	2,581,086	
EXPENDITURES:					
Regular Debt Service:					
Interest	1,006,700		1,006,700	1,006,700	
Redemption of Principal	1,610,000		1,610,000	1,610,000	
Total Regular Debt Service	2,616,700		2,616,700	2,616,700	
Total Expenditures	2,616,700		2,616,700	2,616,700	
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(35,614)		(35,614)	(35,614)	
Other Financing Sources:					
Transfers In - Capital Projects Fund:					
Interest Earned				35,977	\$ 35,977
Total Other Financing Sources				35,977	35,977
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	(35,614)		(35,614)	363	35,977
Fund Balance, July 1	56,845		56,845	56,845	- 0 -
Fund Balance, June 30	<u>\$ 21,231</u>	<u>\$ - 0 -</u>	<u>\$ 21,231</u>	<u>\$ 57,208</u>	<u>\$ 35,977</u>
Recapitulation of Fund Balance at June 30, 2020:					
Restricted for Subsequent Year's Expenditures				\$ 35,000	
Restricted				<u>22,208</u>	
				<u>\$ 57,208</u>	

STATISTICAL SECTION
(UNAUDITED)

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

Contents

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

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

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

	June 30,				
	2011	2012	2013	2014	2015
Governmental Activities:					
Net Investment in Capital Assets	\$ 9,471,239	\$ 11,190,521	\$ 10,349,720	\$ 11,773,562	\$ 14,883,235
Restricted	1,758,516	4,095,383	4,228,046	1,652,071	2,356,403
Unrestricted (Deficit)	(1,922,767)	(4,671,212)	(4,926,074)	(21,653,578)	(24,329,354)
Total Governmental Activities					
Net Position (Deficit)	<u>\$ 9,306,988</u>	<u>\$ 10,614,692</u>	<u>\$ 9,651,692</u>	<u>\$ (8,227,945)</u>	<u>\$ (7,089,716)</u>
Business-type Activities:					
Investment in Capital Assets	\$ 630,030	\$ 595,274	\$ 562,991	\$ 563,852	\$ 576,583
Unrestricted	303,538	157,555	150,288	221,701	306,380
Total Business-type Activities					
Net Position	<u>\$ 933,568</u>	<u>\$ 752,829</u>	<u>\$ 713,279</u>	<u>\$ 785,553</u>	<u>\$ 882,963</u>
District-wide:					
Net Investment in Capital Assets	\$ 10,101,269	\$ 11,785,795	\$ 10,912,711	\$ 12,337,414	\$ 15,459,818
Restricted	1,758,516	4,095,383	4,228,046	1,652,071	2,356,403
Unrestricted (Deficit)	(1,619,229)	(4,513,657)	(4,775,786)	(21,431,877)	(24,022,974)
Total District-wide Net Position (Deficit)	<u>\$ 10,240,556</u>	<u>\$ 11,367,521</u>	<u>\$ 10,364,971</u>	<u>\$ (7,442,392)</u>	<u>\$ (6,206,753)</u>
	June 30,				
	2016	2017	2018	2019	2020
Governmental Activities:					
Net Investment in Capital Assets	\$ 17,322,447	\$ 18,674,071	\$ 21,131,316	\$ 16,518,049	\$ 25,849,900
Restricted	3,573,668	2,577,638	4,198,009	4,360,038	5,455,638
Unrestricted (Deficit)	(21,614,898)	(24,480,073)	(27,535,811)	(18,769,814)	(25,442,247)
Total Governmental Activities					
Net Position (Deficit)	<u>\$ (718,783)</u>	<u>\$ (3,228,364)</u>	<u>\$ (2,206,486)</u>	<u>\$ 2,108,273</u>	<u>\$ 5,863,291</u>
Business-type Activities:					
Investment in Capital Assets	\$ 602,675	\$ 668,114	\$ 710,215	\$ 721,067	\$ 686,527
Unrestricted	266,550	248,898	260,957	308,798	357,157
Total Business-type Activities					
Net Position	<u>\$ 869,225</u>	<u>\$ 917,012</u>	<u>\$ 971,172</u>	<u>\$ 1,029,865</u>	<u>\$ 1,043,684</u>
District-wide:					
Net Investment in Capital Assets	\$ 17,925,122	\$ 19,342,185	\$ 21,841,531	\$ 17,239,116	\$ 26,536,427
Restricted	3,573,668	2,577,638	4,198,009	4,360,038	5,455,638
Unrestricted (Deficit)	(21,348,348)	(24,231,175)	(27,274,854)	(18,461,016)	(25,085,090)
Total District-wide Net Position (Deficit)	<u>\$ 150,442</u>	<u>\$ (2,311,352)</u>	<u>\$ (1,235,314)</u>	<u>\$ 3,138,138</u>	<u>\$ 6,906,975</u>

Source: Morris Hills Regional School District Financial Reports.

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 22,132,245	\$ 23,580,347	\$ 25,253,267	\$ 25,898,711	\$ 29,949,751	\$ 31,973,788	\$ 37,018,549	\$ 37,441,788	\$ 34,618,354	\$ 32,729,696
Special Education	4,005,649	4,572,377	4,507,524	4,691,075	5,359,840	5,524,463	6,328,897	6,942,610	6,680,264	6,998,361
Other Special Instruction	760,974	721,897	723,961	752,932	935,752	935,440	1,154,988	1,105,403	348,014	371,392
Vocational										
School-Sponsored Other Instruction	2,900,081	2,986,160	3,208,689	3,250,058	3,818,728	4,089,715	4,580,034	4,643,699	4,355,763	4,007,556
Support Services:										
Tuition	4,495,059	5,210,362	4,863,423	5,502,348	5,155,195	4,996,386	5,492,215	5,654,973	4,916,322	4,996,804
Student & Instruction Related Services	8,950,519	8,342,150	8,473,224	8,775,143	10,150,640	10,919,707	12,491,731	12,756,070	12,364,467	12,094,105
General Administration Services	797,148	889,261	978,211	985,538	997,602	967,219	1,903,353	1,939,439	1,565,177	1,621,108
School Administration Services	1,787,401	2,277,283	2,925,465	2,810,914	3,154,101	3,311,209	3,795,506	3,672,535	3,702,636	3,724,617
Central Services	1,080,776	1,188,886	1,216,783	1,226,266	1,274,972	1,141,510	1,455,283	1,286,315	1,400,474	1,668,513
Administrative Information Technology	336,435	349,853	617,062	545,629	707,388	698,091	964,766	879,762	880,448	932,828
Plant Operations and Maintenance	5,482,109	4,798,296	5,970,683	6,012,276	5,182,146	5,392,773	5,627,322	5,763,813	5,730,133	6,225,422
Pupil Transportation	4,115,382	4,135,401	4,375,236	4,567,508	4,760,225	4,963,127	5,327,176	5,789,216	5,685,945	5,729,894
Special Schools	511,287	400,370	450,443	467,116	555,695	640,370	621,651	612,908	440,003	406,686
Interest on Long-term Debt	1,448,966	1,327,692	1,271,775	1,148,334	1,096,240	1,086,027	1,021,722	969,472	994,303	850,382
Unallocated Depreciation	2,220,671	2,314,925	2,447,833	2,350,839	2,355,536	2,352,091	2,828,487	2,596,576	2,567,551	2,567,551
Total Governmental Activities Expenses	61,024,702	63,095,260	67,283,579	68,984,687	75,453,811	78,991,916	90,611,680	92,054,579	86,249,854	84,924,915
Business-type Activities:										
Food Service	901,624	953,281	898,184	841,724	1,039,193	1,220,669	1,322,694	1,420,996	1,516,447	1,205,732
Academy for Technology	1,130,754	1,137,372	1,137,372	1,137,372	1,137,373	1,137,372	1,137,372	1,137,372	1,579,040	2,012,172
Adult Continuing Education	171,109	189,211	152,500	130,007	160,274	83,718	62,568	35,708		
Shared Services	897,490	1,264,426	1,083,415	1,164,571	1,271,496	1,249,402	1,326,921	1,275,740	1,294,678	1,331,185
Total Business-type Activities Expenses	3,100,977	3,544,290	3,271,471	3,273,674	3,608,336	3,691,161	3,849,555	3,869,816	4,390,165	4,549,089
Total District-wide Expenses	\$ 64,125,679	\$ 66,639,550	\$ 70,555,050	\$ 72,258,361	\$ 79,062,147	\$ 82,683,077	\$ 94,461,235	\$ 95,924,395	\$ 90,640,019	\$ 89,474,004

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Program Revenues:										
Governmental Activities:										
Operating Grants and Contributions	\$ 5,894,275	\$ 7,702,596	\$ 8,980,849	\$ 8,499,818	\$ 15,142,605	\$ 18,030,698	\$ 23,883,730	\$ 25,856,392	\$ 21,125,790	\$ 19,003,504
Capital Grants and Contributions	636,162	422,673			11,321			1,257,269	688,691	545,940
Total Governmental Activities Program Revenues	6,530,437	8,125,269	8,980,849	8,499,818	15,153,926	18,030,698	23,883,730	27,113,661	21,814,481	19,549,444
Business-type Activities:										
Charges for Services:										
Food Service	694,895	736,681	717,621	736,931	925,308	1,023,150	1,088,301	1,172,675	1,229,992	925,615
Academy for Technology	1,117,800	1,117,800	1,117,800	1,117,800	1,117,800	1,117,800	1,117,800	1,117,800	1,559,467	1,992,600
Adult Continuing Education	171,705	189,211	152,530	130,007	160,244	83,577	62,568	35,708		
Shared Services	1,056,556	1,105,360	1,083,415	1,164,571	1,271,496	1,249,402	1,326,921	1,275,740	1,294,678	1,331,185
Operating Grants and Contributions	218,410	214,499	160,555	196,639	230,898	287,571	301,752	338,150	364,721	313,508
Total Business-type Activities Revenues	3,259,366	3,363,551	3,231,921	3,345,948	3,705,746	3,761,500	3,897,342	3,940,073	4,448,858	4,562,908
Total District-wide Program Revenues	\$ 9,789,803	\$ 11,488,820	\$ 12,212,770	\$ 11,845,766	\$ 18,859,672	\$ 21,792,198	\$ 27,781,072	\$ 31,053,734	\$ 26,263,339	\$ 24,112,352
Net (Expense)/Revenue:										
Governmental Activities:	\$ (54,494,265)	\$ (54,969,991)	\$ (58,302,730)	\$ (60,484,869)	\$ (60,299,885)	\$ (60,961,218)	\$ (66,727,950)	\$ (64,940,918)	\$ (64,435,373)	\$ (65,375,471)
Business-type Activities	158,389	(180,739)	(39,550)	72,274	97,410	70,339	47,787	70,257	58,693	13,819
Total District-wide Net (Expense)/Revenue	\$ (54,335,876)	\$ (55,150,730)	\$ (58,342,280)	\$ (60,412,595)	\$ (60,202,475)	\$ (60,890,879)	\$ (66,680,163)	\$ (64,870,661)	\$ (64,376,680)	\$ (65,361,652)

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 48,539,727	\$ 49,510,522	\$ 50,500,732	\$ 51,660,747	\$ 53,092,975	\$ 54,322,759	\$ 55,409,214	\$ 58,778,040	\$ 58,778,040	\$ 60,284,540
Taxes Levied for Debt Service	2,691,040	2,715,332	2,716,683	2,705,950	2,708,335	2,615,000	2,616,550	2,577,170	2,577,170	2,581,086
Unrestricted Grants and Contributions	3,771,122	3,770,140	4,186,366	5,280,609	5,300,269	5,531,590	5,556,684	5,625,623	5,727,264	5,634,440
Tuition	199,137	230,252	106,859	86,449	135,152	212,230	254,217	298,046	298,046	295,742
Investment Earnings	15,924	12,238	11,659	8,371	7,690	5,957	46,701	97,459	192,558	196,755
Miscellaneous Income	148,473	39,211	135,926	174,571	193,693	212,112	335,003	344,976	249,877	137,926
Special Item - Premium on ESIP Bonds										
Transfers								16,097		
Total Governmental Activities General Revenues and Other Changes	55,365,423	56,277,695	57,658,225	59,916,697	61,438,114	62,899,648	64,218,369	67,737,411	68,750,132	69,130,489
Business-type Activities: Transfers								(16,097)		
Total Business-type Activities General Revenues and Other Changes	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	(16,097)	- 0 -	- 0 -
Total District-wide General Revenues and Other Changes in Net Position	\$ 55,365,423	\$ 56,277,695	\$ 57,658,225	\$ 59,916,697	\$ 61,438,114	\$ 62,899,648	\$ 64,218,369	\$ 67,721,314	\$ 68,750,132	\$ 69,130,489
Change in Net Position:										
Governmental Activities	\$ 871,158	\$ 1,307,704	\$ (644,505)	\$ (568,172)	\$ 1,138,229	\$ 1,938,430	\$ (2,509,581)	\$ 2,796,493	\$ 4,314,759	\$ 3,755,018
Business-type Activities	158,389	(180,739)	(39,550)	72,274	97,410	70,339	47,787	54,160	58,693	13,819
Total District-wide Change in Net Position	\$ 1,029,547	\$ 1,126,965	\$ (684,055)	\$ (495,898)	\$ 1,235,639	\$ 2,008,769	\$ (2,461,794)	\$ 2,850,653	\$ 4,373,452	\$ 3,768,837

Source: Morris Hills Regional School District Financial Reports.

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

UNAUDITED

(Modified Accrual Basis of Accounting)

	June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund:										
Restricted	\$ 4,095,383	\$ 3,603,037	\$ 3,798,900	\$ 1,650,400	\$ 2,355,147	\$ 3,572,668	\$ 2,525,719	\$ 4,150,257	\$ 4,303,193	\$ 5,398,430
Assigned	400,000	300,000	923,000	623,000	568,117	623,000	444,966	254,790	523,000	523,000
Unassigned	404,722	436,693	338,199	228,126		68,812			437,916	845,965
Total General Fund	\$ 4,900,105	\$ 4,339,730	\$ 5,060,099	\$ 2,501,526	\$ 2,923,264	\$ 4,264,480	\$ 2,970,685	\$ 4,405,047	\$ 5,264,109	\$ 6,767,395
All Other Governmental Funds:										
Restricted	\$ 507,076	\$ 492,346	\$ 429,146	\$ 1,671	\$ 1,256	\$ 1,000	\$ 51,919	\$ 47,752	\$ 56,845	\$ 57,208
Committed	585,339	204,484	45,475	1,188,155	1,274,481	4,234,025	3,719,471	1,369,461	9,553,741	2,545,079
Total All Other Governmental Funds	\$ 1,092,415	\$ 696,830	\$ 474,621	\$ 1,189,826	\$ 1,275,737	\$ 4,235,025	\$ 3,771,390	\$ 1,417,213	\$ 9,610,586	\$ 2,602,287
Total Governmental Funds	\$ 5,992,520	\$ 5,036,560	\$ 5,534,720	\$ 3,691,352	\$ 4,199,001	\$ 8,499,505	\$ 6,742,075	\$ 5,822,260	\$ 14,874,695	\$ 9,369,682

Source: Morris Hills Regional School District Financial Reports.

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

	June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues:										
Tax Levy	\$ 51,230,767	\$ 52,225,854	\$ 53,217,415	\$ 54,366,697	\$ 55,801,310	\$ 56,937,759	\$ 58,025,764	\$ 59,489,549	\$ 61,355,210	\$ 62,865,626
Tuition Charges	199,137	230,252	106,859	86,449	135,152	212,230	254,217	347,997	298,046	295,742
Interest Earnings	15,924	12,238	11,659	8,371	7,690	5,957	46,701	70,175	89,350	196,755
Miscellaneous	148,473	39,211	135,926	174,571	193,693	215,447	337,372	420,823	359,750	138,507
State Sources	9,441,921	10,721,957	12,396,251	13,009,516	13,725,833	15,035,062	16,028,899	18,368,764	19,454,924	19,950,038
Federal Sources	859,638	1,173,452	770,964	770,911	731,241	740,680	714,654	800,627	872,774	1,020,501
Total Revenues	61,895,860	64,402,964	66,639,074	68,416,515	70,594,919	73,147,135	75,407,607	79,497,935	82,430,054	84,467,169
Expenditures:										
Instruction:										
Regular Instruction	17,027,061	17,890,035	18,500,547	19,333,645	19,859,438	20,237,201	20,888,477	20,941,724	21,056,137	20,968,236
Special Education Instruction	3,135,176	3,461,026	3,428,011	3,434,926	3,578,399	3,521,797	3,660,412	3,896,610	4,086,114	4,403,173
Other Special Instruction	679,711	630,633	613,023	661,696	681,272	635,628	688,042	652,979	227,914	259,913
School-Sponsored Other Instruction	2,626,925	2,655,880	2,781,894	2,864,392	2,902,401	2,952,714	2,959,200	2,954,029	2,992,243	2,962,520
Support Services:										
Tuition	4,495,059	5,210,362	4,863,423	5,502,348	5,155,195	4,996,386	5,492,215	5,654,973	4,916,322	4,996,804
Student & Instruction Related Services	6,363,896	5,922,559	5,776,167	6,206,811	6,484,947	6,615,897	6,894,417	6,965,098	7,026,974	7,500,963
General Administration Services	835,474	835,692	911,681	954,239	864,209	852,100	881,745	916,578	979,601	1,005,994
School Administration Services	1,574,246	1,704,511	1,985,051	2,122,877	1,976,936	2,010,456	2,009,009	1,959,709	2,123,440	2,137,189
Central Services	840,518	888,915	899,428	960,082	993,118	935,556	1,198,841	1,070,358	1,149,641	1,242,467
Administrative Information Technology	273,944	283,277	510,763	450,595	489,631	527,339	782,055	649,318	688,519	702,199
Plant Operations and Maintenance	4,288,028	3,683,888	3,770,765	4,087,590	4,034,861	3,935,050	4,114,079	4,416,871	4,331,662	4,598,803
Pupil Transportation	3,120,105	2,979,435	3,183,161	3,410,958	3,671,722	3,688,678	3,906,715	4,618,275	4,511,805	4,213,615
Allocated Benefits	7,845,437	8,222,549	8,762,988	8,786,311	8,432,827	8,573,967	8,665,749	9,089,461	9,952,200	10,506,152
Unallocated Benefits	3,505,818	4,204,538	5,385,415	4,816,508	5,537,742	6,568,849	7,441,450	8,450,041	9,684,696	10,033,368
Capital Outlay	2,697,160	856,633	1,656,119	3,540,031	2,290,863	2,015,530	4,557,772	5,178,210	5,860,475	11,523,017
Special Schools	451,488	359,325	392,941	419,423	423,859	463,233	407,309	396,563	308,819	301,069
Debt Service:										
Principal	1,270,000	1,310,000	1,360,000	1,410,000	1,470,000	1,420,000	1,450,000	1,500,000	1,555,000	1,610,000
Interest and Other Charges	1,459,285	1,415,723	1,359,537	1,297,450	1,239,850	1,196,250	1,167,550	1,123,050	1,061,950	1,006,700
Total Expenditures	62,489,331	62,514,981	66,140,914	70,259,883	70,087,270	71,146,631	77,165,037	80,433,847	82,513,512	89,972,182
Excess (Deficiency) of Revenues Over (Under) Expenditures	(593,471)	1,887,983	498,160	(1,843,368)	507,649	2,000,504	(1,757,430)	(935,912)	(83,458)	(5,505,013)

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

UNAUDITED
(Modified Accrual Basis of Accounting)

	June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Other Financing Sources (Uses):										
Capital Lease Proceeds	\$ 1,355,400					\$ 2,300,000			\$ 8,230,000	
ESIP Bond Proceeds									927,177	
ESIP Bond Premium	3,354	\$ 555,651	\$ 1,702,067	\$ 2,987,856	\$ 1,153,882	1,479,467	\$ 2,890,598	\$ 3,177,029	4,116,975	\$ 2,405,391
Transfers In	(3,354)	(555,651)	(1,702,067)	(2,987,856)	(1,153,882)	(1,479,467)	(2,890,598)	(3,160,932)	(4,116,975)	(2,405,391)
Transfers Out										
Total Other Financing Sources (Uses)	1,355,400	- 0 -	- 0 -	- 0 -	- 0 -	2,300,000	- 0 -	16,097	9,157,177	- 0 -
Net Change in Fund Balances	\$ 761,929	\$ 1,887,983	\$ 498,160	\$ (1,843,368)	\$ 507,649	\$ 4,300,504	\$ (1,757,430)	\$ (919,815)	\$ 9,073,719	\$ (5,505,013)
Debt Service as a Percentage of Noncapital Expenditures	4.56%	4.42%	4.22%	4.06%	4.00%	3.75%	3.57%	3.46%	3.39%	3.31%

Source: Morris Hills Regional School District Financial Reports.

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

Fiscal Year Ending June 30,	Interest on Investments	Tuition	Rentals - Use of Facilities	Other	Total
2011	\$ 12,570	\$ 199,137	\$ 35,142	\$ 113,331	\$ 360,180
2012	9,377	230,252	20,943	18,268	278,840
2013	9,005	106,859	15,830	120,096	251,790
2014	8,215	86,449	34,968	139,603	269,235
2015	6,590	135,152	35,723	157,970	335,435
2016	4,963	212,230	26,683	185,429	429,305
2017	34,562	254,217	28,603	266,620	584,002
2018	61,846	347,997	29,143	356,928	795,914
2019	103,418	298,046	29,267	220,610	651,341
2020	91,290	295,742	16,372	121,554	524,958

Source: Morris Hills Regional School District records.

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

DENVILLE TOWNSHIP

Year End Dec. 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Add: Public Utilities ^a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2010	\$ 45,416,600	\$ 1,862,250,600	\$ 4,353,300	\$ 77,900	\$ 295,238,400	\$ 70,122,400	\$ 7,729,600	\$ 2,285,188,800	\$ 5,230,954	\$ 2,290,419,754	\$ 208,621,000	\$ 0.70	\$ 3,414,567,910
2011	43,509,600	1,858,092,500	4,331,100	78,700	297,471,200	69,428,400	7,579,600	2,280,491,100	-0-	2,280,491,100	209,403,400	0.75	3,397,561,201
2012	41,831,900	1,854,794,500	4,331,100	78,700	297,753,400	69,244,600	7,579,600	2,275,613,800	-0-	2,275,613,800	209,736,700	0.81	3,355,655,826
2013	38,102,700	1,839,357,500	4,302,100	77,200	298,019,500	65,894,200	7,579,600	2,253,332,800	-0-	2,253,332,800	209,606,600	0.85	3,228,291,771
2014	37,165,900	1,836,196,200	4,028,900	81,200	269,428,500	66,056,700	7,579,600	2,220,557,000	-0-	2,220,557,000	213,597,600	0.88	3,126,969,683
2015	35,800,700	1,841,849,600	4,049,500	81,200	269,647,900	64,280,400	7,579,600	2,223,288,900	-0-	2,223,288,900	213,333,200	0.91	3,250,387,268
2016*	39,986,400	2,422,594,000	4,869,400	61,200	485,899,900	97,249,100	14,896,000	3,065,556,000	-0-	3,065,556,000	265,875,000	0.71	3,375,616,140
2017	45,669,600	2,424,023,800	4,869,400	79,900	485,680,300	97,846,100	14,896,000	3,073,065,100	-0-	3,073,065,100	268,916,600	0.73	3,300,059,059
2018	33,042,500	2,436,447,100	3,923,000	86,800	484,202,300	97,746,100	14,896,000	3,070,343,800	-0-	3,070,343,800	274,761,800	0.70	3,314,151,624
2019	32,059,100	2,436,447,100	3,923,000	86,800	484,202,300	97,746,100	14,896,000	3,069,360,400	-0-	3,070,343,800	276,050,700	0.70	3,327,546,997

ROCKAWAY BOROUGH

Year End Dec. 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Add: Public Utilities ^a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2010	\$ 7,687,300	\$ 566,098,500	\$ -0-	\$ -0-	\$ 148,645,600	\$ 31,245,600	\$ 22,292,400	\$ 775,969,400	\$ 1,257,313	\$ 777,226,713	\$ 73,341,400	\$ 0.62	\$ 951,631,970
2011	7,576,300	566,923,205	-0-	-0-	152,356,300	31,661,525	22,292,400	780,809,730	1,257,313	782,067,043	73,741,400	0.63	932,413,631
2012	7,284,700	566,700,805	-0-	-0-	152,530,825	31,245,600	22,292,400	780,054,330	1,257,313	781,311,643	73,833,700	0.65	900,041,551
2013	7,157,400	565,491,935	-0-	-0-	152,570,425	31,252,600	22,292,400	778,764,760	1,257,313	780,022,073	73,992,500	0.64	850,980,929
2014	7,097,400	564,385,430	-0-	-0-	152,962,525	31,102,600	22,292,400	777,840,355	1,257,313	779,097,668	73,441,600	0.70	866,746,168
2015	7,207,500	564,302,030	-0-	-0-	153,387,425	31,102,600	22,292,400	778,291,955	92	778,292,047	72,870,600	0.75	849,680,286
2016	6,698,100	565,692,330	-0-	-0-	153,560,925	31,102,600	22,816,100	779,870,055	92	779,870,147	74,113,150	0.76	840,700,393
2017	6,308,400	567,433,330	-0-	1,700	153,269,525	29,990,700	22,816,100	779,819,755	92	779,819,847	74,125,150	0.79	904,562,353
2018	6,103,200	567,645,730	-0-	1,700	151,240,275	31,694,400	22,816,100	779,501,405	92	779,501,497	73,208,950	0.86	849,574,967
2019	6,556,300	568,187,700	-0-	-0-	151,432,200	36,330,300	22,896,100	785,402,600	92	785,402,692	73,214,900	0.86	821,116,320

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

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

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

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

Source: Municipal Tax Assessors.

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

ROCKAWAY TOWNSHIP

Year End Dec. 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Add: Public Utilities ^a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2010	\$ 51,655,300	\$ 2,192,005,300	\$ 4,195,500	\$ 157,600	\$ 439,785,000	\$ 153,274,200	\$ 40,661,200	\$ 2,881,734,100	\$ 3,973,869	\$ 2,885,707,969	\$ 945,762,000	\$ 0.87	\$ 4,773,710,605
2011	50,187,300	2,139,483,600	4,521,300	163,900	438,240,100	152,791,900	40,581,500	2,825,969,600	3,973,869	2,829,943,469	945,641,300	0.91	4,229,138,313
2012*	69,770,400	2,675,416,500	5,970,500	211,200	578,990,200	211,423,800	59,954,100	3,601,736,700	-0-	3,601,736,700	405,150,100	0.69	4,201,426,235
2013	65,419,000	2,683,763,200	5,920,500	202,000	576,745,300	209,387,900	59,954,100	3,601,392,000	-0-	3,601,392,000	407,837,100	0.70	3,935,116,405
2014	65,434,200	2,657,539,800	7,859,700	203,900	570,208,400	207,773,700	59,954,100	3,568,973,800	-0-	3,568,973,800	408,552,300	0.72	3,801,875,651
2015	60,924,200	2,657,056,500	7,855,000	204,100	564,369,300	206,651,600	58,654,300	3,555,715,000	-0-	3,555,715,000	409,409,900	0.73	3,829,398,626
2016	58,034,200	2,679,043,700	8,587,100	204,600	568,030,800	206,419,700	58,934,000	3,579,254,100	-0-	3,579,254,100	409,692,400	0.72	3,846,774,464
2017	55,226,400	2,696,621,000	8,587,100	185,500	568,456,100	205,161,400	58,846,400	3,593,083,900	-0-	3,593,083,900	413,450,900	0.73	3,969,743,155
2018	51,299,000	2,941,003,400	8,344,600	179,300	644,944,100	232,616,800	78,241,900	3,956,629,100	-0-	3,956,629,100	461,558,200	0.70	4,233,241,964
2019	46,732,900	3,000,131,300	8,253,800	187,900	662,902,000	245,525,000	123,177,900	4,086,910,800	-0-	4,086,910,800	514,871,900	0.71	4,212,185,628

WHARTON BOROUGH

Year End Dec. 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Add: Public Utilities ^a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2010*	\$ 12,431,400	\$ 489,700,200	\$ 621,200	\$ 4,000	\$ 102,374,200	\$ 113,236,100	\$ 24,354,300	\$ 742,721,400	\$ -0-	\$ 742,721,400	\$ 66,238,700	\$ 0.61	\$ 841,091,053
2011	12,263,900	489,528,100	621,200	4,000	101,874,000	105,180,200	24,354,300	733,825,700	-0-	733,825,700	66,891,500	0.61	786,503,886
2012	12,263,900	489,338,100	621,200	4,000	101,874,000	105,180,200	24,354,300	733,635,700	-0-	733,635,700	66,891,500	0.62	745,985,600
2013*	12,816,300	431,026,500	571,200	4,000	93,914,900	97,860,000	21,698,800	657,891,700	-0-	657,891,700	67,532,300	0.69	723,873,433
2014	12,324,900	422,510,400	566,600	4,000	93,341,300	97,616,100	21,819,500	648,182,800	-0-	648,182,800	67,252,000	0.70	701,205,616
2015	11,789,600	427,569,800	576,400	4,000	92,610,400	97,716,600	21,914,000	652,180,800	-0-	652,180,800	96,632,800	0.65	673,503,608
2016	12,991,500	431,891,600	581,100	4,000	92,517,600	96,320,200	22,465,700	656,771,700	-0-	656,771,700	97,154,200	0.61	663,528,365
2017	12,993,400	434,199,800	581,100	4,000	92,741,300	98,448,800	22,649,900	661,618,300	-0-	661,618,300	101,972,200	0.63	668,396,422
2018	12,873,400	446,757,300	598,200	4,000	93,118,800	105,321,100	22,772,700	681,445,500	-0-	681,445,500	102,182,300	0.62	675,041,790
2019	13,857,600	460,137,300	612,300	4,000	94,940,200	105,912,700	23,065,000	698,529,100	-0-	698,529,100	102,579,700	0.69	716,029,500

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

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

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

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

Source: Municipal Tax Assessors.

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

(Rate per \$100 of Assessed Value)

DENVILLE TOWNSHIP

Year Ended Dec. 31,	Morris Hills Regional School District			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct Rate	Denville Township	Denville Public Schools	Morris County	
2010	\$ 0.66	\$ 0.04	\$ 0.70	\$ 0.55	\$ 1.09	\$ 0.34	\$ 2.68
2011	0.71	0.04	0.75	0.55	1.12	0.35	2.77
2012	0.77	0.04	0.81	0.57	1.14	0.36	2.88
2013	0.81	0.04	0.85	0.58	1.18	0.36	2.97
2014	0.84	0.04	0.88	0.62	1.20	0.36	3.06
2015	0.87	0.04	0.91	0.63	1.22	0.36	3.12
2016 *	0.68 *	0.03 *	0.71 *	0.48 *	0.92 *	0.28 *	2.39 *
2017	0.70	0.03	0.73	0.48	0.95	0.28	2.44
2018	0.67	0.03	0.70	0.49	0.99	0.28	2.46
2019	0.41	0.29	0.70	0.50	1.01	0.28	2.49

ROCKAWAY BOROUGH

Year Ended Dec. 31,	Morris Hills Regional School District			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct Rate	Rockaway Borough	Rockaway Public Schools	Morris County	
2010	\$ 0.59	\$ 0.03	\$ 0.62	\$ 0.61	\$ 0.85	\$ 0.28	\$ 2.36
2011	0.60	0.03	0.63	0.63	0.88	0.28	2.42
2012	0.62	0.03	0.65	0.66	0.91	0.28	2.50
2013	0.61	0.03	0.64	0.72	0.93	0.28	2.57
2014	0.67	0.03	0.70	0.76	0.95	0.29	2.70
2015	0.70	0.05	0.75	0.79	0.98	0.28	2.80
2016	0.73	0.03	0.76	0.81	1.00	0.28	2.85
2017	0.75	0.04	0.79	0.82	1.03	0.30	2.94
2018	0.82	0.04	0.86	0.85	1.06	0.28	3.05
2019	0.83	0.03	0.86	0.87	1.09	0.27	3.09

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

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

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

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

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

UNAUDITED
(Rate per \$100 of Assessed Value)

ROCKAWAY TOWNSHIP

Year Ended Dec. 31,	Morris Hills Regional School District			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct Rate	Rockaway Township	Rockaway Public Schools	Morris County	
2010	\$ 0.82	\$ 0.05	\$ 0.87	\$ 0.86	\$ 1.38	\$ 0.38	\$ 3.49
2011	0.86	0.05	0.91	0.89	1.44	0.36	3.60
2012 *	0.65 *	0.04 *	0.69 *	0.76 *	1.14 *	0.29 *	2.88 *
2013	0.66	0.04	0.70	0.79	1.15	0.27	2.91
2014	0.68	0.04	0.72	0.84	1.17	0.27	3.00
2015	0.69	0.04	0.73	0.86	1.20	0.27	3.06
2016	0.69	0.03	0.72	0.87	1.22	0.27	3.08
2017	0.70	0.03	0.73	0.87	1.23	0.29	3.12
2018	0.67	0.03	0.70	0.77	1.15	0.28	2.90
2019	0.68	0.03	0.71	0.74	1.13	0.27	2.85

WHARTON BOROUGH

Year Ended Dec. 31,	Morris Hills Regional School District			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct Rate	Wharton Borough	Wharton Public Schools	Morris County	
2010 *	\$ 0.58 *	\$ 0.03 *	\$ 0.61 *	\$ 0.57 *	\$ 1.02 *	\$ 0.26 *	\$ 2.46 *
2011	0.58	0.03	0.61	0.61	1.07	0.25	2.54
2012	0.59	0.03	0.62	0.63	1.11	0.25	2.61
2013 *	0.66 *	0.03 *	0.69 *	0.72 *	1.28 *	0.28 *	2.97 *
2014	0.67	0.03	0.70	0.76	1.33	0.27	3.06
2015	0.62	0.03	0.65	0.76	1.35	0.26	3.02
2016	0.58	0.03	0.61	0.78	1.36	0.26	3.01
2017	0.60	0.03	0.63	0.79	1.38	0.26	3.06
2018	0.59	0.03	0.62	0.78	1.36	0.26	3.02
2019	0.66	0.03	0.69	0.77	1.35	0.27	3.08

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

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

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

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

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

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

DENVILLE TOWNSHIP

Taxpayer	2019		2010	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Prime Healthcare Services - St. Clare's	\$ 83,552,300	2.72%		
Shoppes at Union Hill	33,896,000	1.10%	\$ 21,966,000	0.96%
Springpoint at Denville, Inc.	30,409,200	0.99%		
Tamara Enterprises	18,345,000	0.60%	12,112,200	0.53%
TEJ Denville Hospitality LLC	10,710,000	0.35%		
Rockaway River Country Club	9,790,500	0.32%	8,448,600	0.37%
Pinefield Manor LLC	9,758,000	0.32%		
Denville West Main, LLC	9,529,500	0.31%		
Individual Taxpayer #1	8,905,000	0.29%	8,900,000	0.39%
Ford 66 LLC	7,860,000	0.26%		
St. Francis Life Care Corp			47,650,000	2.08%
WP Properties, LLC			5,700,000	0.25%
Denville Station, LLC			5,351,000	0.23%
Verizon			5,230,950	0.23%
WP Properties, LLC			5,200,000	0.23%
Morris 400, LLC			5,000,000	0.22%
Total	\$ 222,755,500	7.26%	\$ 125,558,750	5.49%

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

ROCKAWAY BOROUGH

Taxpayer	2019		2010	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Rockaway Commons, LLC	\$ 12,500,000	1.59%	\$ 11,751,250	1.51%
Conn. Storage Dept. PT NJ	6,704,000	0.85%		
Highway Enterprises, Inc.	5,700,000	0.73%	8,002,000	1.03%
HS Gardens, LLC	4,983,000	0.63%	6,625,000	0.85%
WithInvestors Rockaway, LLC	4,640,000	0.59%		
KTB Realty, LLC	4,639,900	0.59%		
E & W Realty Associates, LLC	4,450,500	0.57%		
McWilliams Forge Company	4,260,500	0.54%	10,319,500	1.33%
385 Franklin Ave, LLC	4,045,200	0.52%		
Moretrench Corp.	4,042,400	0.51%	4,042,400	0.52%
Individual Taxpayer #1			4,413,400	0.57%
Gustov L. Hollenstein, Inc.			4,249,200	0.55%
Wespas			3,100,000	0.40%
Kop-Coat, Inc.			2,976,800	0.38%
Individual Taxpayer #2			2,154,800	0.28%
Total	\$ 55,965,500	7.13%	\$ 57,634,350	7.42%

Source: Municipal Tax Assessors.

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

ROCKAWAY TOWNSHIP

Taxpayer	2019		2010	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Rockaway Center Association	\$ 209,868,700	5.14%	\$ 145,000,000	5.02%
Mt. Hope Rock Products, Inc. (Tilcon)	66,379,800	1.62%	35,609,400	1.23%
Pondview Estates, Inc.	43,818,800	1.07%		
Marketplace at Rockaway, LLC	36,694,100	0.90%	21,581,700	0.75%
Rustic Ridge, Inc.	35,225,600	0.86%	20,424,100	0.71%
Dover UE, LLC	30,566,300	0.75%		
WPG Rockaway Commons LLC	29,170,600	0.71%		
100 Commons Way, LLC	26,615,000	0.65%		
Macy's East, Inc.	26,520,000	0.65%	17,876,100	0.62%
WPG Rockaway Commons LLC	21,472,800	0.53%		
GIM PA Partners			20,722,300	0.72%
Bergen Record			19,000,000	0.66%
Dover VF c/o Vornado Realty Trust			18,103,600	0.63%
Retail Property Trust			15,635,600	0.54%
Target Corporation			14,535,200	0.50%
Total	\$ 526,331,700	12.88%	\$ 328,488,000	11.38%

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

WHARTON BOROUGH

Taxpayer	2019		2010	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Wharton Investors III LP	\$ 85,131,200	12.19%		
Glass Paramus	19,549,300	2.80%	\$ 19,433,900	2.62%
Costco Wholesale Club	17,400,000	2.49%	17,842,300	2.40%
C.C.K.K. LLC (Wharton Industrial)	14,000,000	2.00%	11,615,400	1.56%
Bayview Gardens LLC	8,800,000	1.26%	8,700,000	1.17%
Wharton Mall Associates, LLC	7,300,000	1.05%	8,273,700	1.11%
Brentwood Associates, Inc.	6,000,000	0.86%	6,528,500	0.88%
Wharton Apartments	4,260,000	0.61%	4,000,000	0.54%
National Retail Properties LP	5,000,000	0.72%		
13 Broad, LLC	3,450,000	0.49%		
TA Wharton, LLC			59,267,700	7.98%
The Realty Associates Fund VIII LP			37,223,900	5.01%
Waltann Greenbrook, LLC			3,863,700	0.52%
Total	\$ 170,890,500	24.46%	\$ 176,749,100	23.79%

Note: A reassessment/revaluation was effective in 2013 in Wharton Borough.

Source: Municipal Tax Assessors.

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

DENVILLE TOWNSHIP

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2011	\$ 16,331,641	\$ 16,331,641	100.00%	\$ -0-
2012	17,869,628	17,869,628	100.00%	-0-
2013	18,753,893	18,753,893	100.00%	-0-
2014	19,595,027	19,595,027	100.00%	-0-
2015	19,528,633	19,528,633	100.00%	-0-
2016	20,753,444	20,753,444	100.00%	-0-
2017	22,799,243	22,799,243	100.00%	-0-
2018	21,918,982	21,918,982	100.00%	-0-
2019	21,342,735	21,342,735	100.00%	-0-
2020	21,729,610	21,729,610	100.00%	-0-

ROCKAWAY BOROUGH

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2011	\$ 4,796,814	\$ 4,796,814	100.00%	\$ -0-
2012	5,033,016	5,033,016	100.00%	-0-
2013	5,081,994	5,081,994	100.00%	-0-
2014	4,909,080	4,909,080	100.00%	-0-
2015	5,914,924	5,914,924	100.00%	-0-
2016	5,843,123	5,843,123	100.00%	-0-
2017	5,967,952	5,967,952	100.00%	-0-
2018	6,335,178	6,335,178	100.00%	-0-
2019	7,089,482	7,089,482	100.00%	-0-
2020	6,432,500	6,432,500	100.00%	-0-

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

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

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

ROCKAWAY TOWNSHIP

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2011	\$ 25,731,751	\$ 25,731,751	100.00%	\$ -0-
2012	24,750,107	24,750,107	100.00%	-0-
2013	24,909,188	24,909,188	100.00%	-0-
2014	25,323,458	25,323,458	100.00%	-0-
2015	25,871,039	25,871,039	100.00%	-0-
2016	26,324,330	26,324,330	100.00%	-0-
2017	25,225,962	25,225,962	100.00%	-0-
2018	26,978,245	26,978,245	100.00%	-0-
2019	28,700,860	28,700,860	100.00%	-0-
2020	29,318,281	29,318,281	100.00%	-0-

WHARTON BOROUGH

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2011	\$ 4,370,561	\$ 4,370,561	100.00%	\$ -0-
2012	4,573,103	4,573,103	100.00%	-0-
2013	4,472,340	4,472,340	100.00%	-0-
2014	4,539,132	4,539,132	100.00%	-0-
2015	4,486,714	4,486,714	100.00%	-0-
2016	4,016,862	4,016,862	100.00%	-0-
2017	4,032,607	4,032,607	100.00%	-0-
2018	4,257,144	4,257,144	100.00%	-0-
2019	4,222,133	4,222,133	100.00%	-0-
2020	5,385,235	5,385,235	100.00%	-0-

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

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

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

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2011	\$ 36,057,000	\$ -0-	\$ 1,639,508	\$ -0-	\$ -0-	\$ -0-	0.95%	\$ 700.64	
2012	32,470,000	-0-	1,291,897	-0-	-0-	33,761,897	0.81%	624.42	
2013	31,110,000	-0-	935,521	-0-	-0-	32,045,521	0.74%	592.05	
2014	29,700,000	-0-	567,861	-0-	-0-	30,267,861	0.69%	558.51	
2015	28,230,000	-0-	288,553	-0-	-0-	28,518,553	0.63%	528.20	
2016	26,810,000	-0-	2,300,000	-0-	-0-	29,110,000	0.61%	539.17	
2017	25,360,000	-0-	1,852,618	-0-	-0-	27,212,618	0.56%	505.54	
2018	23,860,000	-0-	1,401,027	-0-	-0-	25,261,027	0.49%	460.73	
2019	30,535,000	-0-	941,813	-0-	-0-	31,476,813	0.58%	571.96	
2020	28,925,000	-0-	474,848	-0-	-0-	29,399,848	0.54%	534.86	

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

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

Source: Morris Hills Regional School District Financial Reports.

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2011	\$ 36,057,000	\$ -0-	\$ 36,057,000	0.538%	\$ 670.17
2012	32,470,000	-0-	32,470,000	0.490%	600.53
2013	31,110,000	-0-	31,110,000	0.421%	574.77
2014	29,700,000	-0-	29,700,000	0.407%	548.03
2015	28,230,000	-0-	28,230,000	0.391%	522.86
2016	26,810,000	-0-	26,810,000	0.372%	496.57
2017	25,360,000	-0-	25,360,000	0.314%	471.12
2018	23,860,000	-0-	23,860,000	0.294%	435.18
2019	30,535,000	-0-	30,535,000	0.360%	554.85
2020	28,925,000	-0-	28,925,000	0.335%	526.22

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

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

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

Source: Morris Hills Regional School District Financial Reports.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2019
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Denville Township	\$ 11,028,569	100.00%	\$ 11,028,569
Rockaway Borough	6,755,269	100.00%	6,755,269
Rockaway Township	19,181,009	100.00%	19,181,009
Wharton Borough	45,720	100.00%	45,720
Morris County General Obligation Debt - (all constituent municipalities)	216,220,009	9.45%	<u>20,424,467</u>
Subtotal, Overlapping Debt			57,435,034
Morris Hills Regional School District Direct Debt			<u>28,925,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 86,360,034</u></u>

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

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

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

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

	Fiscal Year Ended June 30,				
	2011	2012	2013	2014	2015
Debt Limit	\$ 292,189,888	\$ 284,994,990	\$ 272,960,160	\$ 264,457,335	\$ 258,597,096
Total Net Debt Applicable to Limit	<u>36,057,000</u>	<u>32,470,000</u>	<u>31,110,000</u>	<u>29,700,000</u>	<u>28,230,000</u>
Legal Debt Margin	<u>\$ 256,132,888</u>	<u>\$ 252,524,990</u>	<u>\$ 241,850,160</u>	<u>\$ 234,757,335</u>	<u>\$ 230,367,096</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	12.34%	11.39%	11.40%	11.23%	10.92%

	Fiscal Year Ended June 30,				
	2016	2017	2018	2019	2020
Debt Limit	\$ 257,846,475	\$ 260,277,774	\$ 264,572,537	\$ 267,800,874	\$ 273,270,894
Total Net Debt Applicable to Limit	<u>26,810,000</u>	<u>25,360,000</u>	<u>23,860,000</u>	<u>30,535,000</u>	<u>28,925,000</u>
Legal Debt Margin	<u>\$ 231,036,475</u>	<u>\$ 234,917,774</u>	<u>\$ 240,712,537</u>	<u>\$ 237,265,874</u>	<u>\$ 244,345,894</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	10.40%	9.74%	9.55%	9.55%	10.58%

Legal Debt Margin Calculation for Fiscal Year 2020

Year Ended December 31,	Denville Township	Rockaway Borough	Rockaway Township	Wharton Borough	Equalized Valuation Basis
2017	\$ 3,301,885,785	\$ 842,775,051	\$ 4,195,567,375	\$ 670,061,069	\$ 9,010,289,280
2018	3,301,089,990	808,527,544	4,163,119,844	710,949,922	8,983,687,300
2019	<u>3,300,737,452</u>	<u>817,446,503</u>	<u>4,474,883,171</u>	<u>740,045,662</u>	<u>9,333,112,788</u>
	<u>\$ 9,903,713,227</u>	<u>\$2,468,749,098</u>	<u>\$ 12,833,570,390</u>	<u>\$2,121,056,653</u>	<u>\$ 27,327,089,368</u>
	Average Equalized Valuation of Taxable Property				<u>\$ 9,109,029,789</u>
	Debt Limit ^a (3% of Average Equalization Value)				\$ 273,270,894
	Net Bonded School Debt at June 30, 2020				<u>28,925,000</u>
	Legal Debt Margin				<u>\$ 244,345,894</u>

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

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

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

DENVILLE TOWNSHIP

Fiscal Year	Population ^a	Morris County Per Capita Personal		Unemployment Rate ^d
		Income ^b	Personal Income ^c	
2010	16,682	\$ 73,983	\$ 1,234,184,406	6.30%
2011	16,725	76,727	1,283,259,075	6.10%
2012	16,760	79,765	1,336,861,400	6.40%
2013	16,753	80,805	1,353,726,165	7.40%
2014	16,683	84,260	1,405,709,580	4.90%
2015	16,637	88,219	1,467,699,503	4.10%
2016	16,579	90,853	1,506,251,887	3.80%
2017	16,744	93,555	1,566,484,920	3.70%
2018	16,630	98,842	1,643,742,460	3.30%
2019	16,446	98,842 *	1,625,555,532	2.90%

ROCKAWAY BOROUGH

Fiscal Year	Population ^a	Morris County Per Capita Personal		Unemployment Rate ^d
		Income ^b	Personal Income ^c	
2010	6,443	\$ 73,983	\$ 476,672,469	10.80%
2011	6,461	76,727	495,733,147	10.50%
2012	6,463	79,765	515,521,195	10.90%
2013	6,460	80,805	522,000,300	7.40%
2014	6,431	84,260	541,876,060	4.80%
2015	6,424	88,219	566,718,856	4.20%
2016	6,431	90,853	584,275,643	4.10%
2017	6,413	93,555	599,968,215	3.50%
2018	6,356	98,842	628,239,752	3.10%
2019	6,276	98,842 *	620,332,392	2.70%

* - Latest Morris County per capita personal income available (2018) was used for calculation purposes.

Source:

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

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

ROCKAWAY TOWNSHIP

Fiscal Year	Population ^a	Morris County Per Capita Personal		Unemployment Rate ^d
		Income ^b	Personal Income ^c	
2010	24,142	\$ 73,983	\$ 1,786,097,586	7.00%
2011	24,325	76,727	1,866,384,275	7.40%
2012	24,343	79,765	1,941,719,395	7.40%
2013	24,422	80,805	1,973,419,710	6.10%
2014	24,337	84,260	2,050,635,620	5.00%
2015	24,390	88,219	2,151,661,410	4.20%
2016	24,304	90,853	2,208,091,312	4.00%
2017	25,177	93,555	2,355,434,235	3.60%
2018	25,605	98,842	2,530,849,410	3.20%
2019	25,876	98,842 *	2,557,635,592	2.60%

WHARTON BOROUGH

Fiscal Year	Population ^a	Morris County Per Capita Personal		Unemployment Rate ^d
		Income ^b	Personal Income ^c	
2010	6,536	\$ 73,983	\$ 483,552,888	14.90%
2011	6,558	76,727	503,175,666	14.50%
2012	6,560	79,765	523,258,400	15.00%
2013	6,559	80,805	529,999,995	8.40%
2014	6,541	84,260	551,144,660	6.00%
2015	6,539	88,219	576,864,041	5.00%
2016	6,515	90,853	591,907,295	5.20%
2017	6,494	93,555	607,546,170	4.60%
2018	6,442	98,842	636,740,164	4.20%
2019	6,369	98,842 *	629,524,698	4.20%

* - Latest Morris County per capita personal income available (2018) was used for calculation purposes.

Source:

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

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

	2019		2010			
	Employer	Employees	Percentage of Total Employment	Employer	Employees	Percentage of Total Employment
	Atlantic Health System	6,140	2.39%	Novartis Corporation	4,990	1.99%
	Picatinny Arsenal	6,000	2.34%	Atlantic Health	4,933	1.97%
	Novartis	4,900	1.91%	Picatinny Arsenal	4,442	1.77%
	ADP	2,690	1.05%	County of Morris	2,675	1.07%
	Bayer	2,400	0.93%	UPS	2,332	0.93%
	Accenture	1,865	0.73%	ADP	1,924	0.77%
	Barclays	1,800	0.70%	AT&T	1,550	0.62%
	Honeywell	1,704	0.66%	St. Clare's Health System	1,531	0.61%
	Allergan	1,627	0.63%	BASF	1,400	0.56%
	St. Clare's Health System	1,565	0.61%	Avis Budget Group, Inc.	1,378	0.55%
		<u>30,691</u>	<u>11.96%</u>		<u>27,155</u>	<u>10.83%</u>
	Total Employment *	<u>256,698</u>			<u>250,640</u>	

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

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

<u>Function/Program</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Instruction:										
Regular	221.0	225.0	238.0	239.0	240.0	247.0	257.0	260.0	265.0	267.0
Special Education	28.0	34.0	31.0	32.0	34.0	37.0	39.0	39.0	41.0	42.0
Other Special Instruction	10.0	11.0	14.0	14.0	14.0	14.0	12.0	12.0	18.0	18.0
Adult/Continuing Education Programs	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.0	1.0
Support Services:										
Student & Instruction Related Services	68.5	68.6	72.0	72.0	72.0	72.0	77.0	77.0	78.0	78.0
General Administration Services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
School Administration Services	23.0	24.0	22.0	22.0	22.0	22.0	23.0	23.0	25.0	25.0
Plant Operations and Maintenance	47.0	48.0	48.0	48.0	48.0	48.0	48.0	48.0	48.0	48.0
Pupil Transportation	53.0	50.0	59.5	59.5	59.5	59.5	59.0	59.0	60.0	60.0
Business and Other Support Services	11.0	11.0	9.5	9.5	9.5	7.5	9.0	8.0	8.0	9.0
Total	465.5	475.6	498.0	500.0	503.0	511.0	528.0	530.0	546.0	550.0

Source: Morris Hills Regional School District Personnel Records.

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

Fiscal Year	October 15 Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percent Change	Teaching Staff ^b	Pupil/Teacher Ratio		June 30		% Change in Average Daily Enrollment	Student Attendance Percentage
						Morris Hills High School	Morris Knolls High School	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c		
2011	2,769	\$ 57,062,886	\$ 20,608	-2.70%	249	11.1:1	12.0:1	2,779.0	2,675.8	-2.90%	96.29%
2012	2,835	58,932,625	20,788	0.87%	249	11.1:1	12.0:1	2,734.5	2,642.2	-1.60%	96.62%
2013	2,878	61,765,258	21,461	3.24%	251	11.2:1	12.2:1	2,711.7	2,613.1	-0.83%	96.36%
2014	2,890	64,012,402	22,150	3.21%	261	10.5:1	10.9:1	2,738.0	2,616.2	0.97%	95.55%
2015	2,856	65,086,557	22,789	2.89%	264	10.5:1	10.9:1	2,777.0	2,645.7	1.42%	95.27%
2016	2,853	66,514,851	23,314	2.30%	275	10.1:1	10.5:1	2,726.0	2,596.0	-1.84%	95.23%
2017	2,869	69,989,715	24,395	4.64%	269	10.1:1	10.3:1	2,764.0	2,623.7	1.39%	94.92%
2018	2,857	72,632,587	25,423	4.21%	271	10.1:1	10.3:1	2,777.5	2,664.6	0.49%	95.94%
2019	2,772	74,036,087	26,709	5.06%	279	10.1:1	10.1:1	2,682.0	2,565.3	-3.44%	95.65%
2020	2,749	75,832,465	27,585	3.28%	281	10.1:1	10.1:1	2,664.0	2,582.0	-0.67%	96.92%

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

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

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

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

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

Source: Morris Hills Regional School District records.

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>District Building</u>					
Morris Hills High School (1953):					
Square Feet	229,760	229,760	229,760	229,760	229,760
Capacity (Students)	1,398	1,398	1,398	1,398	1,398
Enrollment	1,100	1,119	1,123	1,118	1,112
Enrollment - Academy Programs	96	96	96	96	96
Morris Knolls High School (1964):					
Square Feet	263,065	263,065	263,065	263,065	263,065
Capacity (Students)	1,652	1,652	1,652	1,652	1,652
Enrollment	1,682	1,669	1,716	1,755	1,724
Enrollment - Adult High School	135	129	129	136	130
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<u>District Building</u>					
Morris Hills High School (1953):					
Square Feet	229,760	229,760	229,760	229,760	229,760
Capacity (Students)	1,398	1,398	1,398	1,398	1,398
Enrollment	1,111	1,152	1,287	1,269	1,283
Enrollment - Academy Programs	96	96	120	143	164
Morris Knolls High School (1964):					
Square Feet	263,065	263,065	263,065	2,631,652	2,631,652
Capacity (Students)	1,652	1,652	1,652	1,652	1,652
Enrollment	1,744	1,742	1,570	1,503	1,466
Enrollment - Adult High School	96	53	42	35	107
Enrollment - Academy Programs				34	79

Number of Schools at June 30, 2020:

High School = 2

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

Source: Morris Hills Regional School District Facilities Office.

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

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

<u>School Facilities*</u>	<u>Fiscal Year Ended June 30,</u>				
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Morris Hills	\$ 546,707	\$ 519,004	\$ 541,119	\$ 501,878	\$ 436,678
Morris Knolls	521,889	556,743	675,161	632,578	460,568
Grand Total	<u>\$ 1,068,596</u>	<u>\$ 1,075,747</u>	<u>\$ 1,216,280</u>	<u>\$ 1,134,456</u>	<u>\$ 897,246</u>

<u>School Facilities*</u>	<u>Fiscal Year Ended June 30,</u>				
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Morris Hills	\$ 559,387	\$ 503,222	\$ 421,425	\$ 466,288	\$ 383,833
Morris Knolls	412,528	462,278	408,199	440,387	370,728
Grand Total	<u>\$ 971,915</u>	<u>\$ 965,500</u>	<u>\$ 829,624</u>	<u>\$ 906,675</u>	<u>\$ 754,561</u>

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

Source: Morris Hills Regional School District records.

MORRIS HILLS REGIONAL SCHOOL DISTRICTINSURANCE SCHEDULEJUNE 30, 2020UNAUDITED**School Package Policy -****New Jersey Schools Insurance Group (NJSIG)**

	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
Real & Personal Property (per occurrence)	\$500,000,000	\$5,000
Blanket Extra Expense	50,000,000	5,000
Blanket Valuable Paper & Records	10,000,000	\$5,000
Demolition & Increased Cost of Construction	25,000,000	
Limited Builders Risk	10,000,000	
Fire Dept. Service Charge	10,000	
Arson Reward	10,000	
Pollution Cleanup & Removal	250,000	
Flood/Earthquake:		
Flood Zone A & V	25,000,000	500,000
All Other Flood Zones	75,000,000	10,000
Earthquake	50,000,000	1,000
Terrorism	1,000,000	
Electronic Data Processing:		
Blanket Hardware/Software, Extra Expense, Business Income, Transit, Debris Removal	3,702,484	1,000
Flood (Deductible for Zone A & Z)		500,000
(Deductible All Other Flood Zones)		10,000
Equipment Breakdown		
Combined Single Limit/Accident for Property Damage & Business Income	100,000,000	5,000
Property Damage	Included	5,000
Off Premises Property Damage	1,000,000	5,000
Extra Expense	10,000,000	5,000
Service Interruption	10,000,000	5,000
Perishable Goods	1,000,000	5,000
Data Restoration	1,000,000	5,000
Demolition	1,000,000	5,000
Ordinance or Law	1,000,000	5,000
Expediting Expense	1,000,000	5,000
Hazardous Substances	1,000,000	5,000
Newly Acquired Locations - 120 Days Notice	1,000,000	5,000
Crime Coverage:		
Public Employee Dishonesty	50,000	500
Theft, Disappearance & Destruction/Money Orders & Counterfeit Currency	5,000	500
Forgery or Alteration	50,000	500
Computer Fraud	250,000	1,000

Source: Morris Hills Regional School District records.

MORRIS HILLS REGIONAL SCHOOL DISTRICTINSURANCE SCHEDULEJUNE 30, 2020UNAUDITED

	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
School Package Policy -		
New Jersey Schools Insurance Group (NJSIG)		
Public Officials Bond		
Board Secretary - J Gilman (NJSIG)	\$370,000	\$1,000
Treasurer - J Csatlos (NJSIG)	400,000	1,000
General Liability:		
Bodily Injury & Property Damage	11,000,000	
Products & Completed Operations	11,000,000	
Sexual Abuse	11,000,000	
Personal Injury & Advertising Injury	11,000,000	
Employee Benefits Liability	11,000,000	1,000
Premises Medical Payments	10,000 per accident 5,000 per person	
Terrorism	1,000,000	
Automotive Coverage:		
Combined Single Limit for Bodily Injury & Property Damage	11,000,000	1,000
Personal Injury Protection	250,000	
Medical Payments	10,000	
Underinsured	15,000	
Terrorism	1,000,000	
Garagekeepers	Included	
School Leaders Errors & Omissions		
Coverage A - protection against "loss"/Wrongful Acts	11,000,000	10,000
Coverage B - defense costs for specific administrative actions	100,000 per claim 300,000 aggregate	10,000 10,000
Retro Date	7/1/1986	
Workers' Compensation		
Part One	Statutory	
Part Two:		
Bodily Injury by Accident	2,000,000	
Bodily Injury by Disease	2,000,000	
Excess Liability (Starstone)	29,000,000	11,000,000
American International Group (AIG)		
Student Accident		
All School Base (AIG)	25,000	
Catastrophic (AIG)	7,500,000	25,000

Source: Morris Hills Regional School District records.

SINGLE AUDIT SECTION



200 Valley Road, Suite 300
Mt. Arlington, NJ 07856
973.298.8500

11 Lawrence Road
Newton, NJ 07860
973.383.6699

nisivoccia.com

Independent Member
BKR International

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Morris Hills Regional School District, in the County of Morris (the "Board") as of, and for the fiscal year ended June 30, 2020, 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 14, 2020.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Mount Arlington, New Jersey
December 14, 2020

Nisivoccia, LLP

NISIVOCCIA, LLP

Kathryn L. Mantell

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



200 Valley Road, Suite 300
Mt. Arlington, NJ 07856
973.298.8500

11 Lawrence Road
Newton, NJ 07860
973.383.6699

nisivoccia.com

Independent Member
BKR International

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

Independent Auditors' Report

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

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Morris Hills Regional School District (the "District's") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the fiscal year ended June 30, 2020. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

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

Opinion on Each Major Federal and State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2020.

Report on Internal Control Over Compliance

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

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

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

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

Mount Arlington, New Jersey
December 14, 2020

Nisivoccia, LLP
NISIVOCCIA, LLP

Kathryn L. Mantell

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Federal CFDA Number	Grant or State Project Number	Grant Period From To	Program/ Award Amount	June 30, 2019		June 30, 2020		Amount Paid to Sub- Recipients
				Budgetary Unearned Revenue/ (Accounts Receivable)	Cash Received	Budgetary Expenditures	Budgetary (Accounts Receivable) Unearned Revenue	
U.S. Department of Education - Passed-through State Department of Education:								
Special Revenue Fund:								
Special Education Cluster:								
84.027	IDEA-3370-20	7/1/19 9/30/20	\$ 758,755	\$ (180,157)	\$ 476,714	\$ (709,553)	\$ (232,839)	
84.027	IDEA-3370-19	7/1/18 6/30/19	666,043	(180,157)	180,157	(709,553)	(232,839)	
	Total Special Education Cluster							
Elementary and Secondary Education Act:								
84.010	ESEA-3370-20	7/1/19 9/30/20	155,625	(92,211)	90,404	(148,791)	(58,387)	
84.010	ESEA-3370-19	7/1/18 6/30/19	143,679	(92,211)	92,211	(148,791)	(58,387)	
	Subtotal Title I - Part A							
84.367A	ESEA-3370-20	7/1/19 9/30/20	43,527	(6,470)	40,907	(42,019)	(1,112)	
84.367A	ESEA-3370-19	7/1/18 6/30/19	47,339	(6,470)	6,470	(42,019)	(1,112)	
	Subtotal Title II - Part A							
84.365A	ESEA-3370-19	7/1/18 6/30/19	42	(42)	42			
84.365A	ESEA-3370-20	7/1/19 9/30/20	6,073	(719)	807	(5,471)	(4,664)	
84.365A	ESEA-3370-19	7/1/18 6/30/19	2,292	(719)	719	(5,471)	(4,664)	
	Subtotal Title III - Immigrant							
84.424	ESEA-3370-20	7/1/19 9/30/20	10,000	(10,000)	10,000	(10,000)	(10,000)	
84.424	ESEA-3370-19	7/1/18 6/30/19	10,000	(10,000)	10,000	(10,000)	(10,000)	
	Subtotal Title IV							
	Total Elementary and Secondary Education Act							
84.425D	CARES-3370-20	3/13/20 9/30/22	122,988			(71,082)	(71,082)	
	COVID-19 CARES Act Emergency Relief Grant							
	Total U.S. Department of Education			(289,599)	898,431	(986,916)	(378,084)	

MORRIS HILLS REGIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period		Program/ Award Amount	June 30, 2019		June 30, 2020		Amount Paid to Sub-Recipients
			From	To		Budgetary Revenue/ (Accounts Receivable)	Cash Received	Budgetary Expenditures	Budgetary Unearned Revenue	
U.S. Department of Agriculture - Passed-through State Department of Agriculture:										
Child Nutrition Cluster:										
School Breakfast Program	10.553	N/A	7/1/19	6/30/20	\$ 38,316		\$ 38,316	\$ (38,316)		
School Breakfast Program	10.553	N/A	7/1/18	6/30/19	58,213	\$ (4,148)	4,148			
School Breakfast Program - COVID-19 Seamless Summer Option	10.553	N/A	3/18/20	6/30/20	15,585	(4,148)	11,493	(15,585)	\$ (4,092)	
Subtotal School Breakfast Program							53,957	(53,901)	(4,092)	
National School Lunch Program	10.555	N/A	7/1/19	6/30/20	167,245		167,245	(167,245)		
National School Lunch Program	10.555	N/A	7/1/18	6/30/19	231,243	(10,468)	10,468			
National School Lunch Program - COVID-19 Seamless Summer Option	10.555	N/A	3/18/20	6/30/20	29,476	(10,468)	21,736	(29,476)	(7,740)	
Subtotal National School Lunch Program							199,449	(196,721)	(7,740)	
Federal Food Distribution Program	10.555	N/A	7/1/19	6/30/20	53,452		53,452	(53,452)		
Total Child Nutrition Cluster						(14,616)	306,858	(304,074)	(11,832)	
Total U.S. Department of Agriculture						(14,616)	306,858	(304,074)	(11,832)	
U.S. Department of Health and Human Services - Passed-through State Department of Human Services:										
Medical Cluster:										
Medical Assistance Program - (SEMI)	93.778	N/A	7/1/19	6/30/20	36,465		36,465	(36,465)		
Total U.S. Department of Health and Human Services							36,465	(36,465)		
Total Federal Awards						\$ (304,215)	\$ 1,241,754	\$ (1,327,455)	\$ (389,916)	\$ -0-

N/A - Not Available

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

State Grantor/Program Title	Project Number	Grant Period		Program or Award Amount	June 30, 2019		Cash Received	Budgetary Expenditures	Repayment of Balances	June 30, 2020		MEMO	
		From	To		Budgetary Unearned Revenue/(Accounts Receivable)	Due to Grantor				GAAP (Accounts Receivable)	Due to Grantor	Budgetary (Accounts Receivable)	Cumulative Total Expenditures
State Department of Education:													
General Fund:													
Equalization Aid	20-495-034-5120-078	7/1/19	6/30/20	\$ 3,725,355	\$ 3,367,669	\$ (372,555)	\$ 3,367,669	(3,725,355)			\$ (357,686)	\$ 3,725,355	
Equalization Aid	19-495-034-5120-078	7/1/18	6/30/19	3,725,355	355,089	(554,744)	501,481	(554,744)			(53,263)	554,744	
Transportation Aid	20-495-034-5120-014	7/1/19	6/30/20	554,744	52,876	(2,003,767)	1,811,378	(2,003,767)			(192,389)	2,003,767	
Transportation Aid	19-495-034-5120-014	7/1/18	6/30/19	554,744	172,646	(1,804,262)	1,631,028	(1,804,262)			(173,234)	1,804,262	
Special Education Categorical Aid	20-495-034-5120-089	7/1/19	6/30/20	1,811,283	185,997	(58,232)	52,641	(58,232)			(5,591)	58,232	
Special Education Categorical Aid	19-495-034-5120-089	7/1/18	6/30/19	1,811,283	5,551	(881,563)	609,326	(881,563)			(881,563)	881,563	
School Choice Aid	20-495-034-5120-068	7/1/19	6/30/20	1,951,360	20,898	(352)	20,898	(352)			(352)	352	
School Choice Aid	19-495-034-5120-068	7/1/18	6/30/19	1,951,360									
Security Aid	20-495-034-5120-084	7/1/19	6/30/20	58,232									
Security Aid	19-495-034-5120-084	7/1/18	6/30/19	58,232									
Extraordinary Special Education Costs	20-495-034-5120-044	7/1/19	6/30/20	881,563									
Extraordinary Special Education Costs	19-495-034-5120-044	7/1/18	6/30/19	881,563									
Nonpublic School Transportation Costs	20-495-034-5120-014	7/1/19	6/30/20	352									
Nonpublic School Transportation Costs	19-495-034-5120-014	7/1/18	6/30/19	352									
On-Behalf TPAF Contributions:													
Post Retirement Medical	20-495-034-5094-001	7/1/19	6/30/20	2,184,021	2,184,021	(2,184,021)	2,184,021	(2,184,021)				2,184,021	
Pension	20-495-034-5094-002	7/1/19	6/30/20	5,783,479	5,783,479	(5,783,479)	5,783,479	(5,783,479)				5,783,479	
Non-Contributory Insurance	20-495-034-5094-004	7/1/19	6/30/20	103,662	103,662	(103,662)	103,662	(103,662)				103,662	
Long-Term Disability Insurance	20-495-034-5094-004	7/1/19	6/30/20	3,620	3,620	(3,620)	3,620	(3,620)				3,620	
Reimbursed TPAF Social Security Aid	20-495-034-5094-003	7/1/19	6/30/20	1,958,586	1,862,427	(1,958,586)	1,862,427	(1,958,586)		(96,159)	(96,159)	1,958,586	
Reimbursed TPAF Social Security Aid	19-495-034-5094-003	7/1/18	6/30/19	1,957,094	93,861		93,861						
Total General Fund State Aid					(1,496,244)	18,797,650	(19,061,643)	(978,074)	(1,760,237)	19,061,643			
Special Revenue Fund:													
NJ Nonpublic Aid:													
Textbook Aid (Chapter 194)	20-100-034-5120-064	7/1/19	6/30/20	27,251	27,251	(25,056)	27,251	(25,056)			\$ 2,195	25,056	
Textbook Aid (Chapter 194)	19-100-034-5120-064	7/1/18	6/30/19	27,501									
Nursing Services (Chapter 226)	20-100-034-5120-070	7/1/19	6/30/20	50,149	50,149	(50,149)	50,149	(50,149)				50,149	
Technology Initiative	20-100-034-5120-373	7/1/19	6/30/20	18,612	18,612	(18,140)	18,612	(18,140)			472	18,140	
Technology Initiative	19-100-034-5120-373	7/1/18	6/30/19	18,540									
Security Aid	20-100-034-5120-509	7/1/19	6/30/20	65,850	65,850	(65,841)	65,850	(65,841)			9	65,841	
Auxiliary Services (Chapter 192):													
Compensatory Education	20-100-034-5120-067	7/1/19	6/30/20	68,383	60,701	(66,761)	60,701	(66,761)			(7,682)	66,761	
Compensatory Education	19-100-034-5120-067	7/1/18	6/30/19	74,450	14,130	(14,130)		(14,130)					
Home Instruction	20-100-034-5120-067	7/1/19	6/30/20	2,694		(2,694)		(2,694)				2,694	
Home Instruction	19-100-034-5120-067	7/1/18	6/30/19	13,302		(13,302)							

MORRIS HILLS REGIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

State Grantor/Program Title	Grant or State Project Number	Grant Period		Program or Award Amount	June 30, 2019		Cash Received	Budgetary Expenditures	Repayment of Balances	June 30, 2020		MEMO		
		From	To		Budgetary Unearned Revenue/(Accounts Receivable)	Due to Grantor				GAAP (Accounts Receivable)	Due to Grantor	Budgetary (Accounts Receivable)	Cumulative Total Expenditures	
State Department of Education:														
Special Revenue Fund:														
NJ Nonpublic Aid:														
Handicapped Services (Chapter 193):														
Examination & Classification	20-100-034-5120-066	7/1/19	6/30/20	\$ 64,488		\$ 4,005	\$ 56,818	\$ (62,447)	\$ (4,005)	\$ (7,670)	\$ 2,041	\$ (7,670)	\$ (7,670)	\$ 62,447
Examination & Classification	19-100-034-5120-066	7/1/18	6/30/19	65,724										
Supplementary Instruction	20-100-034-5120-066	7/1/19	6/30/20	61,682		2,534	55,090	(60,551)	(2,534)	(6,592)	1,131	(6,592)	(6,592)	60,551
Supplementary Instruction	19-100-034-5120-066	7/1/18	6/30/19	62,881										
Corrective Speech	20-100-034-5120-066	7/1/19	6/30/20	1,823		625	1,641	(820)	(625)	(182)	1,003	(182)	(182)	820
Corrective Speech	19-100-034-5120-066	7/1/18	6/30/19	1,786										
Total Special Revenue Fund						\$ (13,302)	349,414	(352,459)	(21,687)	(24,820)	8,473	(24,820)	(24,820)	352,459
State School Lunch Program	20-100-010-3350-023	7/1/19	6/30/20	6,628		(444)	6,628	(6,628)						6,628
State School Lunch Program	19-100-010-3350-023	7/1/18	6/30/19	10,079			444							
State School Lunch Program - COVID-19 Seamless Summer Option Supplemental	20-100-010-3350-023	3/18/20	6/30/20	466			344	(466)		(122)		(122)	(122)	466
State School Lunch Program - Supplemental	20-100-010-3350-023	7/1/19	6/30/20	2,340				(2,340)		(2,340)		(2,340)	(2,340)	2,340
Total Enterprise Fund						(444)	7,416	(9,434)		(2,462)		(2,462)	(2,462)	9,434
Schools Development Authority:														
Capital Projects Fund:														
Educational Facilities Construction and Financing Act:														
Morris Hills High School - HVAC	SP-3370-050-14-1002	7/30/15	6/30/20	405,805		(372,817)	372,817	(372,817)						372,817
Morris Knolls High School - Partial Window Replacement	SP-3370-060-14-1008	7/30/15	6/30/20	1,056,215		(173,123)	173,123	(173,123)						861,814
Total Capital Projects Fund						(545,940)	545,940	(545,940)						1,234,631
TOTAL STATE AWARDS						\$ (2,055,930)	\$ 19,700,420	\$ (19,969,476)	\$ (21,687)	\$ (1,005,356)	\$ 8,473	\$ (1,787,519)	\$ (1,787,519)	\$ 20,658,167

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

On-Behalf TPAF Pension System Contributions:

Post-Retirement Medical Pension	20-495-034-5094-001	7/1/19	6/30/20	2,184,021				2,184,021						
Non-Contributory Insurance	20-495-034-5094-002	7/1/19	6/30/20	5,783,479				5,783,479						
Long-Term Disability Insurance	20-495-034-5094-004	7/1/19	6/30/20	103,662				103,662						
	20-495-034-5094-004	7/1/19	6/30/20	3,620				3,620						

TOTAL STATE AWARDS SUBJECT TO SINGLE AUDIT MAJOR PROGRAM DETERMINATION

\$ (11,894,694)

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards include federal and state awards activity of the Board of Education, Morris Hills Regional School District under programs of the federal and state governments for the fiscal year ended June 30, 2020. The information in these schedules are presented in accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and New Jersey’s OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

The District has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

The net adjustment to reconcile revenue from the budgetary basis to the GAAP basis is \$(10,004) for the general fund, \$(2,880) for the special revenue fund and \$545,940 for the capital projects fund. However, SDA grant expenditures of \$545,940 are included in the schedule of expenditures of state awards as budgetary expenditures in order to include the GAAP expenditures for single audit purposes. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general, special revenue and capital projects funds.

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 36,465	\$19,051,639	\$19,088,104
Special Revenue Fund	984,036	352,459	1,336,495
Capital Projects Fund		545,940	545,940
Food Service Enterprise Fund	304,074	9,434	313,508
Total Financial Assistance	<u>\$ 1,324,575</u>	<u>\$19,959,472</u>	<u>\$21,284,047</u>

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2020. Revenue and expenditures reported under the Federal Food Distribution Program represent current fiscal year value received and current fiscal year distributions, respectively.

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

During the fiscal year, the District received \$545,940 from New Jersey Schools Development Authority (NJSDA) under the Educational Facilities Construction and Financing Act which was recognized as revenue on the GAAP basis. As of June 30, 2020, the District has no active grants awarded. In the Capital Projects Fund, the District realizes the full amount of the grant revenue on a budgetary basis in the year awarded and realizes the grant revenue on a GAAP basis as it is expended and submitted for reimbursement. Expenditures reported under the NJSDA on the Schedule of Expenditures of State Awards represent reimbursement requests submitted to the NJSDA.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Summary of Auditors' Results:

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

- The District's programs tested as major federal and state programs for the current fiscal year consisted of the following:

	<u>CFDA # or State</u> <u>Grant/Project #</u>	<u>Grant Period</u>	<u>Award</u> <u>Amount</u>	<u>Budgetary</u> <u>Expenditures</u>
<u>Federal:</u>				
Special Education Cluster:				
I.D.E.A. - Part B,				
Basic Regular	84.027	7/1/19-9/30/20	\$ 758,755	\$ 709,553
<u>State:</u>				
Extraordinary Special				
Education Costs	20-495-034-5120-044	7/1/19-6/30/20	881,563	881,563
Reimbursed TPAF Social				
Security Aid	20-495-034-5094-003	7/1/19-6/30/20	1,958,586	1,958,586

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

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

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Status of Prior Fiscal Year Findings:

The District had no prior fiscal year audit findings.