



MORRIS SCHOOL DISTRICT

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

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

ANNUAL COMPREHENSIVE FINANCIAL REPORT

***FOR THE FISCAL YEAR
ENDED JUNE 30, 2021***

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

JUNE 30, 2021

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INTRODUCTORY SECTION



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March 1, 2022

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

Dear President Spiotta and Board Members:

The Annual Comprehensive Financial Report of the Morris School District as of and for the fiscal year ended June 30, 2021 is hereby submitted. Responsibility for both the accuracy of these data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the Morris School District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Annual Comprehensive Financial Report is presented in four sections: Introductory, Financial, Statistical and Single Audit. The Introductory Section includes this transmittal letter, the District's organizational chart and a list of principal officials. The Financial Section includes the general-purpose financial statements and schedules, as well as the auditor's report thereon. The Statistical Section includes selected financial and demographic information generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance), and the State Treasury Circular Letter 15-08 OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*. Information related to this single audit, including the auditors' report on internal control and compliance with applicable laws and regulations and findings and recommendations, are included in the Single Audit Section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

Morris School District is an independent reporting entity within the criteria adopted by the GASB. All funds and the District-wide financial statements of the District are included in this report. The Morris School District Board of Education and its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These include general, vocational, special education, bilingual, gifted and talented and advanced placement programs that address the Morris School District's student needs. The District completed the 2020-21 fiscal year with an average daily enrollment of 5,020 students, which represented a decrease of 185 students from the previous year. Average daily enrollment (ADE) and average daily attendance (ADA) information appears below.

AVERAGE DAILY ENROLLMENT AND ATTENDANCE DATA

<u>Fiscal Year</u>	<u>ADE</u>	<u>ADE Percent Change</u>	<u>ADA</u>
2011-12	4,927	0.72%	4,719
2012-13	4,996	1.40%	4,774
2013-14	5,111	2.30%	4,889
2014-15	5,239	2.50%	5,012
2015-16	5,249	0.19%	5,002
2016-17	5,198	(0.97%)	4,925
2017-18	5,057	(2.71%)	4,776
2018-19	5,117	1.19%	4,852
2019-20	5,205	1.72%	5,005
2020-21	5,020	(3.54%)	4,720

2. ECONOMIC CONDITION AND OUTLOOK: The District serves an affluent area in northern New Jersey comprised of the Town of Morristown and the Township of Morris. Located in southeastern Morris County within easy access to New York City and Pennsylvania, Morristown and Morris Township experience different enrollment drivers for the district. Higher wealth statistics are centered in the Township which is the larger of the two municipalities in terms of population, per capita income and geographic area. Numerous developments are being constructed and scheduled to be built in the near future in both municipalities. The district's enrollment growth over the last 10 years has been a cumulative 1.9%.

In the summer of 2021 the District has installed 6 temporary modular classrooms to address overcrowding at the middle school. The District's Architect is in the process of evaluating all buildings to evaluate needed repairs due to the age of our buildings and a possible expansion at the middle school due to the population of students and program growth.

In March of 2020 the school system was closed to in-person instruction due to COVID-19 resulting in significant changes to staffing and expenditure priorities. All schools were open for in-person instruction for the 202-2021 school year within the guidelines stipulated by the Department of Education and Department of Health. Elementary schools were open 5 days per week on a half day schedule while the Middle and High School were on an A/B half day schedule. New teachers were added to accommodate social distancing, PPE was purchased for all students and staff along with additional furniture and barriers to provide a safe learning environment. While COVID-19 has caused new expenditures, the District is staying within its financial footprint and reallocating resources while not cutting programs.

The estimated population in the Township has decreased from 22,437 in 2011 to 22,352 in 2020, or a cumulative decrease of 0.3% over ten years. The Town's population has increased from 18,473 in 2011 to an estimate of 19,229 in 2020 or a cumulative increase of 4.1% over ten years.

The tax levy saw a shift of 2.032 percentage point for the 2020-21 school year due to a decrease in Morristown's equalized value and an increase for Morris Township. The total tax base of the district was allocated 64.7500% to the Township and 35.2500% to the Town. As one of the largest employers in the area, the Morris School District significantly impacts the economy of its larger community and service area.

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

Curriculum Programs

Program	Project
ESL Programs (Gr. K- 12)	<ul style="list-style-type: none"> ➤ Increased ESL staffing at all levels. ➤ Ongoing PD for "Ellevation"-online data and EL student instructional planning platform. ➤ Addition to ELlevation Math and Dual Language features. ➤ iStation Data Platform pilot program. ➤ Provided Professional Development in Sheltered English Instruction for General Ed, ESL staff and administration. ➤ Completed initial review of ACCESS 2.0, created student goals as a result. ➤ WIDA Standard resources and related PD provided for all staff working with students who are ELLs. ➤ ELL/Bilingual Program Assistants at all levels worked with building principals to ensure EL programs were implemented with fidelity. ➤ ELL Program Assistant facilitates weekly PLC for elementary ESL teachers. ➤ Researched and recommended online platform for EL data/learning plan creation. ➤ Newcomers Cohort meets weekly to create and monitor goals for newly arrived students who are ELLs. ➤ Updated Language Level specific courses for students who are ELs at the High School level.
Bilingual Program (Gr. K-12)	<ul style="list-style-type: none"> ➤ Continued development of full time bilingual program in grades K-12. ➤ Increased Bilingual Teacher staffing to accommodate student program needs. ➤ Created Newcomers Cohort and Language Level specific courses for EL students at High School level. ➤ Adopted and rolled out Teaching for a Biliteracy framework for bilingual curriculum and instruction. ➤ Team of 15 administrators and teachers attended a 3 day Teaching for Biliteracy summer institute to establish a bilingual language framework. ➤ Implemented multiple measures system for exiting students and monitoring system as required by State. ➤ Ongoing PD for "Ellevation"-online data and EL student instructional planning platform.

	<ul style="list-style-type: none"> ➤ Added ELL/Bilingual Program Assistants to facilitate weekly PLCs across all grade levels to support Teaching for Biliteracy rollout and support all programming needs. ➤ Professional development on best practices in Bilingual instruction related to WIDA standards provided for teachers grades K-12. ➤ Purchased resources (all content areas) for Bilingual classrooms. ➤ Purchased Renaissance STAR assessment to assess reading and math in both Spanish and English for students in bilingual homerooms in grades 2-12. ➤ Provided Grading and Assessment PD for teachers at all levels. ➤ Continued utilizing online learning systems (ESL Reading Smart) for students and provided related PD for teachers to support a blended learning environment in all classrooms. ➤ Researched and recommended online platform for EL data/learning plan creation. ➤ Implemented Latino Family Literacy Project for grades PreK-12. ➤ Staffed Bilingual Outreach position for all levels Pre K-12. ➤ Added Bilingual success Counselor position to support academic and social/emotional development of students identified as ELLs. ➤ Added Students with Limited or Interrupted Education (SLIFE) Intervention Teacher specifically for students who are ELLs and grade levels behind.
K-5 Language Arts	<ul style="list-style-type: none"> ➤ Provided PD for teachers in utilizing data to plan targeted learning opportunities for all students. ➤ Refined MSD-Tiered System of Supports. ➤ Implementation of K-3 Sonday Phonics Program. ➤ Provide professional development with new Sonday Phonics program. ➤ Staffed Intervention teachers positions for all I schools K-8. ➤ Trained teachers in use of Benchmark Assessment System as a data point for learning plans. ➤ Implemented iReady online diagnostic to provide teachers and parents with specific data related to core standards in ELA. ➤ revised/adjusted so that all assessments align with standards. ➤ Implemented NJ State Testing. ➤ Provided after school programs to support struggling learners grades 1-5.
6-12 English Language Arts	<ul style="list-style-type: none"> ➤ Provided updated resources for teachers to support standards based teaching of ELA grades 6-12. ➤ Enhanced all resources to align with the demands of virtual and hybrid learning at all levels. ➤ Purchased classroom library books for all English Courses. ➤ Provided PD for Balanced Literacy. ➤ Implemented a "Night Write" system that helps to target increased student writing and improved teacher feedback for writing. ➤ Utilized PLC time to create and discuss common benchmark assessments.

	<ul style="list-style-type: none"> ➤ Refined Data Protocol for CBAs. ➤ Utilized online diagnostic (iReady) to determine student needs in reading, comprehension. ➤ Provided Intervention services for general education students (based on diagnostic data) grades 6-8. ➤ Implemented PARCC/NJSLA. ➤ Provided PD on Blended Learning to help teachers maximize face-to-face teaching time with students. ➤ Provided Homework Tutorials for all students and After School academic support for identified students. ➤ Provided Summer School for students transitioning from grade 8 to grade 9. ➤ COMMONLIT Formatives: BENCHMARK ASSESSMENTS. ➤ PSAT for all 11th grade students; analysis of results in PLCs. ➤ Provided Grading and Assessment PD for teachers at all levels.
K-12 Mathematics	<ul style="list-style-type: none"> ➤ Implemented iReady online diagnostic to provide teachers and parents with specific data related to core standards in Math grades K-9. ➤ Implementation of K-5 Ready Classroom Mathematics Program. ➤ Provide professional development for teachers/administrators with new Ready Classroom Mathematics program. ➤ Assessment Handbook Mathematics adjusted to reflect Common Benchmark Assessments K-5. ➤ Refined protocol and action plans after reviewing common benchmark assessment data for grades 6-12. ➤ Researched resources and online supports for students. ➤ Utilized new version of Everyday Math—Common Core edition. ➤ Created a plan and implemented Reflex Math - Fluency in grade 3 and as needed in intervention ESL BIL. ➤ Provided Grading and Assessment PD for teachers at all levels.
K-12 Science	<ul style="list-style-type: none"> ➤ STEM Academy cohort expansion at Morristown High School. ➤ Provided PD for teachers and teaching resources in all areas of NGSS. ➤ Implements Science Rubric at 6-8. ➤ Provided PD for teachers on NGSS/Math Integration and Engineering for K-5. ➤ Provided direction on ELA companion standards. ➤ Continued implementation of Defined STEM platform ➤ Provided professional development on STEM resources for hands-on coding and engineering. ➤ Expanded Project Lead the Way courses across MSD. ➤ Introduced new 9th grade AP Physics I course.
Social Studies (K-12)	<ul style="list-style-type: none"> ➤ Implemented and expanded use of "Defined Learning" online problem based learning curriculum that aligns with SS/History standards. ➤ Utilized DBQ project, online platform for integration of ELA companion standards for reading/writing. ➤ Implemented summer curriculum writing outlining model DBQ questions for 6-8 curriculum.

	<ul style="list-style-type: none"> ➤ Made updates to SS/History Curriculum to align with NJSLS and integrate SEL competencies and CRT strategies throughout the curriculum. ➤ PD for K-12 on Amistad Commission and use of Amistad lesson integration through online accounts and PLC meetings. ➤ Purchased resources for all levels to expand culturally responsive text and point of view. ➤ Provided online AP preparation through Albert i.o. ➤ Provided Grading and Assessment PD for teachers at all levels. ➤ Added technology and resources to ensure teachers could meet the demands of online/virtual, in person and hybrid learning. ➤ Purchased updated text and online resources for social studies classrooms.
Gifted Education (K-12)	<ul style="list-style-type: none"> ➤ Aligned program components, communication and reporting process to align with new state legislation requirements for G&T. ➤ Refined Quest identification process to include a creative measure tool along with non-verbal cognitive and academic information. ➤ Reallocated G&T teacher time so that each grade level K-8 has grade level enrichment periods and pull-out G&T class. ➤ Introduces "Defined Learning for G&T independent and small group studies. ➤ Purchased resources for G&T and Homeroom teachers to support enrichment activities. ➤ Refine the process for designing and facilitating Enrichment Clusters grades 3-5. ➤ Provided PD on G&T practices and strategies for G&T and General Education teachers. ➤ Introduced Defined STEM platform to teachers, offered professional development.
Summer Academy Programs	<ul style="list-style-type: none"> ➤ Summer Academy Program targeted for BSI and ESL students provided for grades 1-8 and Special Education PreK-12. ➤ Summer Transition Program provided for rising 9th graders identified as struggling learners. ➤ Utilized blended practices to integrated online supports in reading and math for all summer program students. ➤ Implemented attendance incentives for personal/social development groups for summer program students. ➤ Provided parent information, progress reports and visitations for summer program families. ➤ Tracked performance data over 6-week program. ➤ Provided "report cards" to parents and home schools to overview student growth and needs. ➤ Provided student reflection narratives to administration in charge of 9th grade.
K-12 Media & Library	<ul style="list-style-type: none"> ➤ Provided "code.org" training for all Media Specialists. ➤ STEM and Gifted and Talented training for all librarians. ➤ Digital Citizenship Training for all librarians. ➤ Google Certification Training for all librarians. ➤ Installation of chromebases in all K-5 libraries.

	<ul style="list-style-type: none"> ➤ STEM MADE SIMPLE AND MAKEKEY training provided for all media specialists. ➤ Increased titles in all Media Centers around CRT, SEL topics.
K-12 Computer Education	<ul style="list-style-type: none"> ➤ Verizon Innovative Learning Recipient of AR/VR Devices and Software for 6-8. ➤ Continue one-to-one initiative at middle school and high school. ➤ Technology infusion at K-5 continued (additional chromebooks purchased). ➤ PD for teachers provided to increase level of technology integration and implementation of Canvas (grades 6-8) and Google Classroom (grades 3-5). ➤ Parent sessions held to increase parent interaction and responsibility around one-to-one and increased technology access for students as well as parent portals for both Canvas and PowerSchool. ➤ Curation of 40 digital content providers for grades Prek -12. ➤ Added computer science course at FMS (Gateway Computer Science for Innovators and Makers). ➤ Added Computer Science Course at MHS (Computer Science Essentials). ➤ Trained staff members on PLTW Computer Science. ➤ All 6th graders complete mandatory elective- Navigating Digital Systems. ➤ Implemented partnership with Fairleigh-Dickinson University for Computer Science instructional support. ➤ Provided Grading and Assessment PD for teachers at all levels.
World Language (K-12)	<ul style="list-style-type: none"> ➤ Palabras en Mi Mundo adopted to support 3-5 WL practice. ➤ Little Pim and language centers implemented at K-2 to support WL practice. ➤ Revisions started on level 3 world language curriculum in all languages 9-12 completed. ➤ Curriculum review and PLC planning for world language grades 6-8. ➤ Proposed revisions to K-5 World Language Curriculum approved. ➤ Provided Grading and Assessment PD for teachers at all levels.
K-12 Health and Physical Education	<ul style="list-style-type: none"> ➤ Implemented BOE approved K-12 Health Curriculum. ➤ Implemented BOE approved K-5 anti-bullying Curriculum. ➤ Implemented BOE approved K-12 PE Curriculum. ➤ PD provided for PE teachers K-12 on WIDA standards, Bilingual language development, inclusive practice and adaptive PE. ➤ Provided opportunity for out of district PD for PE teachers to articulate with surrounding districts. ➤ Participated in SNAP program (Special Needs Athletic Programs) in K-5 schools. ➤ Hosted ALL IN Inclusive sports events. ➤ Participated in Special Olympics. ➤ Provided Grading and Assessment PD for teachers at all levels.

4. AWARDS:

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

The District provides a supportive and challenging educational environment for a total student population of 5,200 in grades Pre-K through 12. Our teachers and administrators continually earn awards and recognition for their innovations and impact on public education. We are a member of the League of Innovative Schools--the only district in Morris County with this distinguished membership, one of five in NJ overall.

Our **preschool**, Lafayette Learning Center, offers a full-day academic, social, and emotional readiness program for 3- and 4-year-olds. All teachers are fully certified, most with dual certification in both general and special education. Busing is provided, and a full-time nurse is on premises. We have a large gym with rock climbing wall, fenced-in playground with tricycle track, and an adjacent urban farm--a 1-acre agricultural teaching garden offering rich, hands-on learning experiences for all preschool and elementary students and the community at large. The District received an unprecedented grant from the NJ Department of Education (\$7.7 million for 2021-22, the largest in Morris County) to offer free preschool to almost 700 children. Leading a collaborative consortium of area preschool partners (including Head Start, YMCA, and Neighborhood House) we are able to deliver highest quality preschool education throughout our community.

Our seven **elementary schools** comprise three K-2 schools, three 3-5 schools, and one multiage magnet school serving grades K-5. We offer full-day kindergarten, with before- and aftercare arranged through our Community School. Each elementary school has a dedicated science specialist, and the curriculum includes instruction in integrated STEM as well as in developmentally appropriate technology education in all grades. All students are provided a district-issued Chromebook to enable continuity of instruction and accessibility to select, approved digital platforms aligned with the curriculum. Our special area subjects also include media, physical education, art, music, and world language. Beginning in grade 4, students take instrumental music (concert band, jazz band, and orchestra). Enrichment classes and afterschool clubs expose students to new areas of interest and inquiry, such as creative writing, dance, environmental science, and yoga. Outdoor classrooms, fitness trails, learning laboratories, mindfulness rooms, and new playgrounds enhance the physical plant. Standardized assessment results (NJSLA) from 2019 (the last year for which data is available) show that our students are performing consistently above the state average. Non-economically disadvantaged 5th graders scored 4th in Morris County in Math, 5th in English Language Arts, and 3rd in ELA/Math combined.

Frelinghuysen Middle School serves approximately 1,100 students in grades 6-8. The school has a "house" structure to facilitate closer and more meaningful long-term relationships between students and staff. Each house is the caretaker of its students throughout their middle school years. A dedicated team of teachers offers core content instruction (Math, Language Arts, Social Studies and Science) within each house over a three-year period. The FMS curriculum also offers instruction in Italian, Spanish, and French. Each FMS student is issued a personal Chromebook to enhance and support instruction and promote personal inquiry 24/7. FMS has earned state and national attention for exceptional growth in student achievement, with all demographic subgroups showing significant improvement on the state standardized assessment (NJSLA) over the past several years.

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

The FMS extracurricular programs are an integral part of student life at FMS, and are aligned with our vision of becoming a school community in which all students “discover their passions and talents.” We offer all students a comprehensive after-school enrichment and athletic program. All students are able to participate in enrichment experiences such as the Global Classrooms Middle School Model United Nations Program, the NJ Technology Student Association middle school competition, Performance Dance, Wind Ensemble, Jazz Band, Chamber Orchestra, and Select Choir. Our students have not only enjoyed participating in these experiences--and do so in high numbers--but also have met with great success. Recent individual and group distinctions include: 2019 National Technology Student Association Conference, 1st place for Promotional Marketing; 2019 You Be the Chemist Challenge, 1st place in NJ; 2019 General Knowledge Bowl, 1st place 7th and 8th grade teams; 2019 Morris County Teen Arts Festival, Select Choir awarded 1st place in Morris County and Falcon Big Band (jazz) awarded 2nd place in Morris County; 2019 NJ Association for Jazz Educators Middle School Jazz Festival, Outstanding Trumpet Section, Outstanding Trombone Section, 2 Outstanding Soloists, 2 Outstanding Performers; 2019-20 NJ Future City Competition: 1st place in NJ, competed in national championship in Washington, D.C.; 2020-21 Morris County Spelling Bee winner, who competed in the Scripps National Spelling Bee.

The school's 60-acre campus provides several fields and courts to support our extensive athletic program, the largest in Morris County. Included among our teams are field hockey, lacrosse, baseball, girls and boys soccer, girls and boys basketball, cheerleading, softball, wrestling, and cross-country. In 2019-20, we won County Championships in girls soccer and girls basketball, as well as second place County Championship finishes in field hockey, boys cross country, and girls cross country.

Morristown High School is a comprehensive four-year secondary school that serves a diverse population of over 1900 students, led by a staff of 167 educators (two-thirds of whom have advanced degrees). Our students avail themselves of the many opportunities provided by our local museums, historic sites, performing arts venues, colleges and universities, and civic institutions.

MHS provides a rigorous college preparatory curriculum, including 29 Advanced Placement and 38 Honors courses, complemented by a full range of co-curricular activities as well as 29 varsity athletic teams. Accredited by the Middle States Association of Colleges and Secondary Schools and the NJ Department of Education, MHS stands out among peer high schools for its programs in STEM, film and broadcasting, music, and theatre. We have a prestigious, application-only

STEM Academy with pathways in Biomedicine, Engineering, Architecture, Environmental Sustainability, Computer Science, Mathematics and General STEM, as well as a Humanities Academy, rooted in the Stanford University-based Design Thinking approach to creative problem solving.

As part of our commitment to graduating students with well-developed global competency, MHS participates in the NJ State Seal of Biliteracy Program, which grants certification of demonstrated linguistic proficiency in English as well as a second world language. Our official partnership with CIEE offers students Global Navigator Scholarships for life-changing study abroad experiences, with an emphasis on intercultural awareness and communication skills.

One of the advantages of a large and thriving Athletic Department is that we can provide more students more opportunities to participate in sports. On the one hand, MHS boasts highly competitive varsity teams and championship winners, and we regularly send student-athletes to Division I schools on athletic scholarship. Thus, for students who are serious about sports at the high school as well as collegiate level, MHS Athletics is an excellent training ground. But equally important are our robust junior varsity and freshman-level programs, where students develop and hone their skills early on and derive all the benefits that engagement in athletics brings. We are also proud to offer three Unified Sports Teams, which promote social inclusion through shared training and competition that join students with and without intellectual disabilities on the same team. This ability to provide a wide range of students a wide range of athletic experiences is something that distinguishes Morristown High School. We continue to explore athletic opportunities for our students; in the 2020-21 school year, for instance, we added a Girls Flag Football team and Girls Ice Hockey Team.

Among our recent accolades: 2019, 2020, 2021 NJ Mathematics League, #1 Math team in Morris County; 2 students qualified for 2020-21 U.S. Chemistry Olympiad National Competition; multiple students selected for 2021 North Jersey Area Band and NJSMA Region I Band; 2020 Foxy Awards, winner of Outstanding Achievement in Education and Outreach for *The Miracle Worker*; Girls Swim Team, undefeated season and 2021 Division Champions; 3 students named National Cyber Security Scholars; Golf Team, 2021 Morris County Championship; multiple awards for Speech & Debate Team, 2021; 3 2021 National Merit Finalists.

5. INTERNAL ACCOUNTING CONTROLS:

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as re-appropriation of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as an assignment of fund balance at June 30, 2021.

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

8. FINANCIAL INFORMATION AT FISCAL YEAR-END: As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the general fund, special revenue fund and debt service fund revenues for the fiscal year ended June 30, 2021 and the amount and percentage of increases/(decreases) in relation to prior year revenues.

<u>Revenue</u>	<u>2021</u>	<u>2020</u>	<u>\$</u> <u>Increase/</u> <u>(Decrease)</u>	<u>%</u> <u>Increase/</u> <u>(Decrease)</u>
Local Sources	\$ 100,728,804	\$ 98,723,583	\$ 2,005,221	2.03%
State Sources	37,381,849	28,307,681	9,074,168	32.06%
Federal Sources	4,650,409	2,498,380	2,152,029	86.14%
Total	<u>\$ 142,761,062</u>	<u>\$ 129,529,644</u>	<u>\$ 13,231,418</u>	<u>10.21%</u>

The following schedule presents a summary of the general fund and special revenue fund expenditures for the fiscal year ended June 30, 2021 and the amount and percentage of increases in relation to prior year expenditures.

Expenditures <u>Current Expenses</u>	2021	2020	\$ Increase/ (Decrease)	% Increase/ (Decrease)
Instruction	\$ 42,850,128	\$ 40,767,212	\$ 2,082,916	5.11%
Undistributed	77,989,259	75,864,875	2,124,384	2.80%
Capital Outlay	2,091,032	1,124,780	966,252	85.91%
Special Revenue	12,332,973	7,309,389	5,023,584	68.73%
Total	<u>\$ 135,263,392</u>	<u>\$ 125,066,256</u>	<u>\$ 10,197,136</u>	<u>8.15%</u>

9. DEBT ADMINISTRATION: The District has no outstanding bonded debt at June 30, 2021.

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

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

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

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'T. Ficarra', with a long horizontal flourish extending to the right.

Dr. Thomas Ficarra
Interim Superintendent

A handwritten signature in black ink, appearing to read 'A. Lo Franco', with a long horizontal flourish extending to the right.

Anthony Lo Franco
Business Administrator/Board Secretary

MORRIS SCHOOL DISTRICT

CENTRAL OFFICE

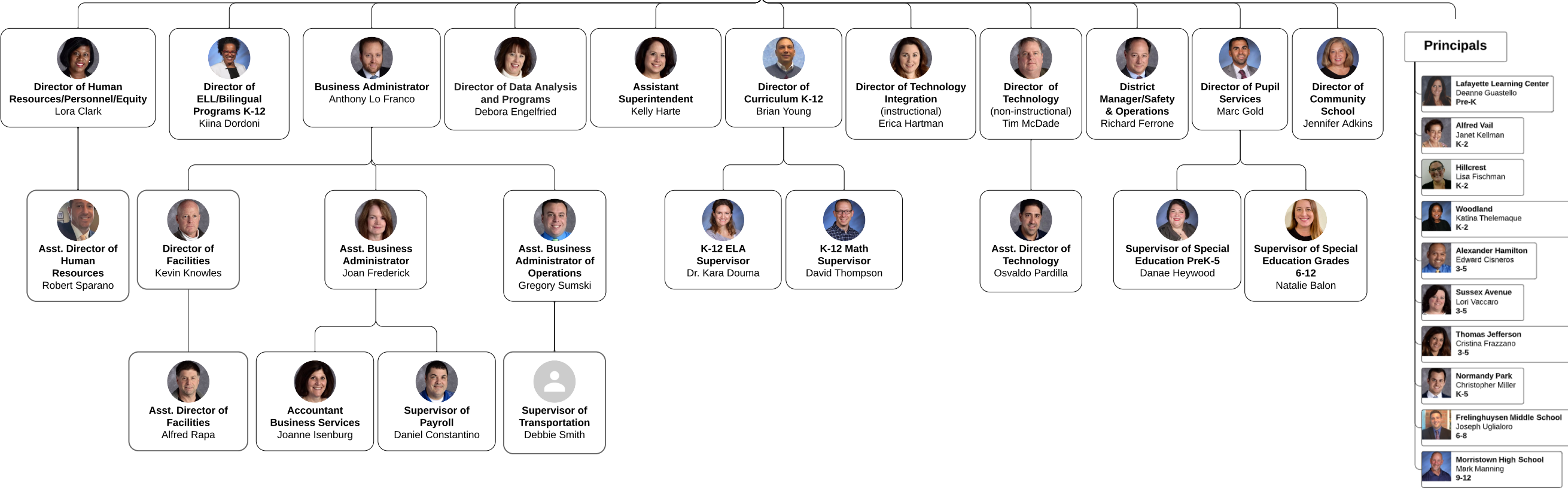
2020-2021

BOARD OF EDUCATION



SUPERINTENDENT

Mackey Pendergrast



MORRIS SCHOOL DISTRICT
BOARD OF EDUCATION
MORRIS COUNTY, NEW JERSEY

ROSTER OF OFFICEALS
JUNE 30, 2021

PRESIDENT

Mrs. Melissa Spiotta 2022

VICE-PRESIDENT

Ms. Linda K. Murphy 2021

MEMBERS

Mrs. Nancy Bangiola 2022

Ms. Meredith Davidson 2023

Mrs. Susan Pedalino 2022

Mrs. Ann Rhines 2021

Mr. Alan Smith 2023

Mrs. Elisabeth (Beth) Wall 2023

Vacant Morristown Seat 2021

Ms. Lucia Galdi (Morris Plains Rep)

OTHER OFFICIALS

S. Mackey Pendergrast, Superintendent of Schools

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

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

James McCreedy, Esq., Board Attorney

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Newark, N.J. 07102

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Morris School District, in the County of Morris, State of New Jersey (the "District"), as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2021 and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

We draw attention to Note 1 and Note 23 in the notes to financial statements which disclose the effects of the District's adoption of the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of the District's proportionate share of the net pension liability-PERS, schedule of District contributions-PERS, schedule of the State's proportionate share of the net pension liability associated with the District-TPAF, schedule of State's proportionate share of the OPEB liability associated with the District and budgetary comparison information as presented in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual fund financial statements, long-term debt schedules and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance)* and *New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, and are also not a required part of the basic financial statements.

The combining and individual fund financial statements, long-term debt schedules and schedules of expenditures of federal awards and state financial assistance 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records

used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, long-term debt schedules, schedule of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the financial statements as a whole.

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

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2022 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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.

PKF O'Connor Davies, LLP

Cranford, New Jersey
March 1, 2022



Andrew G. Hodulik
Public School Accountant, PSA # 841

REQUIRED SUPPLEMENTARY INFORMATION
PART I

MORRIS SCHOOL DISTRICT
Morristown, New Jersey
Morris County

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
June 30, 2021

This section of the District's annual financial report presents a discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2021. It should be read in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

The Management's Discussion and Analysis (MD&A) is Required Supplementary Information specified by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 *Basic Financial Statement—and Management's Discussion and Analysis—for State and Local Governments* issued June 1999 and amended by GASB Statement No. 37. Certain comparative information between the current year and the prior year is presented in the MD&A.

FINANCIAL HIGHLIGHTS

The key financial highlights for the 2020-2021 fiscal year include the following:

Governmental funds reported a total fund balance of \$41,771,613, which is a 30.4% increase over last year's total governmental fund balance. The general or operating fund balance was reported at \$38,595,188 of which \$5,731,271 was appropriated toward the 2021-2022 budget. The unassigned general fund balance is reported at \$6,810,429. Total spending for all governmental funds was \$135,616,377. Total revenues were \$142,761,062 resulting in an excess of revenues over expenditures of \$7,144,685 for the year. Revenues increased approximately \$13,231,000 over last year and included \$42.0 million in state and federal aid and \$95.3 million in local taxes.

The District held \$15.5 million in its capital reserve account as of June 30, 2021 and \$4.6 million in its maintenance reserve account.

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

Figure A-1

Organization of the School District Annual Financial Report

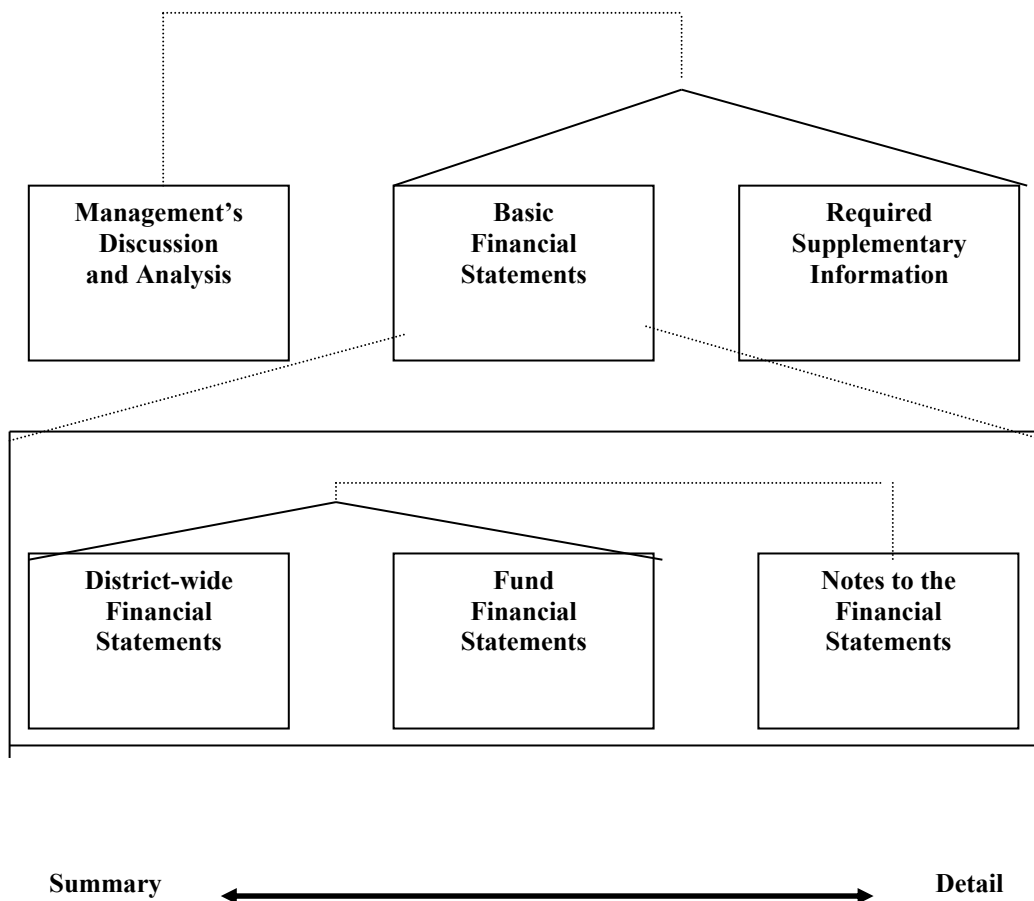


Figure A-2 summarizes the major features of the district's financial statements, including the portion of the district's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

Figure A-2 Major Features of the District-Wide and Fund Financial Statements			
	District-Wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire district	The activities of the district that are not proprietary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services and community school.
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 revenues, expenditures, and expenses changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenditures, and changes in net position • Statement of cash flows
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset / liability information	All assets, liabilities, deferred inflows/outflows of resources both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/out-flow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid

District-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The district has two types of funds:

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The school district's Governmental Activities net position was \$57,518,456 at June 30, 2021. Of this amount, \$27,351,738 was a deficit in unrestricted net position. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the school district's ability to use the net position for day-to-day operations. Our analysis below focuses on the net position (Exhibit 1) and change in net position (Figure A-4) of the school district's governmental activities.

Figure A - 3
Net Position
June 30,

	Governmental Activities <u>2021</u>	Governmental Activities <u>2020*</u>	% Increase (Decrease)
Current and Other Assets	\$ 45,623,540	\$ 37,253,399	22.5%
Capital Assets, Net	<u>54,821,770</u>	<u>54,861,620</u>	-0.1%
 Total Assets	 <u>100,445,310</u>	 <u>92,115,019</u>	 9.0%
 Deferred Outflows of Resources	 <u>4,543,879</u>	 <u>5,083,948</u>	 -10.6%
 Current and Other Liabilities	 6,472,238	 5,253,745	 23.2%
Long-term Liabilities	<u>30,040,335</u>	<u>31,599,119</u>	-4.9%
 Total Liabilities	 <u>36,512,573</u>	 <u>36,852,864</u>	 -0.9%
 Deferred Inflows of Resources	 <u>10,958,160</u>	 <u>11,047,238</u>	 -0.8%
 Net Position			
Net Investment in Capital Assets	51,476,541	52,065,708	-1.1%
Restricted	33,393,653	26,448,842	26.3%
Unrestricted	<u>(27,351,738)</u>	<u>(29,215,685)</u>	-6.4%
 Total Net Position	 <u>\$ 57,518,456</u>	 <u>\$ 49,298,865</u>	 16.7%

* Restated

The \$27,351,738 deficit in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. It means that if the district had to pay off all of its bills today including all of its non-capital liabilities (net pension liability and compensated absences for example), we would have a deficit of \$27,351,738.

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

Figure A - 4
Change in Net Position
Year Ended June 30,

	<u>2021</u>	<u>2020</u>	<u>Increase (Decrease)</u>
Revenues:			
Program revenue			
State grants & entitlements	\$ 55,236,862	\$ 36,765,669	\$ 18,471,193
General revenue			
Local tax levy	95,309,814	92,894,555	2,415,259
Federal and state aid	182,060	150,727	31,333
Miscellaneous revenues (Incl. special items & transfers)	3,929,558	4,172,137	(242,579)
Total general revenues	<u>99,421,432</u>	<u>97,217,419</u>	<u>2,204,013</u>
Total revenues	<u>154,658,294</u>	<u>133,983,088</u>	<u>20,675,206</u>
Function/program expense:			
Instruction			
Regular programs	37,313,269	34,895,344	2,417,925
Special programs	7,367,452	6,670,823	696,629
Other Instructional programs	4,589,432	4,624,499	(35,067)
Support services			
Tuition	5,050,199	5,370,532	(320,333)
Student services	20,869,737	16,597,308	4,272,429
Instructional staff support			
School administration	3,918,595	3,916,523	2,072
General administration and business services	3,487,420	3,381,422	105,998
Plant services	8,679,155	9,492,529	(813,374)
Student transportation	6,531,871	6,945,237	(413,366)
Unallocated benefits	48,299,957	37,997,650	10,302,307
Unallocated depreciation and amortization	273,370	231,182	42,188
Capital Outlay	11,131	72,160	(61,029)
Interest on long-term debt	47,115	44,349	2,766
Total expenses	<u>146,438,703</u>	<u>130,239,558</u>	<u>16,199,145</u>
Change in Net Position	8,219,591	3,743,530	4,476,061
Restatement Adjustment		2,352,518	
Net Position - Beginning, restated	<u>49,298,865</u>	<u>43,202,817</u>	
Net Position - Ending	<u>\$ 57,518,456</u>	<u>\$ 49,298,865</u>	

Governmental Activities

As reported in the Statement of Activities, the cost of all our governmental activities this year was \$146,438,703. These costs were financed by \$95,309,814 in local property school taxes, \$55,418,922 in federal and state aid and \$3,929,558 in miscellaneous revenues including interest, general entitlements and transfers.

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

Figure A-5
Governmental Activities – Total Cost of Services

	<u>2021</u>	<u>2020</u>
Regular Programs Instruction	\$ 37,313,269	\$ 34,895,344
Unallocated Benefits	48,299,957	37,997,650
Student Service	20,869,737	16,597,308
Plant Services	8,679,155	9,492,529
Transportation	6,531,871	6,945,237
Special Programs Instruction	7,367,452	6,670,823
Tuition	5,050,199	5,370,532
All Others	<u>12,327,063</u>	<u>12,270,135</u>
	<u>\$ 146,438,703</u>	<u>\$ 130,239,558</u>

Financial Analysis of the District's Funds

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

As the school district completed this year, our governmental funds reported a combined fund balance of \$41,771,613, which is an increase of \$7,380,719 from last year's fund balance amount, as restated. The increase largely was due to increase in local tax levy and federal and state aid.

General Fund Budgetary Highlights

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

Actual revenues reflect a positive variance of \$23.0 million. This is due primarily to:

1. The State reimbursement in the amount of \$18.9 million for TPAF pension and post retirement medical and social security contributions. This is always a non-budgeted item that the State requires be included in the final audit.

Actual expenditures reflect a negative variance of \$9.7 million. This is due to the State requirement to include TPAF and social security contributions totaling \$18.9 million in the audit. Absent the TPAF adjustment the variance is a positive \$9.2 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2021, the school district had \$93,585,749 invested in a broad range of capital assets, including land, buildings, building improvements, other improvements, construction in progress, vehicles, furniture and equipment. This amount represents a net increase (including additions and deletions) of \$1,991,642 or 2.2% percent, from last year.

Figure A-6
Capital Assets at Year-End

	Governmental Activities <u>2021</u>	Governmental Activities <u>2020</u>
Land	\$ 3,331,700	\$ 3,331,700
Construction in Progress	352,985	1,835,669
Building and Improvements	75,032,766	73,197,097
Furniture, Equip. & Vehicles	<u>14,868,298</u>	<u>13,229,641</u>
	<u>\$ 93,585,749</u>	<u>\$ 91,594,107</u>

Construction in progress decreased in the current year compared to the prior year due to several projects being completed and other projects being started by the board at June 30, 2021. Construction on projects slowed due to the COVID-19 pandemic.

Long-Term Debt

At the end of this year, the school district had \$3,345,229 in lease purchase obligations outstanding versus \$2,795,912 in capital leases last year – an increase of 19.6%. The long-term debt consisted of:

Figure A-7
Outstanding Debt at Year-End

	Governmental Activities <u>2021</u>	Governmental Activities <u>2020</u>
Lease Purchase Obligations	\$3,345,229	\$2,795,912

The school district's general obligation bond rating continues to be AA. The state limits the amount of general obligation debt that cities can issue to 3% of the average state equalized assessed value of the taxable property within the school district's corporate limits. The school district's outstanding general obligation debt of \$3,345,229 is significantly below the \$258,671,763 statutorily-imposed limit.

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

FACTORS AFFECTING THE DISTRICT'S FUTURE

- A significant element is the continued increase and demographic makeup of our student population throughout the district. Overall enrollment has increased 1.9% over the last 10 years. The District's Architect is in the process of evaluating all buildings to evaluate needed repairs due to the age of our buildings and a possible expansion at the middle school due to the population of students and program growth.
- Another particularly significant element is the restriction of the district's budget increase to 2% of its statutory tax levy. This cap along with increasing expenses continues to exert pressure on the district's budget.
- Employment contracts are set to expire on June 30, 2022, we will begin negotiations with all unions in the Winter of 2022.
- The district has been utilizing capital reserve funds for building renovations. The June 30, 2021 balance was \$15 million. This reserve will serve the district well in planning and executing necessary capital projects for the district in the future.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS
SECTION - A

MORRIS SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 20,281,746	\$ 609,606	\$ 20,891,352
Receivables, net	5,289,634	133,247	5,422,881
Inventory		24,670	24,670
Restricted Assets:			
Capital Reserve Account - cash	15,452,444		15,452,444
Maintenance Reserve Account - cash	4,599,716		4,599,716
Capital assets, net	54,821,770	224,498	55,046,268
Total Assets	100,445,310	992,021	101,437,331
DEFERRED OUTFLOWS OF RESOURCES			
Pension Deferrals	4,543,879		4,543,879
LIABILITIES			
Accounts payable	4,002,202	136,377	4,138,579
Accrued interest payable	50,510		50,510
Payroll deductions and withholdings payable	655,807		655,807
Unemployment compensation claims payable	102,601		102,601
Unearned Revenue	780,831	139,140	919,971
Noncurrent liabilities:			
Due within one year	880,287		880,287
Due beyond one year	6,318,242	16,524	6,334,766
Net Pension Liability	23,722,093		23,722,093
Total Liabilities	36,512,573	292,041	36,804,614
DEFERRED INFLOWS OF RESOURCES			
Pension Deferrals	10,958,160		10,958,160
NET POSITION			
Net investment in capital assets	51,476,541	224,498	51,701,039
Restricted for:			
Capital projects	2,925,285		2,925,285
Other purposes	30,468,368		30,468,368
Unrestricted(Deficit)	(27,351,738)	475,482	(26,876,256)
Total Net Position	\$ 57,518,456	\$ 699,980	\$ 58,218,436

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

Exhibit A-2

MORRIS SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:						
Instruction:						
Regular	\$ 37,313,269	\$ -	\$ -	\$ (37,313,269)	\$ -	\$ (37,313,269)
Special education	7,367,452		11,706,956	4,339,504		4,339,504
Other special instruction	3,236,607			(3,236,607)		(3,236,607)
Other instruction	1,352,825			(1,352,825)		(1,352,825)
Support services:						
Tuition	5,050,199		1,716,414	(3,333,785)		(3,333,785)
Student & instruction related services	20,869,737		7,831,353	(13,038,384)		(13,038,384)
School administrative services	3,918,595			(3,918,595)		(3,918,595)
General and business administrative services	3,487,420			(3,487,420)		(3,487,420)
Plant operations and maintenance	8,679,155			(8,679,155)		(8,679,155)
Pupil transportation	6,531,871		1,846,139	(4,685,732)		(4,685,732)
Unallocated benefits	48,299,957		32,073,101	(16,226,856)		(16,226,856)
Interest on long-term debt	47,115			(47,115)		(47,115)
Unallocated depreciation and amortization	273,370			(273,370)		(273,370)
Capital Outlay	11,131		62,899	51,768		51,768
Total governmental activities	146,438,703	-	55,236,862	(91,201,841)	-	(91,201,841)
Business-type activities:						
Food Service	1,275,986	33,915	1,421,958		179,887	179,887
Community School	682,827	465,252			(217,575)	(217,575)
Total business-type activities	1,958,813	499,167	1,421,958	-	(37,688)	(37,688)
Total primary government	\$ 148,397,516	\$ 499,167	\$ 56,658,820	\$ (91,201,841)	\$ (37,688)	\$ (91,239,529)
General Revenues:						
Taxes:						
Property taxes, levied for general purposes				\$ 95,309,814	\$ -	\$ 95,309,814
Federal and State aid not restricted				182,060		182,060
Tuition received				4,814,832		4,814,832
Investment/Miscellaneous Earnings				428,407	765	429,172
Loss on disposal of assets				(37,376)		(37,376)
Total General Revenues				100,697,737	765	100,698,502
Transfer of Funds to Charter School				(1,276,305)		(1,276,305)
Total General Revenues and Other Sources/(Uses)				99,421,432	765	99,422,197
Change in Net Position				8,219,591	(36,923)	8,182,668
Net Position—beginning, restated				49,298,865	736,903	50,035,768
Net Position—ending				\$ 57,518,456	\$ 699,980	\$ 58,218,436

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

FUND FINANCIAL STATEMENTS
SECTION - B

GOVERNMENTAL FUNDS

MORRIS SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

Exhibit B-1
Page 1 of 2

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS:				
Cash and Cash Equivalents	\$ 16,303,258	\$ 1,043,529	\$ 2,934,959	\$ 20,281,746
Accounts Receivable:				
Due from other governments	3,928,877	641,110		4,569,987
Tuition	534,761			534,761
Other Accounts Receivable	147,181	37,705		184,886
Restricted cash and cash equivalents	<u>20,052,160</u>			<u>20,052,160</u>
Total Assets	<u><u>\$ 40,966,237</u></u>	<u><u>\$ 1,722,344</u></u>	<u><u>\$ 2,934,959</u></u>	<u><u>\$ 45,623,540</u></u>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts Payable	\$ 1,612,641	\$ 532,400	\$ 9,674	\$ 2,154,715
Intergovernmental Payable		157,973		157,973
Payroll Deductions and Withholdings Payable	655,807			655,807
Unemployment Compensation Claims Payable	102,601			102,601
Unearned Revenue		<u>780,831</u>		<u>780,831</u>
Total Liabilities	<u>2,371,049</u>	<u>1,471,204</u>	<u>9,674</u>	<u>3,851,927</u>
Fund Balances:				
Restricted Fund Balance:				
Capital Reserve Account	15,452,444			15,452,444
Maintenance Reserve Account	4,599,716			4,599,716
Excess Surplus - Designated for Subsequent Years Expenditures	4,716,664			4,716,664
Reserve for Excess Surplus	3,361,726			3,361,726
Capital Projects			2,925,285	2,925,285
Unemployment Reserve	2,086,678			2,086,678
Student Activities		157,145		157,145
Scholarships		93,995		93,995
Assigned Fund Balance:				
Year-end Encumbrances	552,924			552,924
Designated for Subsequent Year's Expenditures	1,014,607			1,014,607
Unassigned Fund Balance	<u>6,810,429</u>			<u>6,810,429</u>
Total Fund Balances	<u>38,595,188</u>	<u>251,140</u>	<u>2,925,285</u>	<u>41,771,613</u>
Total Liabilities and Fund Balances	<u><u>\$ 40,966,237</u></u>	<u><u>\$ 1,722,344</u></u>	<u><u>\$ 2,934,959</u></u>	<u><u>\$ 45,623,540</u></u>

MORRIS SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

Exhibit B-1
Page 2 of 2

Amounts reported for *governmental activities* in the statement of net position (A-1) are different because:

\$ 41,771,613

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$93,585,749, and the accumulated depreciation is \$38,763,979.

54,821,770

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.

(7,198,529)

Short-term liabilities, including accrued interest on long-term debt, are not due payable in the current period and therefore are not reported as liabilities in the funds.

(50,510)

The Net Pension Liability, and associated Deferred Inflows and Outflows of Resources of the District relating to its participation in the PERS system are not recognized in the funds using the current financial resources measurement focus, but are recognized in the statement of net position using the economic resources measurement focus. Carrying amounts are as follows:

Deferred Outflows of Resources:

Difference between expected and actual experience	431,940
Change in Pension Assumptions	769,572
Difference in Pension Earnings	810,840
Change in Pension Proportion	842,013
Pension Payment Subsequent to Measurement Date	1,689,514

Accounts Payable for Pension Expense

(1,689,514)

Net Pension Liability

(23,722,093)

Deferred Inflows of Resources:

Difference between expected and actual experience	(83,892)
Change in Pension Assumptions	(9,932,665)
Change in Pension Proportion	(941,603)

Net position of governmental activities

\$ 57,518,456

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

MORRIS SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
REVENUES				
Local tax levy	\$ 95,309,814	\$	\$	\$ 95,309,814
Tuition charges	4,814,832			4,814,832
Miscellaneous	265,768			265,768
Local sources		875,667		875,667
State sources	29,871,014	6,973,558		36,844,572
Federal sources	182,060	4,468,349		4,650,409
Total revenues	<u>130,443,488</u>	<u>12,317,574</u>	<u>-</u>	<u>142,761,062</u>
EXPENDITURES				
Current:				
Regular instruction	30,893,244	4,260,683		35,153,927
Special education instruction	7,367,452			7,367,452
Other special instruction	3,236,607			3,236,607
Other instruction	1,352,825			1,352,825
Support services and undistributed costs:				
Tuition	5,050,199			5,050,199
Student & instruction related services	12,860,346	8,009,391		20,869,737
School administrative services	3,918,595			3,918,595
Other administrative services	3,487,420			3,487,420
Plant operations and maintenance	8,935,912			8,935,912
Pupil transportation	7,210,327			7,210,327
Unallocated Benefits	36,526,460			36,526,460
Capital outlay	2,091,032	62,899	352,985	2,506,916
Total expenditures	<u>122,930,419</u>	<u>12,332,973</u>	<u>352,985</u>	<u>135,616,377</u>
Excess (Deficiency) of revenues over expenditures	<u>7,513,069</u>	<u>(15,399)</u>	<u>(352,985)</u>	<u>7,144,685</u>
OTHER FINANCING SOURCES (USES)				
Capital leases (non-budgeted)	1,512,339			1,512,339
Transfers in			1,603,001	1,603,001
Transfers out	(2,879,306)			(2,879,306)
Total other financing sources and uses	<u>(1,366,967)</u>	<u>-</u>	<u>1,603,001</u>	<u>236,034</u>
Net change in fund balances	6,146,102	(15,399)	1,250,016	7,380,719
Fund balance—July 1, Restated	32,449,086	266,539	1,675,269	34,390,894
Fund balance—June 30	\$ <u>38,595,188</u>	\$ <u>251,140</u>	\$ <u>2,925,285</u>	\$ <u>41,771,613</u>

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

MORRIS SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Total net change in fund balances - governmental funds (from B-2)	\$ 7,380,719
Amounts reported for governmental activities in the statement of activities (A-2) are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays did not exceed depreciation in the period.	
Depreciation expense	\$ (2,485,182)
Capital outlays	<u>2,482,708</u> (2,474)
Repayment of bond and lease obligation (long-term debt) principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.	987,683
Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net position. Capital lease proceeds	(1,537,000)
In the statement of activities, only the loss on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from a sale increase financial resources. Thus, the change in net position will differ from the change in fund balance by the cost of the asset removed.	(37,376)
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation.	(9,377)
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).	(16,447)
Pension expenditures in the governmental funds are recognized when paid or payable from expendable available financial resources. In the statement of activities, pension costs are recognized on a full accrual basis utilizing actuarial valuations. The amount by which actuarially calculated pension expense exceeds the expenditure reported in the funds is a deduction.	<u>1,453,863</u>
Change in net position of governmental activities (A-2)	<u>\$ 8,219,591</u>

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

PROPRIETARY FUNDS

MORRIS SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021

	Business Type Activities - Enterprise Funds		
	Major Funds		
	Food Service	Community School	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 272,581	\$ 337,025	\$ 609,606
Receivables from other governments	103,612		103,612
Accounts receivable	22,646	6,989	29,635
Inventories	24,670		24,670
Total current assets	<u>423,509</u>	<u>344,014</u>	<u>767,523</u>
Noncurrent assets:			
Furniture, machinery & equipment	772,770	30,043	802,813
Less accumulated depreciation	<u>(562,590)</u>	<u>(15,725)</u>	<u>(578,315)</u>
Total noncurrent assets	<u>210,180</u>	<u>14,318</u>	<u>224,498</u>
Total assets	<u>\$ 633,689</u>	<u>\$ 358,332</u>	<u>\$ 992,021</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 111,743	\$ 24,634	\$ 136,377
Unearned revenue	<u>35,850</u>	<u>103,290</u>	<u>139,140</u>
Total current liabilities	<u>147,593</u>	<u>127,924</u>	<u>275,517</u>
Noncurrent Liabilities:			
Compensated absences		16,524	16,524
Total noncurrent liabilities	<u>-</u>	<u>16,524</u>	<u>16,524</u>
Total liabilities	<u>147,593</u>	<u>144,448</u>	<u>292,041</u>
NET POSITION			
Investment in capital assets	210,180	14,318	224,498
Unrestricted	<u>275,916</u>	<u>199,566</u>	<u>475,482</u>
Total net position	<u>\$ 486,096</u>	<u>\$ 213,884</u>	<u>\$ 699,980</u>

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

MORRIS SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Business Type Activities - Enterprise Fund		
	Major Funds		Total
	Food Service	Community School	Enterprise Fund
Operating revenues:			
Charges for services:			
Daily sales - Reimbursable programs	\$ -	\$	\$ -
Daily sales - Non-Reimbursable programs	33,915		33,915
Program Fees		465,252	465,252
Total operating revenues	33,915	465,252	499,167
Operating expenses:			
Cost of sales - program	454,073		454,073
Cost of sales - nonprogram	11,951		11,951
Salaries	54,034	448,353	502,387
Employee benefits	21,077	72,608	93,685
Rent		40,500	40,500
Purchased professional services	14,088	31,898	45,986
Other purchased services	601,592	15,851	617,443
Supplies and materials	36,452	50,839	87,291
Other expenses	65,254	20,875	86,129
Depreciation	17,465	1,903	19,368
Total Operating Expenses	1,275,986	682,827	1,958,813
Operating income (loss)	(1,242,071)	(217,575)	(1,459,646)
Nonoperating revenues (expenses):			
State sources:			
State school lunch program	33,905		33,905
Additional subsidy	3,807		3,807
Federal sources:			
National School lunch program	771,941		771,941
National School breakfast program	484,756		484,756
Food distribution program	127,549		127,549
Interest and investment revenue	27	738	765
Total nonoperating revenues (expenses)	1,421,985	738	1,422,723
Change in net position	179,914	(216,837)	(36,923)
Total net position—beginning	306,182	430,721	736,903
Total net position—ending	\$ 486,096	\$ 213,884	\$ 699,980

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

MORRIS SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Business Type Activities - Enterprise Fund		
	Major Funds		
	Food Service Fund	Community School	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 55,160	\$ 574,857	\$ 630,017
Payments to suppliers	(1,053,371)	(153,548)	(1,206,919)
Payments to employees		(448,353)	(448,353)
Payments for employee benefits		(77,416)	(77,416)
Net cash provided by (used for) operating activities	<u>(998,211)</u>	<u>(104,460)</u>	<u>(1,102,671)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Federal and State Sources	1,272,864		1,272,864
Net cash provided by non-capital financing activities	<u>1,272,864</u>	<u>-</u>	<u>1,272,864</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase Capital Assets	<u>(4,691)</u>	<u>(13,515)</u>	<u>(18,206)</u>
Net cash (used for) capital and related financing activities	<u>(4,691)</u>	<u>(13,515)</u>	<u>(18,206)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	<u>27</u>	<u>738</u>	<u>765</u>
Net cash provided by investing activities	<u>27</u>	<u>738</u>	<u>765</u>
Net increase (decrease) in cash and cash equivalents	269,989	(117,237)	152,752
Balances—beginning of year	2,592	454,262	456,854
Balances—end of year	<u>\$ 272,581</u>	<u>\$ 337,025</u>	<u>\$ 609,606</u>
Reconciliation of operating (loss) to net cash (used for) operating activities:			
Operating (loss)	\$ (1,242,071)	\$ (217,575)	\$ (1,459,646)
Adjustments to reconcile operating (loss) to net cash provided by (used for) operating activities			
Depreciation and net amortization	17,465	1,903	19,368
Decrease in Accounts Receivable - Net	21,245	411	21,656
(Increase) in Inventory	(9,924)		(9,924)
Decrease in Prepaid Expenses		2,391	2,391
(Decrease) in Compensated Absences		(4,807)	(4,807)
Increase (Decrease) in Accounts Payable	45,805	4,024	49,829
(Decrease) in Unearned Revenue	(3,917)	103,290	99,373
(Increase) Decrease in Interfunds Receivable	45,637	5,903	51,540
Food Distribution Program	127,549		127,549
Total adjustments	<u>243,860</u>	<u>113,115</u>	<u>356,975</u>
Net cash (used for) operating activities	<u>\$ (998,211)</u>	<u>\$ (104,460)</u>	<u>\$ (1,102,671)</u>

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

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-Wide Financial Statements

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

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

B. Reporting Entity

The Morris School District is a Combined Type II district located in the County of Morris, State of New Jersey, comprising the Town of Morristown and the Township of Morris. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms and one sending district member appointed annually. The purpose of the district is to educate students in grades K-12. The Morris School District had an approximate enrollment at June 30, 2021 of 5,020 students.

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

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

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

C. Basis of Presentation – Government-Wide Financial Statements

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

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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

D. Basis of Presentation - Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

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

Since the District's unemployment, payroll, and payroll agency funds do not meet the new criteria defined by the new Government Accounting Standards Board Statement No. 84, the unemployment compensation fund which is used to account for contributions from the District and employees and interest earned on the balance as well as payments to the State for reimbursement of unemployment claims and the payroll and payroll agency funds which are used to account for the assets that the District holds on behalf of others as their agent are reported in the general fund as governmental activities effective June 30, 2021.

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

Since the District's student activity and scholarship funds do not meet the new criteria defined by the new Government Accounting Standards Board Statement No. 84, the student activities which is used to account for funds derived from athletic events or other activities of pupil organizations and to account for the accumulation of money to pay for student group activities and the private purpose scholarship fund which is utilized to provide scholarships to students and to account for the related transactions are reported in the special revenue fund as governmental activities effective June 30, 2021.

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

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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

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

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

The District reports the following proprietary funds:

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

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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

E. Measurement Focus and Basis of Accounting

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

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

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

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

The District's proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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

F. Budgets/Budgetary Control

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

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

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

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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

F. Budgets/Budgetary Control (cont'd)

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources:		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 130,816,344	\$ 12,317,574
Difference - budget to GAAP:		
Grant accounting budgetary differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized - net		
State aid payment recognized for budgetary purposes, not recognized for GAAP statements	(1,366,703)	
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes	<u>993,847</u>	
Total revenues as reported on the statement of revenues, expenses and changes in fund balance - governmental funds	<u><u>\$ 130,443,488</u></u>	<u><u>\$ 12,317,574</u></u>
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 122,930,419	\$ 12,332,973
Differences - budgetary to GAAP		
Encumbrances for supplies and equipment ordered, but not received is reported in the year the order is place for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Total expenditures as reported on the statement of revenues, expenses, and changes in fund balances - governmental funds (B-2)	<u><u>\$ 122,930,419</u></u>	<u><u>\$ 12,332,973</u></u>

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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

G. Cash, Cash Equivalents and Investments

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

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

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

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

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

H. Tuition Receivable/Payable

Tuition charges for the fiscal years 2019-2020 and 2020-2021 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined. Adjustments were made to the preliminary rates originally established for the 2021-2022 school year based upon the certification of 2019-2020 rates.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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

I. Inventories and Prepaid Expenses

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

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

Payments made to vendors for services that will benefit periods beyond June 30, 2021 are recorded as prepaid items in both the government-wide and fund financial statements.

J. Short-Term Interfund Receivables/Payables

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

K. Capital Assets

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

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

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

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

Donated capital assets are valued at their acquisition value on the date of acquisition. The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend the asset's lives are not capitalized.

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

	<u>Years</u>
Machinery and Equipment	15-20
Buildings	50-100
Building improvements	20
Vehicles	5-10

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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

L. Compensated Absences

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

Liabilities for compensated absences have been recorded in the District's Government-wide Governmental Fund and the District's Business-Type Activities.

M. Pensions

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

N. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position may report a separate section for *deferred outflows of resources*. This separate financial statement element represents a consumption of net position that applies to a future period(s) and will not be recorded as an outflow of resources (expenditure/expense) until that time. Currently, the District has one item that qualifies for reporting in this category, deferred amounts related to pensions. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category, deferred amounts related to pensions.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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

O. Unearned Revenue/Advances from Grantors

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

P. Net Position Flow Assumption (Government-Wide and Proprietary Fund Financial Statements)

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

Q. Fund Balance Flow Assumption (Governmental Fund Financial Statements)

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

R. Fund Balance Policies

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

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

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

S. Recently Issued Accounting Pronouncements

The GASB issued Statement No. 84, *Fiduciary Activities* in January 2017. This Statement establishes standards of accounting and financial reporting for fiduciary activities. The requirements of this Statement are effective for periods beginning after December 15, 2018. Due to the COVID-19 pandemic, the effective date has been postponed. Management has appropriately implemented this standard for the year ended June 30, 2021.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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

S. Recently Issued Accounting Pronouncements (cont'd)

The GASB issued Statement No. 87, *Leases* in June 2017. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for periods beginning after December 15, 2019. Due to the COVID-19 pandemic, the effective date has been postponed by eighteen months. Management has not determined the impact of the Statement on the financial statements.

T. District-Wide Financial Statement Classifications

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

U. Proprietary Fund Operating and Nonoperating Revenues and Expenses

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

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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

V. Reconciliation of Government-Wide and Fund Financial Statements

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

Total Governmental Fund Balance (B-1)	\$ 41,771,613
Adjustments to Government-Wide Net Position:	
Capital Assets (Note 3)	54,821,771
Long-Term Liabilities (Note 4)	(7,198,530)
Net Pension Liability	(23,722,093)
Other items not recognized in Fund Financial Statements:	
Deferred Inflows of Financial Resources	(10,958,160)
Deferred Outflows of Financial Resources	4,543,879
Accrued Current Period Pension Liability	(1,689,514)
Accrued Interest on Long-term Debt	(50,510)
	<hr/>
Net Position of Governmental Activities	\$ 57,518,456

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

Total Net Change Governmental Fund Balance (B-2)	\$ 7,380,719
Adjustments to District-Wide Net Position:	
Depreciation on Capital Assets (see Note 3)	(2,485,182)
Capital Outlays	2,482,708
Repayment of Long-Term Liabilities (see Note 4)	987,683
Proceeds from debt issues, Capital Leases	(1,537,000)
Change in net assets	(37,376)
Net Increase in Pension Expense	1,453,863
Increase in Value of Compensated Absences	(16,447)
Interest on Long-Term Debt (Accrual Basis for District-Wide)	(9,377)
	<hr/>
Change in Net Position of Governmental Activities	\$ 8,219,591

W. Management Estimates

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

MORRIS SCHOOL DISTRICT
COUNTY OF MORRIS, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

At June 30, 2021, the book value of the District's cash, cash equivalents and investments was \$40,943,515.

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

<u>Depository Account</u>	<u>Bank Balance</u>
Insured - FDIC	\$ 250,000
Insured – NJGUDPA (N.J.S.A.17:941)	<u>42,571,703</u>
Total Deposits	<u>\$42,821,703</u>

Custodial Credit Risk – Deposits - Custodial credit risk is the risk that in the event of a bank failure, the board's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2021, none of the Board's bank balance of \$42,821,703 was considered exposed to custodial risk. (See Note 1-G relating to statutory mitigation of custodial risk in the event of a bank failure).

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

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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

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

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

As of June 30, 2021, the District held no investments.

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

As of June 30, 2021, the District had no funds on deposit with the New Jersey Cash Management Fund.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3. DISCLOSURE OF INFORMATION ABOUT CAPITAL ASSETS

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

Total capital assets at cost	\$ 93,585,749
Less: accumulated depreciation	<u>(38,763,979)</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 54,821,770</u></u>

Capital asset activity for the year ended June 30, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets That Are Not Being Depreciated:				
Land	\$ 3,331,700	\$	\$	\$ 3,331,700
Construction in Progress	<u>1,835,669</u>	<u>352,985</u>	<u>(1,835,669)</u>	<u>352,985</u>
Total Capital Assets Not Being Depreciated	<u>5,167,369</u>	<u>352,985</u>	<u>(1,835,669)</u>	<u>3,684,685</u>
Building and Building Improvements	73,197,097		1,835,669	75,032,766
Machinery, Equipment, Furniture & Vehicles	<u>13,229,641</u>	<u>2,129,723</u>	<u>(491,066)</u>	<u>14,868,298</u>
Totals at Historical Cost	<u>86,426,738</u>	<u>2,129,723</u>	<u>1,344,603</u>	<u>89,901,064</u>
Less Accumulated Depreciation For:				
Building and Building Improvements	(28,079,472)	(1,353,152)		(29,432,624)
Equipment, Furniture, and Vehicles	<u>(8,653,015)</u>	<u>(1,132,030)</u>	<u>453,690</u>	<u>(9,331,355)</u>
Total Accumulated Depreciation	<u>(36,732,487)</u>	<u>(2,485,182)</u>	<u>453,690</u>	<u>(38,763,979)</u>
Total Capital Assets Being Depreciated (Net of Accumulated Depreciation)	<u>49,694,251</u>	<u>(355,459)</u>	<u>1,798,293</u>	<u>51,137,085</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 54,861,620</u></u>	<u><u>\$ (2,474)</u></u>	<u><u>\$ (37,376)</u></u>	<u><u>\$ 54,821,770</u></u>
Business-type Activities				
Equipment	\$ 784,608	\$ 18,205	\$	\$ 802,813
Less Accumulated Depreciation for:				
Equipment	<u>(558,948)</u>	<u>(19,367)</u>		<u>(578,315)</u>
Business-type Activities Capital Assets, Net	<u><u>\$ 225,660</u></u>	<u><u>\$ (1,162)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 224,498</u></u>

* Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 2,211,812
Unallocated	<u>273,370</u>
Total depreciation expense	<u><u>\$ 2,485,182</u></u>

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4. LONG TERM LIABILITIES

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

Long-term liability activity for the year ended June 30, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Other Liabilities:					
Obligations Under Capital Lease	\$ 2,795,912	\$ 1,537,000	\$ 987,683	\$ 3,345,229	\$ 880,287
Compensated Absences Payable	3,836,853	16,447		3,853,300	
Total Other Liabilities	<u>6,632,765</u>	<u>1,553,447</u>	<u>987,683</u>	<u>7,198,529</u>	<u>880,287</u>
Subtotal	6,632,765	1,553,447	987,683	7,198,529	880,287
Net Pension Liability (PERS)	<u>25,725,108</u>		<u>2,003,015</u>	<u>23,722,093</u>	
Total Liabilities	<u>\$ 32,357,873</u>	<u>\$ 1,553,447</u>	<u>\$ 2,990,698</u>	<u>\$ 30,920,622</u>	<u>\$ 880,287</u>
Business-type activities					
Enterprise fund:					
Compensated Absences Payable	\$ 21,331	\$ -	\$ 4,807	\$ 16,524	\$ -
Total Liabilities	<u>\$ 21,331</u>	<u>\$ -</u>	<u>\$ 4,807</u>	<u>\$ 16,524</u>	<u>\$ -</u>

MORRIS SCHOOL DISTRICT
COUNTY OF MORRIS, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4. LONG-TERM LIABILITIES (CONT'D)

A. Bonds Payable -- Bonds are authorized in accordance with State law by the voters of the District through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds. As of June 30, 2021, the District has no bonds outstanding.

B. Bonds Authorized But Not Issued -- As of June 30, 2021, the District had no bonds authorized but not issued.

C. Capital Leases --The District is leasing various equipment totaling \$3,345,229. The following is a schedule of the future minimum lease payments under this capital lease and the net minimum lease payments at June 30, 2021.

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 880,287	\$ 61,318	\$ 941,605
2023	1,228,825	43,299	1,272,124
2024	415,223	18,835	434,058
2025	404,480	10,567	415,047
2026	<u>416,414</u>	<u>2,086</u>	<u>418,500</u>
Total	<u>\$ 3,345,229</u>	<u>\$ 136,105</u>	<u>\$ 3,481,334</u>

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5. PENSION PLANS

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

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

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

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

Plan Membership and Contributing Employers- Substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency are enrolled in PERS, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or other jurisdiction's pension fund. Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Inactive plan members or beneficiaries currently receiving benefits	182,492	178,748
Inactive plan members entitles to but not yet receiving benefits	942	609
Active plan members	<u>249,045</u>	<u>252,598</u>
Total	<u>432,479</u>	<u>431,955</u>
Contributing Employers	1,691	1,697
Contributing Nonemployers	1	1

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

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5. PENSION PLANS (CONT'D)

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

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

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

Payrolls and Covered Wages- For the year ended June 30, 2021 and 2020, the Board's total payroll for all employees was \$66,143,653 and \$64,853,540, respectively. Total PERS covered payroll was \$10,804,652 and \$10,445,967, respectively. Covered wages refers to eligible compensation paid by the Board to active employees covered by the Plan.

Specific Contribution Requirements and benefit provisions – The contribution policy is set by N.J.S.A 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2020, the State's pension contribution was less than the actuarial determined amount. The District's cash contributions to the Plan for the years ended June 30, 2021 and 2020 were \$1,591,353 and \$1,394,605, respectively, equal to the required contributions. The District's Contributions are due and payable in the fiscal period subsequent to plan year for which the contributions requirements were calculated.

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

The following represents the membership tiers for PERS:

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

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

MORRIS SCHOOL DISTRICT
COUNTY OF MORRIS, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 5. PENSION PLANS (CONT'D)

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

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – At June 30, 2021, the District reported a liability of \$23,722,093 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to that date. 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 entities, actuarially determined. At June 30, 2020, the District's proportion was 0.1454684068%, which was an increase of 0.0026977438% from its proportion measure as of June 30, 2019.

For the year ended June 30, 2021, the District recognized pension expenses of \$137,487. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 431,940	\$ 83,892
Change in assumptions	769,572	9,932,665
Net difference between projected and actual investment earnings on pension plan investments	810,840	
Change in proportion	842,013	941,603
District contributions subsequent to the measurement date	<u>1,689,514</u>	
Total	<u>\$ 4,543,879</u>	<u>\$ 10,958,160</u>

The \$1,689,514 of deferred outflows of resources resulting from the Board's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ending <u>June 30,</u>	
2022	\$ (3,206,526)
2023	(2,817,312)
2024	(1,462,593)
2025	(498,362)
2026	<u>(119,002)</u>
	<u>\$ (8,103,795)</u>

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5. PENSION PLANS (CONT'D)

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

Actuarial Assumptions- The collective total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions:

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	2.00-6.00%
Through 2026	Based on years of service
Thereafter	3.00-7.00%
	Based on years of service
Investment rate of return	7.00%

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 a 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 Pub-2010 General Below-Median Income Employee 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 a 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-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) 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.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5. PENSION PLANS (CONT'D)

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

Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Market Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%
	<u>100.00%</u>	

Discount Rate – The discount rate used to measure the total pension liabilities of PERS was 7.00% as of June 30, 2020. 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 and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 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. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5. PENSION PLANS (CONT'D)

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – the following presents the collective net pension liability of PERS participating employers, as well as the District's attributed share of that liability, as of June 30, 2020, calculated using the discount rates as disclosed above as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage rate higher than the current rate:

	At 1% decrease <u>(6.00%)</u>	At current discount rate <u>(7.00%)</u>	At 1% increase <u>(8.00%)</u>
State	\$ 25,353,758,472	\$ 22,223,967,525	\$ 19,576,310,991
Local	<u>20,689,699,233</u>	<u>16,435,616,426</u>	<u>12,825,910,903</u>
PERS Plan Total	<u>\$ 46,043,457,705</u>	<u>\$ 38,659,583,951</u>	<u>\$ 32,402,221,894</u>
District's proportionate share of the net pension liability (Local)	<u>\$ 29,862,158</u>	<u>\$ 23,722,093</u>	<u>\$ 18,512,080</u>

Components of Net Pension Liability – The components of the collective net pension liability for PERS, including the State of New Jersey, at June 30, 2020 is as follows:

	<u>State</u>	<u>Local</u>	<u>Total</u>
Total Pension Liability	\$ 28,272,160,382	\$ 39,432,792,871	\$ 67,704,953,253
Plan Fiduciary Net Position	<u>6,048,192,857</u>	<u>22,997,176,445</u>	<u>29,045,369,302</u>
Net PERS Pension Liability	<u>\$ 22,223,967,525</u>	<u>\$ 16,435,616,426</u>	<u>\$ 38,659,583,951</u>

B. TEACHERS PENSION AND ANNUITY FUND – SPECIAL FUNDING SITUATION

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

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

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5. PENSION PLANS (CONT'D)

B. TEACHERS PENSION AND ANNUITY FUND – SPECIAL FUNDING SITUATION (CONT'D)

Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Inactive plan members or beneficiaries currently receiving benefits	106,388	104,703
Inactive plan members entitles to but not yet receiving benefits	432	219
Active plan members	<u>156,066</u>	<u>155,496</u>
Total	<u>262,886</u>	<u>260,418</u>
Contributing Employers	23	24
Contributing Nonemployers	1	1

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

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

Covered Payroll - For the year ended June 30, 2021 and 2020 the Board's total payroll for all employees was \$66,143,653 and \$64,853,540, respectively. Total TPAF covered payroll was \$45,586,010 and \$44,653,674, respectively. Covered payroll refers to all compensation paid by the Board to active employees covered by the Plan.

Specific Contribution Requirements and benefit provisions – The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. 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.

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

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5. PENSION PLANS (CONT'D)

B. TEACHERS PENSION AND ANNUITY FUND – SPECIAL FUNDING SITUATION (CONT'D)

The following represents the membership tiers for TPAF:

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

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

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

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

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
06/30/21	\$11,863,865	Unknown	\$0
06/30/20	8,901,016	Unknown	0
06/30/19	7,956,074	Unknown	0

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5. PENSION PLANS (CONT'D)

B. TEACHERS PENSION AND ANNUITY FUND – SPECIAL FUNDING SITUATION (CONT'D)

At June 30, 2020, the TPAF reported a net pension liability of \$65,848,796,740 for its Non-State Employer Member Group. The proportionate share of the State of New Jersey's net pension liability for the Non-State Employer Member Group that is attributable to the District was \$262,517,122 or 0.3986665442%. State non-employer contributions allocated to the District were \$9,033,896 and \$7,966,830 for 2021 and 2020, respectively.

Actuarial Assumptions- The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. 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:	1.55-4.45%
Through 2026	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 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-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

Return on Investments - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) was determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5. PENSION PLANS (CONT'D)

B. TEACHERS PENSION AND ANNUITY FUND – SPECIAL FUNDING SITUATION (CONT'D)

Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Market Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%
	<u>100.00%</u>	

Discount Rate – The discount rate used to measure the total pension liability was 5.40% as of June 30, 2020. 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 2.21% as of June 30, 2020 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 78% of the actuarially determined contributions for the State. 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 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2062 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5. PENSION PLANS (CONT'D)

B. TEACHERS PENSION AND ANNUITY FUND – SPECIAL FUNDING SITUATION (CONT'D)

Sensitivity of Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the State as of June 30, 2020 calculated using the discount rate as disclosed above as well as what the State's net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	At 1% decrease (<u>4.40%</u>)	At current discount rate (<u>5.40%</u>)	At 1% increase (<u>6.40%</u>)
TPAF	\$ 77,517,093,055	\$ 65,993,498,688	\$ 56,425,087,777
District's proportionate share of the net pension liability	\$ 308,357,105	\$ 262,517,122	\$ 224,454,711

Components of Net Pension Liability – The components of the net pension liability for TPAF, including the State of New Jersey, at June 30, 2020 is as follows:

Total pension liability	\$ 87,522,678,686
Plan fiduciary net position	<u>21,529,179,998</u>
Net pension liability	<u>\$ 65,993,498,688</u>
Plan fiduciary net position as a percentage of the total pension liability	24.60%

Additional Information – Collective balances at June 30, 2020 were as follows:

Collective Deferred Outflows of Resources	\$ 9,626,548,228
Collective Deferred Inflows of Resources	14,591,988,841
State's Total Non-employer Net Pension Liability	65,848,796,740
District's Proportion	0.3986665442%

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5. PENSION PLANS (CONT'D)

C. DEFINED CONTRIBUTION RETIREMENT PLAN

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

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

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

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

For the year ended June 30, 2021 and 2020 the Board's total payroll for all employees was \$66,143,653 and \$64,853,540, respectively. Total DCRP covered payroll was \$2,172,408 and \$2,055,680, respectively. Covered payroll refers to all compensation paid by the Board to active employees covered by the Plan. Board and employee contributions to the DCRP for the year ended June 30, 2021 were \$65,173 and \$119,568, respectively and for the year ended June 30, 2020 were \$61,670 and \$113,062, respectively.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6. POST-RETIREMENT BENEFITS

General Information about the OPEB Plan:

Plan Description and Benefits Provided:

P.L. 1987, c.384 and P.L. 1990, c.6. required the Teachers' Pension and Annuity Fund (TPAF) and the Public Employees Retirement System (PERS), respectively, to fund post-retirement medical benefits for those members who retire after accumulating a minimum of 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

As the employer contributions for local government education employers are legally required to be funded by the State, this constitutes a special funding situation as defined by GASB Statement No. 75 and the State is treated as a non-employer contributing entity.

The State is also responsible for the cost attributable P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program (APB) who retired from a board of education or county college with 25 years of service.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

The State provides OPEB benefits through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

The following members were covered by the benefit terms:

<u>Local Education</u>	June 30, <u>2019</u>	June 30, <u>2018</u>
Active Plan Members	216,804	216,892
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	149,304	148,051
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	<u>-</u>	<u>-</u>
Total Plan Members	<u>366,108</u>	<u>364,943</u>

Total OPEB Liability

The State, a non-employer contributing entity, is the only entity that has a legal obligation to make contributions to OPEB for qualified retired SHBLEREP participants. The State of New Jersey's Total Non-employer OPEB Liability for the SHBLEREP was \$67,809,962,608 and \$41,729,081,045 at June 30, 2020 and 2019, respectively. The amounts of the State's Non-employer OPEB Liability that are attributable to employees and retirees of the Morris Township School District was \$254,550,691 and \$156,976,983 at June 30, 2020 and 2019, respectively. These allocated liabilities represent 0.38% of the State's Total Non-employer OPEB Liability for each of the years reported.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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

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

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

Actuarial Assumptions and Other Inputs:

The total non-employer OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019 that was rolled forward to June 30, 2020. The actuarial assumptions vary for each plan member depending upon the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%	
	<u>TPAF/ABP</u>	<u>PERS</u>
Salary Increases:		
Through 2026	1.55-4.45%	2.00-6.00%
	Based on Years of Service	Based on Years of Service
Thereafter	1.55-4.45%	3.00-7.00%
	Based on Years of Service	Based on Years of Service

Mortality Rates

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP) and "General (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Postretirement 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-2020. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disability mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020.

The actuarial assumptions used in the June 30, 2019 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.

Healthcare Trend Assumptions:

For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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

Discount Rate:

The discount rates for June 30, 2020 and 2019 were 2.21% and 3.50%, respectively. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

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

Changes to the State's Total Non-employer OPEB Liability during the fiscal year ended June 30, 2020 were as follows:

	<u>State Totals</u>	<u>District Allocation</u>
Non-employer OPEB Liability Balance - June 30, 2019:	\$ 41,729,081,045	\$ 156,976,983
Changes During the Current Year:		
Service Cost	1,790,973,822	6,658,031
Interest on the Total OPEB Liability	1,503,341,357	5,652,671
Difference between expected and actual experiences	11,544,750,637	43,062,541
Changes in assumption	12,386,549,981	46,497,664
Gross benefit payments	(1,180,515,618)	(4,431,518)
Employee Contributions	<u>35,781,384</u>	<u>134,319</u>
Net Changes	26,080,881,563	97,573,708
Non-employer OPEB Liability Balance - June 30, 2020:	<u>\$ 67,809,962,608</u>	<u>\$ 254,550,691</u>

Changes in Assumptions- Reflects a change in the discount rate from 3.50% as of June 30, 2019 to 2.21% as of June 30, 2020, and a decrease in the assumed health care cost trend and excise tax assumptions.

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

The following table sets forth the State's Total Non-employer OPEB Liability as of June 30, 2020, calculated using the discount rate as disclosed above, as well as what the State's Total Non-employer OPEB Liability would be if it was calculated using a discount rate that is one percentage point (1%) higher and lower than the actual discount rate that was utilized in the current period:

	1% Decrease <u>(1.21%)</u>	At Discount Rate <u>(2.21%)</u>	1% Increase <u>(3.21%)</u>
Total Non-employer OPEB Liability (New Jersey LEA Retirees)	\$ 81,748,410,002	\$ 67,809,962,608	\$ 56,911,439,160
District's proportionate share of the OPEB liability	\$ 306,873,997	\$ 254,550,691	\$ 213,638,905

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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

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

The following table sets forth the State's Total Non-employer OPEB Liability as of June 30, 2020, calculated using the healthcare trend rates rate as disclosed above, as well as what the State's Total Non-employer OPEB Liability would be if it was calculated using a healthcare trend rate that is one percentage point (1%) higher and lower than the actual healthcare trend rate that was utilized in the current period:

	<u>1% Decrease</u>	Healthcare Cost <u>Trend Rate</u>	<u>1% Increase</u>
Total Non-employer OPEB Liability (New Jersey LEA Retirees)	\$ 54,738,488,540	\$ 67,809,962,608	\$ 83,375,182,975
District's proportionate share of the OPEB liability	\$ 205,481,902	\$ 254,550,691	\$ 312,980,713

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

For the year ended June 30, 2021, in the Statement of Activities, the School District recognized OPEB expense of \$12,468,296. This amount was determined by the State of New Jersey as the District's allocated special funding share of the State's \$3,337,755,596. Total OPEB Non-employer Expense for the year ended June 30, 2020. These expense amounts represent calculations in accordance with GASB Statement No. 75 for the defined benefit OPEB Plan that is not operated through a trust that meets the criteria of paragraph 4 of the Statement and in which there is a special funding situation. As the State of New Jersey is the only entity with a legal responsibility to fund SHBLEREP OPEB obligations, the District's recognized OPEB expense is offset by Program Revenues/Operating Contributions in an equal amount in the Statement of Activities. Due to this special funding situation, there is no recognition of the allocation of the proportionate shares of deferred outflows of resources and deferred inflows of resources in the District's financial statements.

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

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

<u>Year Funding</u>	Annual Post- Retirement Medical Cost <u>(APC)</u>	Percentage of APC <u>Contributed</u>
6/30/2021	\$ 3,717,951	100%
6/30/2020	3,302,114	100%
6/30/2019	3,608,862	100%

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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

Additional Information:

Collective balances of the SHBLREP at June 30, 2020 were as follows:

Deferred Outflows of Resources	\$ 24,023,298,802
Deferred Inflows of Resources	19,101,933,244
State's Total Non-employer OPEB Liability	67,809,962,608
 District's Proportion	 0.375388337%

NOTE 7. COMPENSATED ABSENCES

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

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

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7. COMPENSATED ABSENCES (CONT'D)

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

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

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

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

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

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2021, a liability existed for compensated absences in the Community School in the amount of \$16,524.

NOTE 8. DEFERRED COMPENSATION

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

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

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 9. CAPITAL RESERVE ACCOUNT

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

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

The activity of the capital reserve for the July 1, 2020 to June 30, 2021 fiscal year is as follows:

Beginning balance, July 1, 2020	\$ 13,048,917
Board Resolution	4,000,000
Interest Earnings	<u>6,528</u>
Total Deposits	<u>4,006,528</u>
Withdrawal	
Transferred to Capital Projects Fund - (Net)	<u>1,603,001</u>
Total Withdrawals	<u>1,603,001</u>
Ending balance, June 30, 2021	<u><u>\$ 15,452,444</u></u>

The LRFP balance of local support costs of uncompleted capital projects at June 30, 2021 is \$2,925,285. The withdrawals from the capital reserve were for use in a DOE approved facilities project, consistent with the district's Long Range Facilities Plan.

NOTE 10. TRANSFERS - CAPITAL OUTLAY

During the year ending June 30, 2021, the district transferred \$1,603,001 of capital outlay accounts to the Capital Projects Fund. There were \$1,249,000 of the MHS Turf and Track, \$310,200 of the MHS Room 102 Redesign, \$644,000 of Security Vestibules, \$312,070 of AH Pitched Roof Project, and \$163,000 of LLC Parking Expansion. There were refund of unspent amounts for \$268,420 of MHS Expansion, \$153,740 of Thomas Jefferson and MHS Toilet Renovation, \$85,701 of Alfred Vail Boiler, \$92,408 of Transportation Building, and \$475,000 of MHS Boiler Phase 3 Project.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11. RISK MANAGEMENT

Property and Liability Insurance - The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the school year ended June 30, 2021, the District continued to transfer all insurable risks through the purchase of commercial insurance policies. Settled claims resulting from these risks have not exceeded commercial insurance coverage during each of the past three fiscal years. During the year ended June 30, 2021, there were no significant reductions in coverages from those provided in the previous year.

NOTE 12. NEW JERSEY UNEMPLOYMENT COMPENSATION INSURANCE

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

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

There were no interfund balances remaining on the balance sheet at June 30, 2021.

NOTE 14. INVENTORY

Inventory in the Food Service Fund at June 30, 2021 consisted of the following:

Food	\$	14,168
Supplies		<u>10,502</u>
	\$	<u>24,670</u>

NOTE 15. FUND BALANCE APPROPRIATED

General Fund (B-1) - Of the \$38,595,188 General Fund balance at June 30, 2021, \$8,078,390 is restricted as excess surplus in accordance with N.J.S.A. 18A:7F-7 \$15,452,444 has been restricted in the Capital Reserve Account; \$4,599,716 is restricted for the Maintenance Reserve Account; \$2,086,678 is restricted for Unemployment Reserve Account; \$1,014,607 has been assigned and included as anticipated revenue for the year ending June 30, 2022; \$6,810,429 is unassigned and \$552,924 has been assigned as Reserve for Encumbrances.

Special Revenue Fund (B-1) – Of the \$251,140 Special Revenue Fund balance at June 30, 2021, \$157,145 is assigned for student activities and \$93,995 is assigned for scholarships.

Capital Projects Fund (B-1) - The fund balance at June 30, 2021 is \$2,925,285. The entire amount of \$2,925,285 is restricted.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 16. DEFICIT FUND BALANCES

The District did not have any deficit fund balances at June 30, 2021 that would have been reported in the fund statements (modified accrual basis). P.L. 2003, c.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last state aid payment in the subsequent fiscal year, the school district cannot recognize the last state aid payment on the GAAP financial statements until the year the State records the payable.

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

NOTE 17. FUND BALANCE RESERVED FOR TUITION ADJUSTMENTS

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

NOTE 18. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7, as amended, the designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2021 is \$3,361,726.

NOTE 19. OTHER RESERVE ACCOUNTS

Pursuant to enabling legislation and rulemaking, the District is permitted to establish legally restricted Reserve funds for Maintenance. The activity of the maintenance reserve for the July 1, 2020 to June 30, 2021 fiscal year is as follows:

Beginning balance, July 1, 2020	\$ 4,097,669
Board Resolution	500,000
Interest Earnings	<u>2,047</u>
Ending balance, June 30, 2021	<u><u>\$ 4,599,716</u></u>

MORRIS SCHOOL DISTRICT
COUNTY OF MORRIS, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 20. TAX ABATEMENTS

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

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

The Division of Local Government Services, in the Department of Community Affairs, State of New Jersey, requires each municipality to submit annually a "User Friendly Budget", which, among other disclosures, includes a listing of all properties which have been granted tax abatements, including assessed values and any In-Lieu-Of-Tax-Payments made to the municipality. The 2020 User Friendly Budget for Morris Township recognized revenue of \$10,000 from the annual service charge in lieu of payment of taxes in 2019 and taxes in 2019 that otherwise would have been due on these long-term tax exemptions amounted to \$442,895, based upon the assessed valuations of the long-term tax exemptions properties. A portion of the \$442,895 abatement would have been allocated to the District. The 2020 User Friendly Budget for the Town of Morristown recognized revenue of \$1,258,708 from the annual service charge in lieu of payment of taxes in 2019 and taxes in 2019 that otherwise would have been due on these long-term tax exemptions amounted to \$2,330,101, based upon the assessed valuations of the long-term tax exemptions properties.

NOTE 21. PENDING LITIGATION AND CONTINGENT LIABILITIES

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

NOTE 22. SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2021 and March 1, 2022, the date the financial statements were available for issuance. No such events or transactions were noted requiring disclosure.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 23. CHANGE IN ACCOUNTING PRINCIPLE/RESTATEMENT

Beginning General Fund Budgetary Fund Balance Per Schedule C-1 at June 30, 2020	\$ 31,356,954
General Fund Adjustments	
Recognition of the Following June 30, 2020 Balances:	
Unemployment compensation net position	<u>2,085,979</u>
Beginning General Fund Budgetary Fund Balance Per Schedule C-1 at June 30, 2020 (as restated)	<u><u>\$ 33,442,933</u></u>
Beginning Special Revenue Budgetary and Modified Accrual Fund Balances Per Schedules B-2, C-2 and E-1 at June 30, 2020	\$ -
Special Revenue Fund Adjustments	
Recognition of the Following June 30, 2020 Balances:	
Scholarship net position	97,673
Due to student groups	<u>168,866</u>
Total	<u>266,539</u>
Beginning Special Revenue Fund Budgetary Fund Balance Per Schedules E-1 and C-2 at June 30, 2020 (as restated)	<u><u>\$ 266,539</u></u>
Beginning General Fund Modified Accrual Fund Balance Per Schedule B-2 at June 30, 2020	\$ 30,363,107
General Fund Adjustments	
Recognition of the Following June 30, 2020 Balances:	
Unemployment compensation net position	<u>2,085,979</u>
Beginning General Fund Modified Accrual Fund Balance - June 30, 2020 (as restated)	<u><u>\$ 32,449,086</u></u>
Beginning Full Accrual Net Position Per Schedule A-2 at June 30, 2020	\$ 46,946,347
Adjustments to Government-Wide Net Position	
Recognition of the Following June 30, 2020 Balances:	
Unemployment compensation net position	2,085,979
Scholarship net position	97,673
Due to student groups	<u>168,866</u>
Total	<u>2,352,518</u>
Beginning Full Accrual Net Position Per Schedule A-2 at June 30, 2020 (as restated)	<u><u>\$ 49,298,865</u></u>

Effective in the fiscal year ended June 30, 2021, the District implemented Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities* as described in the recently issued accounting pronouncements footnote above. The implementation of this statement required a restatement of prior year fund balance and net position in the governmental fund financial statements.

REQUIRED SUPPLEMENTARY INFORMATION
PART II

BUDGETARY COMPARISON SCHEDULES
SECTION - C

MORRIS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Exhibit - C-1
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	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 95,309,814	\$ -	\$ 95,309,814	\$ 95,309,814	\$ -
Tuition from Other LEAs within the State	4,895,569	-	4,895,569	4,814,832	(80,737)
Maintenance Reserve Interest	350	-	350	2,047	1,697
Capital Reserve Interest	10,000	-	10,000	6,528	(3,472)
Miscellaneous	120,500	-	120,500	256,494	135,994
Other Restricted Miscellaneous Revenues				699	699
Total - Local Sources	100,336,233	-	100,336,233	100,390,414	54,181
State Sources:					
School Choice Aid	400,827	-	400,827	400,827	-
Categorical Special Education Aid	4,056,325	(253,412)	3,802,913	3,802,913	-
Categorical Security Aid	994,301	-	994,301	994,301	-
Adjustment Aid	218,451	-	218,451	218,451	-
Categorical Transportation Aid	1,736,086	-	1,736,086	1,736,086	-
E Rate Reimbursement	105,289	-	105,289	174,371	69,082
Extraordinary Aid		125,942	125,942	3,944,680	3,818,738
Nonpublic School Transportation Aid				110,053	110,053
On-Behalf TPAF Pension					
Contrib. - Not Budgeted				11,863,865	11,863,865
On-Behalf Post Retirement Medical					
Contrib. - Not Budgeted				3,717,951	3,717,951
On-Behalf Long-Term Disability Insurance					
Contrib. - Not Budgeted				7,300	7,300
On-Behalf TPAF Soc. Sec.					
Contrib. - Not Budgeted				3,273,072	3,273,072
Total - State Sources	7,511,279	(127,470)	7,383,809	30,243,870	22,860,061
Federal Sources:					
Medical Reimbursements	121,154	-	121,154	182,060	60,906
Total - Federal Sources	121,154	-	121,154	182,060	60,906
Total Revenues	107,968,666	(127,470)	107,841,196	130,816,344	22,975,148

MORRIS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Exhibit - C-1
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	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FINAL TO ACTUAL</u>
EXPENDITURES:					
Current Expense:					
Instruction - Regular Programs					
Salaries of Teachers					
Local Contribution - Trans. to Special Rev. - Inclusion	\$ 376,277	\$ 161,000	\$ 537,277	\$ 537,277	\$ -
Preschool/Kindergarten	1,121,199	455,000	1,576,199	1,528,475	47,724
Grades 1- 5	10,290,688	(368,412)	9,922,276	9,803,398	118,878
Grades 6- 8	6,298,143	225,942	6,524,085	6,262,439	261,646
Grades 9-12	10,025,362	127,220	10,152,582	9,577,263	575,319
Home Instr. - Reg. Prog.					
Salaries of Teachers	114,315	-	114,315	16,380	97,935
Other Salaries for Instruction	10,310	-	10,310		10,310
Purchased Profess./Educa. Serv.	100,000	20,000	120,000	109,915	10,085
Regular Programs - Undistrib. Instr.					
Other Salaries for Instruction	288,259	-	288,259	231,942	56,317
Purchased Profess./Educa. Serv.	160,620	107,386	268,006	264,214	3,792
Purchased Technical Serv.	95,807	6,585	102,392	71,553	30,839
Other Purchased Services	1,040,985	114,755	1,155,740	1,085,771	69,969
General Supplies	1,203,611	247,485	1,451,096	1,274,560	176,536
Textbooks	95,000	36,122	131,122	124,234	6,888
Other Objects	9,350	(3,250)	6,100	5,823	277
Total Instruction - Regular Programs	<u>31,229,926</u>	<u>1,129,833</u>	<u>32,359,759</u>	<u>30,893,244</u>	<u>1,466,515</u>

MORRIS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Exhibit - C-1
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	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
EXPENDITURES (CONT'D.):					
Current Expense (Cont'd.):					
Special Education (Cont'd.)					
Resource Room/Resource Center					
Salaries of Teachers	\$ 4,293,366	\$ (84,392)	\$ 4,208,974	\$ 4,208,973	\$ 1
Other Salaries for Instruction	500	(500)			-
General Supplies	15,998	(6)	15,992	2,960	13,032
Total Resource Room/Resource Center	4,309,864	(84,898)	4,224,966	4,211,933	13,033
Multiple Disabilities					
Salaries of Teachers	357,589	166,003	523,592	521,017	2,575
Other Salaries for Instruction	1,675,905	58,623	1,734,528	1,715,060	19,468
Purchased Prof. Educational Services	90,900	(54,900)	36,000	36,000	-
Other Purchased Services	800	-	800		800
General Supplies	30,000	9,210	39,210	23,971	15,239
Total Multiple Disabilities	2,155,194	178,936	2,334,130	2,296,048	38,082
Preschool Disabilities-Full Time					
Salaries of Teachers	356,390	58,070	414,460	414,460	-
Other Salaries for Instruction	351,185	84,871	436,056	436,056	-
Purch. Prof. Educ. Services	1,400	-	1,400	160	1,240
Purchased Technical Services	152	91	243	243	-
Other Purchased Services	2,100	(1,200)	900	515	385
General Supplies	7,550	1,212	8,762	7,361	1,401
Other Objects	2,350	-	2,350	676	1,674
Total Preschool Disabilities FT	721,127	143,044	864,171	859,471	4,700
Total Special Education	7,186,185	237,082	7,423,267	7,367,452	55,815

MORRIS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Exhibit - C-1
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	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
EXPENDITURES (CONT'D.):					
Current Expense (Cont'd.):					
Basic Skills/Remedial					
Salaries of Teachers	\$ 793,205	\$ (50,000)	\$ 743,205	\$ 410,016	\$ 333,189
Other Salaries for Instruction	-	-	-	-	-
General Supplies	1,800	(186)	1,614	1,300	314
Total Basic Skills/Remedial	795,005	(50,186)	744,819	411,316	333,503
Bilingual Education					
Salaries of Teachers	3,148,239	9,573	3,157,812	2,780,347	377,465
Other Purchased Services	2,100	449	2,549	399	2,150
General Supplies	80,748	(33,946)	46,802	44,416	2,386
Textbooks		129	129	129	-
Other Objects	8,050	(3,795)	4,255		4,255
Total Bilingual Education	3,239,137	(27,590)	3,211,547	2,825,291	386,256
School-Sponsored Co./Extra Activities					
Salaries	288,118	-	288,118	241,421	46,697
Purchased Services	10,627	-	10,627	8,619	2,008
Supplies and Materials	16,700	(3,400)	13,300	11,562	1,738
Other Objects	8,000	1,000	9,000	2,923	6,077
Total School-Sponsored Cocurricular Activities	323,445	(2,400)	321,045	264,525	56,520
School-Sponsored Athletics					
Salaries	880,769	-	880,769	815,557	65,212
Purchased Services	151,140	(8,430)	142,710	112,898	29,812
Supplies and Materials	123,160	501	123,661	112,435	11,226
Other Objects	89,900	(37,150)	52,750	46,270	6,480
Total School-Sponsored Athletics	1,244,969	(45,079)	1,199,890	1,087,160	112,730
Before/After School Programs					
Salaries of Teachers	89,056	-	89,056	1,140	87,916
Total Before/After School Programs	89,056	-	89,056	1,140	87,916
Total Instruction	44,107,723	1,241,660	45,349,383	42,850,128	2,499,255

MORRIS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Exhibit - C-1
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	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
EXPENDITURES (CONT'D.):					
Current Expense (Cont'd.):					
Undistributed Expenditures:					
Instruction					
Tuition to Other LEA's Within the State-Special	\$ 277,734	\$ 417,250	\$ 694,984	\$ 619,623	\$ 75,361
Tuition to Cnty. Voc. School Reg.	402,390	(5,622)	396,768	361,586	35,182
Tuition to Cnty. Voc. School - Spec.	16,524	5,622	22,146	22,146	-
Tuition to CSSD & Reg Day Schools		46,000	46,000	46,000	-
Tuition to Priv. Sch. for the Disabled - Within State	4,773,293	(519,524)	4,253,769	3,531,508	722,261
Tuition to Priv. Sch. Disabled Other LEAs-Spl - Out of State	325,000	-	325,000	229,737	95,263
Tuition - State Facilities	79,744	-	79,744	79,744	-
Tuition - Other	312,096	(130,000)	182,096	159,855	22,241
Total Undistrib. Expend. - Instruc.	6,186,781	(186,274)	6,000,507	5,050,199	950,308
Attendance and Social Work					
Salaries	68,976	-	68,976	56,871	12,105
Total Attendance and Social Work	68,976	-	68,976	56,871	12,105
Health Services					
Salaries	1,182,708	(23,000)	1,159,708	1,006,844	152,864
Purchased Prof./Tech. Services	195,113	41,322	236,435	162,806	73,629
Other Purchased Services	1,450	-	1,450		1,450
Supplies and Materials	36,000	2,190	38,190	20,200	17,990
Total Health Services	1,415,271	20,512	1,435,783	1,189,850	245,933
Speech, OT, PT and Related Svcs					
Salaries	1,208,623	(46,479)	1,162,144	1,118,439	43,705
Purch. Profess. - Educational Svcs.	1,517,582	99,591	1,617,173	1,370,639	246,534
Supplies and Materials	78,400	399	78,799	54,511	24,288
Total Speech, OT, PT and Related Svcs - Related Services	2,804,605	53,511	2,858,116	2,543,589	314,527

MORRIS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Exhibit - C-1
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	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
EXPENDITURES (CONT'D.):					
Current Expense (Cont'd.):					
Other Supp. Serv. Stud.-Extra Serv.					
Salaries	\$ 1,209,506	\$ -	\$ 1,209,506	\$ 925,217	\$ 284,289
Total Other Support Services					
Student - Extra Services	1,209,506	-	1,209,506	925,217	284,289
Guidance					
Salaries of Other Prof. Staff	2,121,951	(126,810)	1,995,141	1,926,017	69,124
Salaries of Secr. and Cler. Assts.	209,100	-	209,100	193,799	15,301
Purch. Profess. - Educational Svcs.	262,253	1,554	263,807	262,910	897
Other Purch. Prof. and Tech. Svcs.	12,545	9,107	21,652	16,401	5,251
Other Purchased Services	1,950	(1,790)	160		160
Supplies and Materials	22,300	(2,176)	20,124	18,273	1,851
Other Objects	350	-	350	270	80
Total Guidance	2,630,449	(120,115)	2,510,334	2,417,670	92,664
Undistributed Expenditures -					
Child Study Teams					
Salaries of Other Prof. Staff	2,639,299	(75,958)	2,563,341	2,483,662	79,679
Salaries of Secr. and Cler. Assts.	281,696	-	281,696	277,694	4,002
Other Purch. Prof. and Tech. Services	150,511	16,718	167,229	132,252	34,977
Other Purchased Services	13,952	-	13,952	2,198	11,754
Supplies & Materials	48,250	2,069	50,319	20,965	29,354
Other Objects	3,000	-	3,000	2,478	522
Total Child Study Teams	3,136,708	(57,171)	3,079,537	2,919,249	160,288

MORRIS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Exhibit - C-1
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	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
EXPENDITURES (CONT'D.):					
Current Expense (Cont'd.):					
Improvement of Instructional Services					
Salaries of Supervisors of Instruction	\$ 880,080	\$ (50,000)	\$ 830,080	\$ 658,987	\$ 171,093
Salaries of Secty. & Clerical Staff	58,303	924	59,227	58,727	500
Purch. Profess. - Educational Svcs.	3,453	2,972	6,425	6,425	-
Other Purch. Prof. and Tech. Services	145,592	4,911	150,503	143,180	7,323
Other Purch. Services	23,924	(16,843)	7,081	135	6,946
Supplies and Materials	17,998	(11,221)	6,777	4,628	2,149
Other Objects	5,000	(4,047)	953	953	-
	<u>1,134,350</u>	<u>(73,304)</u>	<u>1,061,046</u>	<u>873,035</u>	<u>188,011</u>
Total Improvement of Instruction Services					
	<u>1,134,350</u>	<u>(73,304)</u>	<u>1,061,046</u>	<u>873,035</u>	<u>188,011</u>
Undistributed Expenditures:					
Educational Media Serv./School Library					
Salaries	1,266,794	(10,001)	1,256,793	1,083,787	173,006
Salaries of Technology Coordinators	676,079	10,001	686,080	661,795	24,285
Purchased Prof./Tech. Services	53,390	(7,051)	46,339	41,892	4,447
Other Purchased Services	3,034	-	3,034		3,034
Supplies and Materials	46,123	(620)	45,503	32,637	12,866
Other Objects	2,000	-	2,000	1,724	276
	<u>2,047,420</u>	<u>(7,671)</u>	<u>2,039,749</u>	<u>1,821,835</u>	<u>217,914</u>
Total Educ. Media Services/ School Library					
	<u>2,047,420</u>	<u>(7,671)</u>	<u>2,039,749</u>	<u>1,821,835</u>	<u>217,914</u>
Instructional Staff Training Services					
Salaries of Other Profess. Staff	55,000	-	55,000	24,438	30,562
Salaries of Secty. & Clerical Staff	20,193	(925)	19,268	19,267	1
Purchased Prof./Educ. Services	76,130	(783)	75,347	66,886	8,461
Supplies and Materials	5,600	(2,700)	2,900	2,439	461
	<u>156,923</u>	<u>(4,408)</u>	<u>152,515</u>	<u>113,030</u>	<u>39,485</u>
Total Instructional Staff Training Serv					
	<u>156,923</u>	<u>(4,408)</u>	<u>152,515</u>	<u>113,030</u>	<u>39,485</u>

MORRIS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
EXPENDITURES (CONT'D.):					
Undistributed Expenditures:					
Support Serv. General Administration					
Salaries	\$ 325,354	\$ -	\$ 325,354	\$ 320,878	\$ 4,476
Legal Services	280,000	(9,800)	270,200	131,430	138,770
Audit Fees	42,200	645	42,845	42,844	1
Other Purchased Professional Serv.	68,850	25,005	93,855	61,682	32,173
Purchased Tech. Services	26,500	(5,000)	21,500	5,828	15,672
Communications/Telephone	727,500	7,299	734,799	606,633	128,166
BOE Other Purchased Services	3,500	(3,500)	-	-	-
Misc. Purchased Services	133,702	(5,989)	127,713	120,869	6,844
General Supplies	20,000	388	20,388	15,547	4,841
BOE In-House Training/Meeting Supplies	11,500	(1,020)	10,480	4,578	5,902
Judgments Against the School District		100,000	100,000	20,000	80,000
Misc. Expenditures	9,000	(6,000)	3,000	1,805	1,195
BOE Membership Dues & Fees	32,000	(4,000)	28,000	27,463	537
Total Support Serv. General Administration	1,680,106	98,028	1,778,134	1,359,557	418,577
Support Serv. School Administration					
Salaries of Principals/					
Asst. Principals	2,658,151	368,411	3,026,562	2,711,780	314,782
Salaries of Other Professional Staff	251,073	(12,804)	238,269	238,266	3
Salaries of Secty. and Cler. Assts.	901,305	16,567	917,872	917,319	553
Purchased Prof. Tech. Services	15,342	4,211	19,553	14,014	5,539
Other Purchased Services	45,764	(16,857)	28,907	4,014	24,893
Supplies and Materials	43,500	(7,981)	35,519	23,670	11,849
Other Objects	12,295	1,928	14,223	9,532	4,691
Total Support Serv. School Admin.	3,927,430	353,475	4,280,905	3,918,595	362,310
Central Services					
Salaries	1,201,801	26,482	1,228,283	1,228,263	20
Unused Vacation Payment to Terminated/Retired Staff	-	1,344	1,344	1,344	-
Purchased Prof. Services	39,500	8,000	47,500	30,299	17,201
Purchased Technical Services	41,323	(51)	41,272	37,410	3,862
Misc. Purchased Services	296,226	(8,539)	287,687	226,191	61,496
Supplies and Materials	20,900	7,650	28,550	18,858	9,692
Misc. Expenditures	21,200	-	21,200	10,023	11,177
Total Central Services	1,620,950	34,886	1,655,836	1,552,388	103,448

MORRIS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
EXPENDITURES (CONT'D.):					
Undistributed Expenditures:					
Administrative Info. Technology					
Salaries	\$ 247,704	\$ -	\$ 247,704	\$ 247,703	\$ 1
Purch. Professional Services	18,450	50,000	68,450	66,782	1,668
Purch. Technical Services	232,031	(1,815)	230,216	230,216	-
Other Purchased Services	13,800	(9,436)	4,364	1,600	2,764
Supplies and Materials	12,750	14,447	27,197	26,923	274
Other Objects	3,400	(444)	2,956	2,251	705
Total Admin. Info. Technology	528,135	52,752	580,887	575,475	5,412
Req. Maint. For School Facilities					
Salaries	713,828	-	713,828	576,584	137,244
Unused Vacation Payment to Terminated/Retired Staff		-			-
Cleaning, Repair & Maint. Services	1,739,946	(222,846)	1,517,100	1,153,174	363,926
General Supplies	236,650	11,423	248,073	233,125	14,948
Other Objects	11,920	-	11,920	5,261	6,659
Total Req. Maint Sch. Facilities	2,702,344	(211,423)	2,490,921	1,968,144	522,777
Custodial Services					
Salaries	2,792,106	(18,934)	2,773,172	2,563,725	209,447
Salaries of Non-Instructional Aides	68,675	-	68,675	66,355	2,320
Unused Vacation Payment to Terminated/Retired Staff		18,934	18,934	18,934	-
Purchased Prof. and Tech. Services	301,224	20,297	321,521	221,504	100,017
Cleaning, Repair & Maint. Services	236,700	39,943	276,643	212,589	64,054
Other Purchased Property Services	243,000	-	243,000	132,690	110,310
Insurance	485,267	6,063	491,330	487,624	3,706
Misc. Purchased Services	5,000	-	5,000		5,000
General Supplies	265,450	143,228	408,678	352,996	55,682
Energy (Natural Gas)	500,000	-	500,000	400,550	99,450
Energy (Electricity)	925,000	-	925,000	664,255	260,745
Energy (Gasoline)	40,000	-	40,000	24,996	15,004
Other Objects	27,600	-	27,600	16,827	10,773
Total Custodial Services	5,890,022	209,531	6,099,553	5,163,045	936,508

MORRIS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
EXPENDITURES (CONT'D.):					
Care and Upkeep of Grounds					
Salaries	\$ 561,555	\$ (8,729)	\$ 552,826	\$ 470,558	\$ 82,268
Unused Vacation Payment to Terminated/Retired Staff		8,729	8,729	8,729	-
Cleaning, Repair & Maint. Services	72,600	34,410	107,010	103,363	3,647
General Supplies	67,800	(17,782)	50,018	46,453	3,565
Total Care and Upkeep of Grounds	701,955	16,628	718,583	629,103	89,480
Security					
Salaries	694,183	35,000	729,183	718,995	10,188
Purchased Prof. and Tech. Services	598,760	(4,600)	594,160	419,719	174,441
Cleaning, Repair & Maint. Services	149,500	(145,680)	3,820	2,319	1,501
General Supplies	82,700	(39,370)	43,330	34,587	8,743
Total Security	1,525,143	(154,650)	1,370,493	1,175,620	194,873
Total Maint. & Custodial Serv.	10,819,464	(139,914)	10,679,550	8,935,912	1,743,638
Student Transportation Services					
Salaries for Pupil Transportation (Between Home & School) - Regular	1,735,905	9,226	1,745,131	1,714,801	30,330
Salaries for Pupil Transportation (Between Home & School) - Special	929,754	38,361	968,115	956,565	11,550
Salaries for Pupil Transportation (Other than Between Home & School)	364,325	(50,841)	313,484	297,326	16,158
Unused Vacation Payment to Terminated/Retired Staff	-	3,254	3,254	3,254	-
Management Fee-ESC Transport. Prog.	86,583	4,000	90,583	85,534	5,049
Other Purch. Prof./Tech. Serv.	7,503	2,153	9,656	8,606	1,050
Cleaning, Repair, and Maint. Services	61,846	-	61,846	23,474	38,372
Rental Payments - School Buses	-	96,800	96,800	96,479	321
Lease Purchase Payments - School Buses	591,477	99,647	691,124	691,124	-
Contracted Services - Aid in Lieu of Payments	400,000	-	400,000	164,998	235,002
Contracted Services (Between Home & School) - Vendors	1,308,563	(173,647)	1,134,916	833,438	301,478
Contracted Services (Other than Between Home & School)-Vendors	86,000	(74,000)	12,000		12,000
Contracted Services (Sp. Ed. Stds) - Vendors	84,617	-	84,617	5,385	79,232
Contracted Services (Regular Students) ESCs	304,980	-	304,980	102,140	202,840
Contracted Services (Special Ed. Students) ESCs	1,989,000	-	1,989,000	1,791,817	197,183
Misc. Purch. Serv. - Transportation	52,680	-	52,680	33,069	19,611
General Supplies	409,000	(32,323)	376,677	303,768	72,909
Miscellaneous Expenditures	94,300	5,890	100,190	98,549	1,641
Total Student Transportation Services	8,506,533	(71,480)	8,435,053	7,210,327	1,224,726

MORRIS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
EXPENDITURES (CONT'D.):					
Unallocated Benefits - Empl. Benefits					
Group Insurance	\$ 57,200	\$ -	\$ 57,200	\$ 50,486	\$ 6,714
Social Security Contributions	1,518,362	-	1,518,362	1,438,087	80,275
Other Retirement Contrib. - PERS	1,786,700	-	1,786,700	1,634,473	152,227
Unemployment Compensation	100,000	-	100,000		100,000
Workmen's Compensation	577,168	-	577,168	484,654	92,514
Health Benefits	14,812,217	(554,396)	14,257,821	13,238,348	1,019,473
Tuition Reimbursements	223,000	-	223,000	160,305	62,695
Other Employee Benefits	442,650	34,700	477,350	467,673	9,677
Unused Sick Payments to Terminated/Retired Staff	201,000	-	201,000	190,246	10,754
Total Unallocated Benefits	19,718,297	(519,696)	19,198,601	17,664,272	1,534,329
On-Behalf TPAF Pension					
Contrib. - Not Budgeted				11,863,865	(11,863,865)
On-Behalf Post Retirement Medical					
Contrib. - Not Budgeted				3,717,951	(3,717,951)
On-Behalf Long-Term Disability Insurance					
Contrib. - Not Budgeted				7,300	(7,300)
On-Behalf TPAF Soc. Sec.					
Contrib. - Not Budgeted				3,273,072	(3,273,072)
Total Undistributed Expenditures	67,591,904	(566,869)	67,025,035	77,989,259	(10,964,224)
Total Expenditures - Current Expense	111,699,627	674,791	112,374,418	120,839,387	(8,464,969)

MORRIS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FINAL TO ACTUAL</u>
EXPENDITURES (CONT'D.):					
CAPITAL OUTLAY:					
Interest Deposit to Capital Reserve	\$ 350	\$ -	\$ 350	\$ -	\$ 350
Equipment:					
Regular Programs - Instruction					
Kindergarten	60,000	(31,000)	29,000	11,801	17,199
Grades 1-5	460,000	(396,540)	63,460	63,460	-
Grades 6-8		18,575	18,575	15,976	2,599
Grades 9-12		76,534	76,534	49,670	26,864
School-Sponsored and Other Instructional Program	24,000	12,736	36,736	33,567	3,169
Support Service - Related and Extraordinary		2,095	2,095	2,095	-
Central Services		20,000	20,000	20,000	-
Administration Info. Technology	303,000	(116,623)	186,377	111,140	75,237
Required Maintenance for School Facilities	216,336	(37,433)	178,903	96,572	82,331
Custodial Services	25,250	(25,250)			-
Care and Upkeep of Grounds	18,300	27,796	46,096	41,171	4,925
Security	75,000	(72,400)	2,600	2,552	48
Student Transportation - Non-Instructional Equipment		41,315	41,315		41,315
School Buses - Regular	<u>327,000</u>	<u>1,289,439</u>	<u>1,616,439</u>	<u>1,605,290</u>	<u>11,149</u>
Total Equipment	<u>1,508,886</u>	<u>809,244</u>	<u>2,318,130</u>	<u>2,053,294</u>	<u>264,836</u>
Facilities Acquis. & Constr. Services					
Assessment for Debt Service on SDA Funding	<u>37,738</u>	<u>-</u>	<u>37,738</u>	<u>37,738</u>	<u>-</u>
Total Facil. Acquis. & Constr. Serv.	<u>37,738</u>	<u>-</u>	<u>37,738</u>	<u>37,738</u>	<u>-</u>
Assets Acquired Under Capital Leases (non-budgeted)					
Various Equipment				142,000	(142,000)
Buses				1,395,000	(1,395,000)
Total Assets Acq. Under Capital Leases	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,537,000</u>	<u>(1,537,000)</u>
Total Capital Outlay	<u>1,546,974</u>	<u>809,244</u>	<u>2,356,218</u>	<u>3,628,032</u>	<u>(1,271,814)</u>

MORRIS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
EXPENDITURES (CONT'D.):					
Total Expenditures	\$ 113,246,601	\$ 1,484,035	\$ 114,730,636	\$ 124,467,419	\$ (9,736,783)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,277,935)	(1,611,505)	(6,889,440)	6,348,925	13,238,365
Other Financing Sources (Uses)					
Capital Reserve Transfer to Capital Projects	(3,333,500)	-	(3,333,500)	(1,603,001)	1,730,499
Capital Leases Non-Budgeted		-		1,537,000	1,537,000
Lease Purchase Agreement - Buses, Computers & Teacher Laptops		1,512,339	1,512,339	1,512,339	-
Transfer of Funds to Charter School	(1,358,817)	-	(1,358,817)	(1,276,305)	82,512
Total Other Financing Sources (Uses)	(4,692,317)	1,512,339	(3,179,978)	170,033	3,350,011
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Uses	(9,970,252)	(99,166)	(10,069,418)	6,518,958	16,588,376
Fund Balances, July 1 - Restated	33,442,933		33,442,933	33,442,933	-
Fund Balances, June 30	\$ 23,472,681	\$ (99,166)	\$ 23,373,515	\$ 39,961,891	\$ 16,588,376

MORRIS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Recapitulation of Excess (Deficiency) of Revenues Under Expenditures:					
Budgeted fund balance	\$ (5,993,252)	\$ (1,512,339)	\$ (5,993,252)	\$ 7,095,063	\$ 13,088,315
Interest Earned on Capital Reserve Funds	10,000		10,000	6,528	(3,472)
Capital Reserve Transf. To Capital. Projects	(3,333,500)		(3,333,500)	(1,603,001)	1,730,499
Budgeted Transfer to Maintenance Reserve	(653,500)		(653,500)	(653,500)	-
Capital Leases Non-Budgeted				1,537,000	1,537,000
Lease Purchase Agreement - Buses, Computers & Teacher Laptops		1,512,339		1,512,339	1,512,339
Transfer of Funds to Charter School				(1,276,305)	(1,276,305)
Adjustment for prior year encumbrances		(99,166)	(99,166)	(99,166)	-
Total	\$ (9,970,252)	\$ (99,166)	\$ (10,069,418)	\$ 6,518,958	\$ 16,588,376

Recapitulation of fund balance:

Restricted Fund Balance:

Reserved Excess Surplus - Designated for

Subsequent Years Expenditures

\$ 4,716,664

Reserve for Excess Surplus

3,361,726

Maintenance Reserve

4,599,716

Capital Reserve

15,452,444

Unemployment Compensation

2,086,678

Assigned Fund Balance:

Year-end Encumbrances

552,924

Designated for Subsequent Year's Expenditures

1,014,607

Unassigned Fund Balance

8,177,132

Budgetary Fund Balance

\$ 39,961,891

Reconciliation to Governmental Funds Statements (GAAP):

Last State Aid Payments not recognized on GAAP basis

(1,366,703)

Fund Balance per Governmental Funds (GAAP)

\$ 38,595,188

Morris School District
Budgetary Comparison Schedule
Special Revenue Fund - Budgetary Basis
For the Fiscal Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Other sources	\$ 154,517	\$ 92,356	\$ 246,873	\$ 875,667	\$ 628,794
State sources	7,973,360	460,995	8,434,355	6,973,558	(1,460,797)
Federal sources	2,160,070	2,969,695	5,129,765	4,468,349	(661,417)
Total Revenues	10,287,947	3,523,046	13,810,993	12,317,574	(3,397,942)
EXPENDITURES:					
Instruction					
Salaries of Teachers	1,187,690	247,676	1,435,366	1,347,807	87,559
Salaries of Other Professional Staff		1,034	1,034	-	1,034
Other Salaries for Instruc.	310,105	32,114	342,219	342,219	-
Purchased Professional - Educational Services	591,056	43,883	634,939	456,564	178,375
Other Purchased Services (400-500 series)	1,321,951	529,159	1,851,110	1,716,414	134,696
General Supplies	131,613	256,856	388,469	276,486	111,983
Textbooks	86,149	39,085	125,234	121,193	4,041
Other Objects		568	568		568
Total instruction	3,628,564	1,150,375	4,778,939	4,260,683	518,256
Support Services					
Salaries of Teachers		208,545	208,545	116,325	92,220
Salaries of Supervisors of Instruc.	103,000	(49,202)	53,798	49,834	3,964
Salaries of Program Directors	92,655	(442)	92,213	92,213	-
Salaries of Other Professional Staff	179,919	254,107	434,026	322,156	111,870
Salaries of Sect. and Clerical Assist.	45,000	848	45,848	40,117	5,731
Other Salaries	65,000	20,000	85,000		85,000
Salaries of Community Parent Involvement Specialists	79,672		79,672	79,672	-
Salaries of Master Teachers	150,264	2,270	152,534	152,534	-
Unused Vacation Payment to Terminated		2,212	2,212	2,212	-
Personal Services - Employee Benefits	486,585	425,650	912,235	776,934	135,301
Purchased Education Services - Contracted Pre-K	4,485,000	(421,215)	4,063,785	3,681,535	382,250
Purchased Education Services - Head Start	417,550	83,510	501,060	497,720	3,340
Purchased Professional - Educational Services	369,636	417,493	787,129	610,054	177,075
Purch. Technical Service		22,371	22,371	18,379	3,992
Travel		29,707	29,707	368	29,339
Supplies & Materials	140,102	1,321,232	1,461,334	1,391,300	70,034
Student Activities				172,114	(172,114)
Miscellaneous Expenditures				5,924	(5,924)
Total support services	6,614,383	2,317,086	8,931,469	8,009,391	922,078

Morris School District
Budgetary Comparison Schedule
Special Revenue Fund - Budgetary Basis
For the Fiscal Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONT'D.):					
Facilities acquisition and construction services:					
Instructional Equipment	\$ 45,000	\$ 55,585	\$ 100,585	\$ 62,899	\$ 37,686
Total facilities acquisition and construction services	<u>45,000</u>	<u>55,585</u>	<u>100,585</u>	<u>62,899</u>	<u>37,686</u>
Total Expenditures	10,287,947	3,523,046	13,810,993	12,332,973	1,478,020
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(15,399)</u>	<u>(1,919,922)</u>
Fund Balance, July 1 (Restated)				266,539	
Fund Balance, June 30				<u>\$ 251,140</u>	
Recapitulation:					
Restricted:					
Student Activities				\$ 157,145	
Scholarships				<u>93,995</u>	
Total Fund Balance				<u>\$ 251,140</u>	

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

MORRIS SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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 (C-series)	(C-1) \$ 130,816,344	(C-2) \$ 12,317,574
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized. Net		
State aid payment recognized for budgetary purposes, not recognized for GAAP statements.	(1,366,703)	
State Aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	<u>993,847</u>	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds. (B-2)	(B-2) \$ <u>130,443,488</u>	(B-2) \$ <u>12,317,574</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule Includes(rounding differences)	(C-1) \$ 122,930,419	(C-2) \$ 12,332,973
Differences - budget to GAAP		
The district budgets for claims and compensated absences, only to the extent expected to be paid, rather than on the modified accrual basis.		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes. Net		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	(B-2) \$ <u>122,930,419</u>	(B-2) \$ <u>12,332,973</u>

REQUIRED SUPPLEMENTARY INFORMATION
PART III

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

MORRIS SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION

Last Ten Fiscal Years*

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
District's Proportionate Share of the Net Pension Liability	0.163223%	0.156220%	0.151854%	0.150884%	0.146604%	0.140246%	0.141784%	0.130745%
District's Proportionate Share of the Net Pension Liability	\$ 31,195,109	\$ 29,248,653	\$ 34,088,177	\$ 44,687,450	\$ 34,127,005	\$ 27,613,727	\$ 25,725,108	\$ 23,722,093
District's Covered-Employee Payroll	\$ 9,844,505	\$ 10,045,414	\$ 10,250,422	\$ 9,879,763	\$ 9,994,439	\$ 10,039,977	\$ 10,155,364	\$ 10,445,967
District's Proportionate Share of the Net Pension Liability as a percentage of the Covered-Employee Payroll	316.88%	291.16%	332.55%	452.31%	341.46%	275.04%	253.32%	227.09%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability (Local Share)	48.72%	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%

*This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, governments should present information for those years for which information is available.

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

Last Ten Fiscal Years*

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Contractually Required Contribution	\$ 1,229,850	\$ 1,287,855	\$ 1,305,537	\$ 1,347,305	\$ 1,378,853	\$ 1,401,308	\$ 1,394,605	\$ 1,591,353
Contribution in Relation to Contractually Required Contribution	<u>(1,229,850)</u>	<u>(1,287,855)</u>	<u>(1,305,537)</u>	<u>(1,347,305)</u>	<u>(1,378,853)</u>	<u>(1,401,308)</u>	<u>(1,394,605)</u>	<u>(1,591,353)</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 10,045,414	\$ 10,250,422	\$ 9,879,763	\$ 9,994,439	\$ 10,039,977	\$ 10,155,364	\$ 10,445,967	\$ 10,804,652
Contributions as a percentage of Covered Employee Payroll	12.24%	12.56%	13.21%	13.48%	13.73%	13.80%	13.35%	14.73%

*This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, governments should present information for those years for which information is available.

MORRIS SCHOOL DISTRICT
SCHEDULE OF THE STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY ASSOCIATED WITH THE DISTRICT
TEACHERS PENSION AND ANNUITY FUND (Non-State Employer Group)
REQUIRED SUPPLEMENTARY INFORMATION

Last Ten Fiscal Years*

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Proportion of the Non-State Employer Group Net Pension Liability attributable to the District	0.408649%	0.399083%	0.393263%	0.379691%	0.384072%	0.392361%	0.396233%	0.427755%
Share of the Liability of the State of New Jersey for the Net Pension Liability of the Non-State Employer Group	\$206,528,007	\$213,296,708	\$248,558,926	\$298,689,277	\$258,955,494	\$249,611,378	\$243,171,994	\$262,517,122
District's Covered-Employee Payroll	\$37,471,580	\$38,236,306	\$39,593,507	\$40,870,999	\$42,605,004	\$43,656,955	\$44,653,674	\$45,586,010
Share of the Liability of the State of New Jersey for the Net Pension Liability of the Non-State Employer Group as a percentage of the District's Covered-Employee Payroll	551.16%	557.84%	627.78%	730.81%	607.81%	571.76%	544.57%	575.87%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability (See Note Below)	33.76%	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%	24.60%

*This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, governments should present information for those years for which information is available.

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

**SCHEDULES RELATED TO ACCOUNTING AND
REPORTING FOR POST-EMPLOYMENT BENEFITS
OTHER THAN PENSION
SECTION - M**

MORRIS SCHOOL DISTRICT
SCHEDULE OF THE STATE'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
AND CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
STATE HEALTH BENEFITS LOCAL EDUCATION RETIRED EMPLOYEES PLAN
REQUIRED SUPPLEMENTARY INFORMATION

Last Ten Fiscal Years*

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
District's Proportion of the Net OPEB Liability	0.3751982%	0.3751536%	0.3788959%	0.3761813%	0.6100079%
District's Proportionate Share of the Net OPEB Liability	\$ 216,983,826	\$ 201,231,802	\$ 174,712,060	\$ 156,976,983	\$ 254,550,691
District's Covered Employee Payroll	\$ 50,750,762	\$ 52,599,443	\$ 53,696,932	\$ 54,809,038	\$ 56,031,977
District's Proportionate Share of the Net OPEB Liability as a percentage of its Covered Employee Payroll	427.55%	382.57%	325.37%	286.41%	454.30%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%	0.00%	0.00%	0.00%	0.00%
Beginning Balance		\$ 216,983,826	\$ 201,231,802	\$ 174,712,060	\$ 156,976,983
Increased by:					
Service cost		8,614,150	7,137,933	6,289,779	6,658,031
Interest cost		6,366,019	7,379,613	6,915,152	5,652,671
Differences between expected and actual experiences					43,062,541
Changes of assumptions				2,340,540	46,497,664
Member Contributions		171,628	161,463	142,840	134,319
		<u>15,151,797</u>	<u>14,679,009</u>	<u>15,688,311</u>	<u>102,005,226</u>
Decreased by:					
Differences between expected and actual experiences			16,477,930	28,604,663	
Changes of assumptions		26,242,865	20,049,083		
Gross benefit payments		<u>4,660,956</u>	<u>4,671,738</u>	<u>4,818,725</u>	<u>4,431,518</u>
		<u>30,903,821</u>	<u>41,198,751</u>	<u>33,423,388</u>	<u>4,431,518</u>
Ending Balance		<u>\$ 201,231,802</u>	<u>\$ 174,712,060</u>	<u>\$ 156,976,983</u>	<u>\$ 254,550,691</u>

*This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, governments should present information for those years for which information is available.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND
SECTION - E

MORRIS SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Total Brought Forward (Ex. E-1a)	Title I Part A	Title I Part D	IDEA Basic Regular	IDEA Preschool	Totals
REVENUES:						
State Sources	\$ 6,973,558	\$	\$	\$	\$	\$ 6,973,558
Federal Sources	2,065,458	555,535	89,537	1,703,528	54,291	4,468,349
Local Sources	875,667					875,667
Total Revenues	9,914,683	555,535	89,537	1,703,528	54,291	12,317,574
EXPENDITURES:						
Instruction:						
Salaries of Teachers	897,137	388,009	62,661			1,347,807
Salaries of Other Professional Staff						
Other Salaries for Instruc.	342,219					342,219
Purch. Prof. - Educ. Services	446,564			10,000		456,564
Other Purchased Services (Incl. Tuition)	88,391			1,573,732	54,291	1,716,414
General Supplies	1,512,651	10,115		3,258		1,526,024
Textbooks	121,193					121,193
Other Objects						
Total Instruction	3,408,155	398,124	62,661	1,586,990	54,291	5,510,221
Support Services:						
Salaries of Teachers	116,325					116,325
Salaries of Supervisors of Instruc.	49,834					49,834
Salaries of Program Directors	92,213					92,213
Salaries of Other Prof. Staff	322,156					322,156
Salaries of Sec. & Clerical Asst.	40,117					40,117
Salaries of Community Parent Involvement Specialists	79,672					79,672
Salaries of Master Teachers	152,534					152,534
Unused Vacation Payment to Terminated/Retired Staff	2,212					2,212
Personal Services - Empl. Benefits	592,647	157,411	26,876			776,934
Purchased Education Services - Contracted Pre-K	3,681,535					3,681,535
Purchased Education Services - Head Start	497,720					497,720
Purch. Prof. - Educ. Services	493,515			116,538		610,053
Travel	368					368
Supplies and Materials	141,762					141,762
Student Activities	172,114					172,114
Miscellaneous Expenditures	5,924					5,924
Total Support Services	6,459,028	157,411	26,876	116,538		6,759,853
Facilities Acquis. & Const. Serv.:						
Instructional Equipment	62,899					62,899
Total Facil. Acquis. & Const. Serv.	62,899					62,899
Total Expenditures	9,930,082	555,535	89,537	1,703,528	54,291	12,332,973
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,399)					(15,399)
Fund Balance, July 1						
Prior Period Adjustment	266,539					266,539
Fund Balance, July 1 (Restated)	266,539					266,539
Fund Balance, June 30	\$ 251,140	\$	\$	\$	\$	\$ 251,140

MORRIS SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Total Brought Forward (Ex. E-1b)	Title II	Title III Regular	Title IV	CARES Act ESSER Fund	Coronavirus Relief Fund	Total Carried Forward
REVENUES:							
State Sources	\$ 6,973,558	\$	\$	\$	\$	\$	\$ 6,973,558
Federal Sources		98,474	154,216	20,906	424,616	1,367,246	2,065,458
Local Sources	875,667						875,667
Total Revenues	7,849,225	98,474	154,216	20,906	424,616	1,367,246	9,914,683
EXPENDITURES:							
Instruction:							
Salaries of Teachers	777,021		10,107		110,009		897,137
Salaries of Other Professional Staff							
Other Salaries for Instruc.	342,219						342,219
Purch. Prof. - Educ. Services	446,564						446,564
Other Purchased Services (Incl. Tuition)	16,391				72,000		88,391
General Supplies	166,895				96,218	1,249,538	1,512,651
Textbooks	121,193						121,193
Other Objects							
Total Instruction	1,870,283		10,107		278,227	1,249,538	3,408,155
Support Services:							
Salaries of Teachers		58,912	52,213	5,200			116,325
Salaries of Other Prof. Staff	180,439		58,877	3,168	79,672		322,156
Salaries of Sec. & Clerical Asst.	40,117						40,117
Salaries of Community Parent Involvement Specialists	79,672						79,672
Salaries of Master Teachers	152,534						152,534
Unused Vacation Payment to Terminated/Retired Staff	2,212						2,212
Personal Services - Empl. Benefits	493,387	4,507	30,019	640	64,094		592,647
Purchased Education Services - Contracted Pre-K	3,681,535						3,681,535
Purchased Education Services - Head Start	497,720						497,720
Purch. Prof. - Educ. Services	451,625	33,000	3,000	5,890			493,515
Purch. Technical Services						18,380	18,380
Travel	368						368
Supplies and Materials	31,748	2,055		6,008	2,623	99,328	141,762
Student Activities	172,114						172,114
Miscellaneous Expenditures	5,924						5,924
Total Support Services	5,931,442	98,474	144,109	20,906	146,389	117,708	6,459,028
Facilities Acquis. & Const. Serv.:							
Instructional Equipment	62,899						62,899
Total Facil. Acquis. & Const. Serv.	62,899						62,899
Total Expenditures	7,864,624	98,474	154,216	20,906	424,616	1,367,246	9,930,082
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,399)						(15,399)
Fund Balance, July 1							
Prior Period Adjustment	266,539						266,539
Fund Balance, July 1 (Restated)	266,539						266,539
Fund Balance, June 30	\$ 251,140	\$	\$	\$	\$	\$	\$ 251,140

MORRIS SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Total Brought Forward (Ex. E-1c)	N.J. Auxiliary Services Ch. 192			N.J. Nonpublic Handicapped Services Ch. 193						Total Carried Forward
		Home Instruction	ESL	Compensatory Education	Supplemental Instruction	Examination & Classification	Corrective Speech	Nonpublic Nursing	Nonpublic Textbooks	Nonpublic Security	
REVENUES:											
State Sources	\$ 5,970,391	\$ 3,975	\$ 2,237	\$ 71,903	\$ 62,898	\$ 71,008	\$ 36,820	\$ 271,894	\$ 121,193	\$ 361,239	\$ 6,973,558
Federal Sources											
Local Sources	875,667										875,667
Total Revenues	6,846,058	3,975	2,237	71,903	62,898	71,008	36,820	271,894	121,193	361,239	7,849,225
EXPENDITURES:											
Instruction:											
Salaries of Teachers	777,021										777,021
Salaries of Other Professional Staff											
Other Salaries for Instruc.	342,219										342,219
Purch. Prof. - Educ. Services	16,215	3,975	2,237		62,898					361,239	446,564
Other Purchased Services (Incl. Tuition)	16,391										16,391
General Supplies	166,895										166,895
Textbooks									121,193		121,193
Other Objects											
Total Instruction	1,318,741	3,975	2,237		62,898				121,193	361,239	1,870,283
Support Services:											
Salaries of Teachers											
Salaries of Supervisors of Instruc.	49,834										49,834
Salaries of Program Directors	92,213										92,213
Salaries of Other Prof. Staff	180,439										180,439
Salaries of Sec. & Clerical Asst.	40,117										40,117
Salaries of Community Parent Involvement Specialists	79,672										79,672
Salaries of Master Teachers	152,534										152,534
Unused Vacation Payment to Terminated/Retired Staff	2,212										2,212
Personal Services - Empl. Benefits	493,387										493,387
Purchased Education Services - Contracted Pre-K	3,681,535										3,681,535
Purchased Education Services - Head Start	497,720										497,720
Purch. Prof. - Educ. Services				71,903		71,008	36,820	271,894			451,625
Travel	368										368
Supplies and Materials	31,748										31,748
Student Activities	172,114										172,114
Miscellaneous Expenditures	5,924										5,924
Total Support Services	5,479,817			71,903		71,008	36,820	271,894			5,931,442
Facilities Acquis. & Const. Serv.:											
Instructional Equipment	62,899										62,899
Total Facil. Acquis. & Const. Serv.	62,899										62,899
Total Expenditures	6,861,457	3,975	2,237	71,903	62,898	71,008	36,820	271,894	121,193	361,239	7,864,624
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,399)										(15,399)
Fund Balance, July 1											
Prior Period Adjustment	266,539										266,539
Fund Balance, July 1 (Restated)	266,539										266,539
Fund Balance, June 30	\$ 251,140	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$ 251,140

MORRIS SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS (CONTD)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Rosina Santora Foundation	NJSBAIG Safety Grant	HSA Clubs	Preschool Education	Morris Education Foundation	Miscellaneous Grants	Scholarship Fund	Student Activity Fund	Total Carried Forward
REVENUES:									
State Sources	\$	\$	\$	\$ 5,970,391	\$	\$	\$	\$	\$ 5,970,391
Federal Sources									
Local Sources	1,968	29,780	7,516	537,277	135,535	952	2,246	160,393	875,667
Total Revenues	1,968	29,780	7,516	6,507,668	135,535	952	2,246	160,393	6,846,058
EXPENDITURES:									
Instruction:									
Salaries of Teachers			6,948	770,073					777,021
Salaries of Other Professional Staff									
Other Salaries for Instruc.				342,219					342,219
Purch. Prof. - Educ. Services					15,263	952			16,215
Other Purchased Services (Incl. Tuition)				3,340	13,051				16,391
General Supplies				77,573	89,322				166,895
Textbooks									
Other Objects									
Total Instruction			6,948	1,193,205	117,636	952			1,318,741
Support Services:									
Salaries of Teachers				49,834					49,834
Salaries of Supervisors of Instruc.				92,213					92,213
Salaries of Program Directors				180,439					180,439
Salaries of Other Prof. Staff				40,117					40,117
Salaries of Sec. & Clerical Asst.				79,672					79,672
Salaries of Community Parent Involvement Specialists				152,534					152,534
Salaries of Master Teachers				2,212					2,212
Unused Vacation Payment to Terminated/Retired Staff				492,819					493,387
Personal Services - Empl. Benefits			568	3,681,535					3,681,535
Purchased Education Services - Contracted Pre-K				497,720					497,720
Purchased Education Services - Head Start				368					368
Travel									
Supplies and Materials	1,968	29,780							31,748
Student Activities								172,114	172,114
Miscellaneous Expenditures							5,924		5,924
Total Support Services	1,968	29,780	568	5,269,463			5,924	172,114	5,479,817
Facilities Acquis. & Const. Serv.: Instructional Equipment				45,000	17,899				62,899
Total Facil. Acquis. & Const. Serv.				45,000	17,899				62,899
Total Expenditures	1,968	29,780	7,516	6,507,668	135,535	952	5,924	172,114	6,861,457
Excess (Deficiency) of Revenues Over (Under) Expenditures							(3,678)	(11,721)	(15,399)
Fund Balance, July 1									
Prior Period Adjustment							97,673	168,866	266,539
Fund Balance, July 1 (Restated)							97,673	168,866	266,539
Fund Balance, June 30	\$	\$	\$	\$	\$	\$	93,995	157,145	251,140

MORRIS SCHOOL DISTRICT
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID
STATEMENT OF EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<u>EXPENDITURES</u>			
Instruction:			
Salaries of Teachers	\$ 770,073	\$ 770,073	\$ -
Other Salaries for Instruc.	342,219	342,219	-
Purchased Prof. Educational Services	10,000	-	10,000
Tuition to Other LEAs in State Regular	130,000	3,340	126,660
General Supplies	85,581	77,573	8,008
Other Objects	-	-	-
Total Instruction	<u>1,337,873</u>	<u>1,193,205</u>	<u>144,668</u>
Support Services:			
Salaries of Supervisors of Instruction	53,797	49,834	3,963
Salaries of Program Directors	92,213	92,213	-
Salaries of Other Professional Staff	181,919	180,439	1,480
Salaries of Secr. and Clerical Assistants	45,848	40,117	5,731
Other Salaries	85,000	-	85,000
Salaries of Community Parent Involvement Spec.	79,672	79,672	-
Salaries of Master Teachers	152,534	152,534	-
Unused Vacation Payment to Terminated/Retired Staff	2,212	2,212	-
Personnel Services - Employee Benefits	580,426	492,819	87,607
Purch. Prof. - Educ. Services - Contracted Pre-K	4,063,785	3,681,535	382,250
Purch. Prof. - Educ. Services - Head Start	501,060	497,720	3,340
Travel	368	368	-
Total Support Services	<u>5,838,834</u>	<u>5,269,463</u>	<u>569,371</u>
Facilities Acquis. & Const. Serv.:			
Instructional Equipment	<u>82,676</u>	<u>45,000</u>	<u>37,676</u>
Total Facil. Acquis. & Const. Serv.	<u>82,676</u>	<u>45,000</u>	<u>37,676</u>
Total Expenditures	<u>\$ 7,259,383</u>	<u>\$ 6,507,668</u>	<u>\$ 751,715</u>
Total Revised 2020-2021 Preschool Education Aid Allocation			\$ 6,684,430
Actual Preschool Aid Carryover (June 30, 2020)			37,676
Budgeted Transfer From General Fund			<u>537,277</u>
Total Preschool Education Funds Available 2020-2021 Budget			7,259,383
Less: 2020-2021 Budgeted Preschool Education Aid (Incl. Prior Year Budgeted Carryover)			<u>7,259,383</u>
Available & Unbudgeted Preschool Education Funds as of June 30, 2021			-
Add: June 30, 2021 Unexpended Preschool Education Aid			<u>751,715</u>
2020-2021 Actual Carryover - Preschool Education Aid			<u>\$ 751,715</u>
2020-2021 Preschool Ed Aid Carryover Budgeted in 2021-2021			<u>\$ 751,715</u>

CAPITAL PROJECT FUND
SECTION - F

MORRIS SCHOOL DISTRICT
SUMMARY STATEMENT OF PROJECT EXPENDITURES
CAPITAL PROJECTS FUND
FISCAL YEAR ENDED JUNE 30, 2021

<u>PROJECT TITLE / ISSUE</u>	<u>APPROPRIATIONS</u>	<u>EXPENDITURES</u>		<u>UNEXPENDED BALANCE</u>
		<u>PRIOR YEARS</u>	<u>CURRENT YEAR</u>	
<u>FY 2014</u>				
MHS Expansion	\$ 13,303,584	\$ 13,303,584		\$ -
<u>FY 2019</u>				
TJ and MHS Toilet Renovation	755,260	755,260		-
AV Boiler	622,299	622,299		-
Transportation Building	163,497	163,497		-
<u>FY 2020</u>				
MHS Broadcasting	511,450	511,450		-
Electrical Upgrades	600,000			600,000
MHS Boiler #3	-			-
<u>FY 2021</u>				
MHS Turf and Track	1,249,000		91,373	1,157,627
Life Skills - MHS Room 102	310,200		21,865	288,335
Security Vestibules	644,000		54,781	589,219
AH Partial Roof	312,070		51,569	260,501
LLC Parking Expansion	163,000		133,397	29,603
Totals	\$ 18,634,360	\$ 15,356,090	\$ 352,985	\$ 2,925,285

Analysis of Balance(s) - June 30, 2021:

2020/2021 Expenditures \$ 352,985

MORRIS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

Revenues and Other Financing Sources	
State Sources - SCC Grant	\$
Bond proceeds and transfers	
Contribution from private source	
Transfer from capital reserve	1,603,001
Transfer from capital outlay	
Total revenues	<u>1,603,001</u>
Expenditures and Other Financing Uses	
Purchased professional and technical services	232,533
Land and Improvements	
Construction services	120,452
Equipment purchases	
Total expenditures	<u>352,985</u>
Excess (deficiency) of revenues over (under) expenditures	1,250,016
Fund balance - beginning	1,675,269
Fund balance - ending	\$ <u><u>2,925,285</u></u>

MORRIS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS
MHS EXPANSION
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$	\$	\$	\$
Bond proceeds and transfers				
Contribution from private source				
Transfer from capital reserve	12,967,207	(268,420)	12,698,787	12,698,787
Transfer from capital outlay	604,797		604,797	604,797
Total revenues	<u>13,572,004</u>	<u>(268,420)</u>	<u>13,303,584</u>	<u>13,303,584</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services	1,544,706		1,544,706	1,544,706
Land and Improvements				
Construction services	11,758,878		11,758,878	11,758,878
Equipment purchases				
Transfer to capital reserve				
Total expenditures	<u>13,303,584</u>	<u>-</u>	<u>13,303,584</u>	<u>13,303,584</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>268,420</u>	\$ <u>(268,420)</u>	\$ <u>-</u>	\$ <u>-</u>

Additional project information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Revised Authorized Cost	\$13,303,584

Percentage Increase over Original

Authorized Cost	66417.9%
Percentage completion	100.0%
Original target completion date	Aug-09
Revised target completions date	Aug-14

MORRIS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS
THOMAS JEFFERSON AND MHS TOILET RENOVATION
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$	\$	\$	\$
Bond proceeds and transfers				
Contribution from private source				
Transfer from capital reserve	909,000	(153,740)	755,260	755,260
Transfer from capital outlay				-
Total revenues	<u>909,000</u>	<u>(153,740)</u>	<u>755,260</u>	<u>755,260</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services	92,877		92,877	92,877
Land and Improvements				
Construction services	662,383		662,383	662,383
Equipment purchases				
Transfer to capital reserve				
Total expenditures	<u>755,260</u>	<u>-</u>	<u>755,260</u>	<u>755,260</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>153,740</u>	\$ <u>(153,740)</u>	\$ <u>-</u>	\$ <u>-</u>
Additional project information:				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$232,000			
Additional Authorized Cost	\$523,260			
Revised Authorized Cost	\$755,260			
Percentage Increase over Original				
Authorized Cost	225.5%			
Percentage completion	1.00			
Original target completion date	Aug-13			
Revised target completions date	Dec-14			

MORRIS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS
ALFRED VAIL BOILER
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$	\$	\$	\$
Bond proceeds and transfers				
Contribution from private source				
Transfer from capital reserve	708,000	(85,701)	622,299	622,299
Transfer from capital outlay				
Total revenues	<u>708,000</u>	<u>(85,701)</u>	<u>622,299</u>	<u>622,299</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services	59,426		59,426	59,426
Land and Improvements				
Construction services	562,873		562,873	562,873
Equipment purchases				
Transfer to capital reserve				
Total expenditures	<u>622,299</u>	<u>-</u>	<u>622,299</u>	<u>622,299</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 85,701	\$ (85,701)	\$ -	\$ -
Additional project information:				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$708,000			
Additional Authorized Cost	(\$85,701)			
Revised Authorized Cost	\$622,299			
Percentage Increase over Original				
Authorized Cost	N/A			
Percentage completion	100%			
Original target completion date	Aug-13			
Revised target completions date	Dec-14			

MORRIS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS
TRANSPORTATION BUILDING
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$	\$	\$	\$
Bond proceeds and transfers				
Contribution from private source				
Transfer from capital reserve	255,905	(92,408)	163,497	163,497
Transfer from capital outlay				
Total revenues	<u>255,905</u>	<u>(92,408)</u>	<u>163,497</u>	<u>163,497</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services	10,809		10,809	10,809
Land and Improvements				
Construction services	152,688		152,688	152,688
Equipment purchases				
Transfer to capital reserve				
Total expenditures	<u>163,497</u>	<u>-</u>	<u>163,497</u>	<u>163,497</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>92,408</u>	\$ <u>(92,408)</u>	\$ <u>-</u>	\$ <u>-</u>
Additional project information:				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$151,000			
Additional Authorized Cost	\$12,497			
Revised Authorized Cost	\$163,497			
Percentage Increase over Original				
Authorized Cost	8.3%			
Percentage completion	100.0%			
Original target completion date	Aug-13			
Revised target completions date	Dec-14			

MORRIS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS
MHS BROADCASTING
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$	\$	\$	\$
Bond proceeds and transfers				
Contribution from private source				
Transfer from capital reserve	511,450		511,450	511,450
Transfer from capital outlay				
Total revenues	<u>511,450</u>	<u>-</u>	<u>511,450</u>	<u>511,450</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services	42,362		42,362	42,362
Land and Improvements			-	-
Construction services	469,088		469,088	469,088
Equipment purchases			-	-
Transfer to capital reserve			-	-
Total expenditures	<u>511,450</u>	<u>-</u>	<u>511,450</u>	<u>511,450</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Additional project information:				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$511,450			
Additional Authorized Cost	\$0			
Revised Authorized Cost	\$511,450			
Percentage Increase over Original				
Authorized Cost	N/A			
Percentage completion	100%			
Original target completion date	Aug-21			
Revised target completions date	Dec-21			

MORRIS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS
ELECTRICAL UPGRADES
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$	\$	\$	\$
Bond proceeds and transfers				
Contribution from private source				
Transfer from capital reserve	600,000		600,000	600,000
Transfer from capital outlay				
Total revenues	<u>600,000</u>	<u>-</u>	<u>600,000</u>	<u>600,000</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services				
Land and Improvements				
Construction services				600,000
Equipment purchases				
Transfer to capital reserve				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>600,000</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>600,000</u>	\$ <u>-</u>	\$ <u>600,000</u>	\$ <u>-</u>
Additional project information:				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$600,000			
Additional Authorized Cost	\$0			
Revised Authorized Cost	\$600,000			
Percentage Increase over Original				
Authorized Cost	N/A			
Percentage completion				
Original target completion date	Aug-21			
Revised target completions date	Dec-21			

MORRIS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS
MHS BOILER #3
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$	\$	\$	\$
Bond proceeds and transfers				
Contribution from private source				
Transfer from capital reserve	475,000	(475,000)	-	
Transfer from capital outlay				
Total revenues	<u>475,000</u>	<u>(475,000)</u>	<u>-</u>	<u>-</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services				
Land and Improvements				
Construction services				
Equipment purchases				
Transfer to capital reserve				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>475,000</u>	\$ <u>(475,000)</u>	\$ <u>-</u>	\$ <u>-</u>
Additional project information:				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$475,000			
Additional Authorized Cost	(\$475,000)			
Revised Authorized Cost	\$0			
Percentage Increase over Original Authorized Cost	N/A			
Percentage completion				
Original target completion date	Aug-21			
Revised target completions date	Dec-21			

MORRIS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS
MHS TURF AND TRACK
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$	\$	\$	\$
Bond proceeds and transfers				
Contribution from private source				
Transfer from capital reserve		1,249,000	1,249,000	1,249,000
Transfer from capital outlay				
Total revenues	<u>-</u>	<u>1,249,000</u>	<u>1,249,000</u>	<u>1,249,000</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services		91,373	91,373	140,000
Land and Improvements				
Construction services			-	1,109,000
Equipment purchases				
Transfer to capital reserve				
Total expenditures	<u>-</u>	<u>91,373</u>	<u>91,373</u>	<u>1,249,000</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 1,157,627	\$ 1,157,627	\$ -
Additional project information:				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$1,249,000			
Additional Authorized Cost	\$0			
Revised Authorized Cost	\$1,249,000			
Percentage Increase over Original				
Authorized Cost	N/A			
Percentage completion				
Original target completion date	Aug-21			
Revised target completions date	Dec-21			

MORRIS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS
MHS ROOM 102 REDESIGN
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$	\$	\$	\$
Bond proceeds and transfers				
Contribution from private source				
Transfer from capital reserve		310,200	310,200	310,200
Transfer from capital outlay				
Total revenues	<u>-</u>	<u>310,200</u>	<u>310,200</u>	<u>310,200</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services		21,865	21,865	35,000
Land and Improvements				
Construction services				275,200
Equipment purchases				
Transfer to capital reserve				
Total expenditures	<u>-</u>	<u>21,865</u>	<u>21,865</u>	<u>310,200</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 288,335	\$ 288,335	\$ -
Additional project information:				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$310,200			
Additional Authorized Cost	\$0			
Revised Authorized Cost	\$310,200			
Percentage Increase over Original				
Authorized Cost	N/A			
Percentage completion				
Original target completion date	Aug-21			
Revised target completions date	Dec-21			

MORRIS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS
SECURITY VESTIBULES
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$	\$	\$	\$
Bond proceeds and transfers				
Contribution from private source				
Transfer from capital reserve		644,000	644,000	644,000
Transfer from capital outlay				
Total revenues	<u>-</u>	<u>644,000</u>	<u>644,000</u>	<u>644,000</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services		54,781	54,781	97,000
Land and Improvements				
Construction services				547,000
Equipment purchases				
Transfer to capital reserve				
Total expenditures	<u>-</u>	<u>54,781</u>	<u>54,781</u>	<u>644,000</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 589,219	\$ 589,219	\$ -
Additional project information:				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$644,000			
Additional Authorized Cost	\$0			
Revised Authorized Cost	\$644,000			
Percentage Increase over Original				
Authorized Cost	N/A			
Percentage completion				
Original target completion date	Aug-21			
Revised target completions date	Dec-21			

MORRIS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS
AH - PITCHED ROOF PROJECT
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$	\$	\$	\$
Bond proceeds and transfers				
Contribution from private source				
Transfer from capital reserve		312,070	312,070	312,070
Transfer from capital outlay				
Total revenues	<u>-</u>	<u>312,070</u>	<u>312,070</u>	<u>312,070</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services		39,025	39,025	52,500
Land and Improvements				
Construction services		12,544	12,544	259,570
Equipment purchases				
Transfer to capital reserve				
Total expenditures	<u>-</u>	<u>51,569</u>	<u>51,569</u>	<u>312,070</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 260,501	\$ 260,501	\$ -
Additional project information:				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$312,070			
Additional Authorized Cost	\$0			
Revised Authorized Cost	\$312,070			
Percentage Increase over Original				
Authorized Cost	N/A			
Percentage completion				
Original target completion date	Aug-21			
Revised target completions date	Dec-21			

MORRIS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS
LLC PARKING EXPANSION
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$	\$	\$	\$
Bond proceeds and transfers				
Contribution from private source				
Transfer from capital reserve		163,000	163,000	163,000
Transfer from capital outlay				
Total revenues	<u>-</u>	<u>163,000</u>	<u>163,000</u>	<u>163,000</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services		25,489	25,489	38,000
Land and Improvements				
Construction services		107,908	107,908	125,000
Equipment purchases				
Transfer to capital reserve				
Total expenditures	<u>-</u>	<u>133,397</u>	<u>133,397</u>	<u>163,000</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 29,603	\$ 29,603	\$ -
Additional project information:				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$163,000			
Additional Authorized Cost	\$0			
Revised Authorized Cost	\$163,000			
Percentage Increase over Original				
Authorized Cost	N/A			
Percentage completion				
Original target completion date	Aug-21			
Revised target completions date	Dec-21			

PROPRIETARY FUND
SECTION - G

ENTERPRISE FUND

MORRIS SCHOOL DISTRICT
COMBINING STATEMENT OF NET POSITION
PROPRIETARY FUND
AS OF JUNE 30, 2021

	FOOD SERVICE	COMMUNITY SCHOOL	TOTALS
Assets			
Cash and Cash Equivalents	\$ 272,581	\$ 337,025	\$ 609,606
Accounts Receivable:			
State	7,963		7,963
Federal	95,649		95,649
Other	22,646	6,989	29,635
Inventories	24,670		24,670
Total Current Assets	423,509	344,014	767,523
Noncurrent Assets:			
Capital Assets:			
Equipment	772,770	30,043	802,813
Accumulated Depreciation	(562,590)	(15,725)	(578,315)
Total Noncurrent Assets	210,180	14,318	224,498
Total Assets	\$ 633,689	\$ 358,332	\$ 992,021
Liabilities			
Current Liabilities:			
Accounts Payable	\$ 111,743	\$ 24,634	\$ 136,377
Unearned Revenue	35,850	103,290	139,140
Total Current Liabilities	147,593	127,924	275,517
Noncurrent Liabilities:			
Compensated Absences Payable		16,524	16,524
Total Noncurrent Liabilities	-	16,524	16,524
Total Liabilities	147,593	144,448	292,041
Net Position			
Investment in Capital Assets	210,180	14,318	224,498
Unrestricted (Deficit)	275,916	199,566	475,482
Total Net Position	\$ 486,096	\$ 213,884	\$ 699,980

MORRIS SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2021

	<u>FOOD SERVICE</u>	<u>COMMUNITY SCHOOL</u>	<u>TOTALS</u>
Operating Revenues:			
Charges for Daily Services:			
Daily Sales - Reimbursable Programs	\$	\$	\$ -
Daily Sales - Non-Reimbursable Programs	<u>33,915</u>	<u> </u>	<u>33,915</u>
Total - Daily Sales-Reimbursable Programs	<u>33,915</u>	<u> </u>	<u>33,915</u>
Program Fees	<u> </u>	<u>465,252</u>	<u>465,252</u>
Total Operating Revenues	<u>33,915</u>	<u>465,252</u>	<u>499,167</u>
Operating Expenses:			
Salaries	54,034	448,353	502,387
Employee Benefits	21,077	72,608	93,685
Purchased Professional Services	14,088	31,898	45,986
Other Purchased Services	601,592	15,851	617,443
Supplies and Materials	36,452	50,839	87,291
Depreciation	17,465	1,903	19,368
Rent		40,500	40,500
Other Expenses	65,254	20,875	86,129
Cost of sales - program	454,073		454,073
Cost of sales - nonprogram	<u>11,951</u>	<u> </u>	<u>11,951</u>
Total Operating Expenses	<u>1,275,986</u>	<u>682,827</u>	<u>1,958,813</u>
Operating Income (Loss)	<u>(1,242,071)</u>	<u>(217,575)</u>	<u>(1,459,646)</u>
Nonoperating Revenues:			
State Sources:			
State School Lunch Program	33,905		33,905
Additional subsidy	3,807		3,807
Federal Sources:			
National School Lunch Program	771,941		771,941
National School Breakfast Program	484,756		484,756
Food Distribution Program	127,549		127,549
Interest Revenue	<u>27</u>	<u>738</u>	<u>765</u>
Total Non-Operating Revenues	<u>1,421,985</u>	<u>738</u>	<u>1,422,723</u>
Change in Net Position	179,914	(216,837)	(36,923)
Total Net Position Beginning	<u>306,182</u>	<u>430,721</u>	<u>736,903</u>
Total Net Position Ending	\$ <u>486,096</u>	\$ <u>213,884</u>	\$ <u>699,980</u>

MORRIS SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2021

	FOOD SERVICE	COMMUNITY SCHOOL	TOTALS
Cash Flows from Operating Activities:			
Cash Received from Customers	\$ 55,160	\$ 574,857	\$ 630,017
Cash Payments to Suppliers for Goods and Services	(1,053,371)	(153,548)	(1,206,919)
Cash Payments for Employee Benefits		(77,416)	(77,416)
Cash Payments to Employees for Services		(448,353)	(448,353)
Net Cash (Used for) Operating Activities	(998,211)	(104,460)	(1,102,671)
Cash Flows from Non-Capital Financing Activities:			
Cash Received from State and Federal Sources	1,272,864		1,272,864
Net Cash Provided by Non-Capital Financing Activities	1,272,864	-	1,272,864
Cash Flows from Capital and Related Financing Activities:			
Purchases of Capital Assets	(4,691)	(13,515)	(18,206)
Net Cash (Used for) Capital and Related Financing Activities	(4,691)	(13,515)	(18,206)
Cash Flows from Investing Activities:			
Interest on Deposits	27	738	765
Net Cash Provided by Investing Activities	27	738	765
Net Increase/(Decrease) in Cash and Cash Equivalents	269,989	(117,237)	152,752
Cash and Cash Equivalents at Beginning of Year	2,592	454,262	456,854
Cash and Cash Equivalents at End of Year	\$ 272,581	\$ 337,025	\$ 609,606
Reconciliation of Operating (Loss) to Net Cash (Used) by Operating Activities:			
Operating (Loss)	\$ (1,242,071)	\$ (217,575)	\$ (1,459,646)
Adjustments to Reconcile Operating Income to Net cash Provided by Operating Income:			
Depreciation Expense	17,465	1,903	19,368
USDA Commodities	127,549		127,549
Changes in Assets and Liabilities			
Decrease in Prepaid Expenses		2,391	2,391
Decrease in Accounts Receivable - Net	21,245	411	21,656
(Increase) in Inventory	(9,924)		(9,924)
(Increase) Decrease in Interfunds Receivable	45,637	5,903	51,540
(Decrease) in Interfunds Payable			-
(Decrease) in Compensated Absences		(4,807)	(4,807)
Increase (Decrease) in Accounts Payable	45,805	4,024	49,829
(Decrease) in Unearned Revenue	(3,917)	103,290	99,373
Net Cash (Used for) Operating Activities	\$ (998,211)	\$ (104,460)	\$ (1,102,671)

LONG-TERM DEBT

SECTION - I

MORRIS SCHOOL DISTRICT
STATEMENT OF OBLIGATIONS UNDER CAPITAL LEASES
LONG-TERM DEBT
JUNE 30, 2021

PURPOSE	DATE OF LEASE	TERM OF LEASE	AMOUNT OF ORIGINAL LEASE		INTEREST RATE	BALANCE	ADDITIONS	RETIRED	BALANCE
			PRINCIPAL	INTEREST		JUNE 30, 2020			JUNE 30, 2021
Various Equipment	07/01/15	5 Years	\$ 58,872	\$ 7,126	4.590%	\$ 982	\$	\$ 982	\$ -
Copy Machine	01/01/16	5 Years	15,813	1,761	4.590%	2,372		2,372	-
Various Equipment	09/01/16	5 Years	78,815	8,767	4.230%	14,419		12,359	2,060
Copy Machine	05/01/17	5 Years	15,814	1,759	4.230%	5,798		3,163	2,635
Buses	04/01/17	6 Years	2,769,991	164,916	1.890%	1,603,273		390,170	1,213,103
Copy Machines	09/17/17	5 Years	124,887	11,845	3.150%	54,519		24,977	29,542
Copy Machines	09/01/18	5 Years	69,077	7,687	4.230%	43,748		13,815	29,933
Copy Machines	10/01/18	5 Years	40,713	5,973	5.520%	28,679		8,143	20,536
Buses	08/01/18	6 Years	108,000	10,394	3.220%	76,986		14,720	62,266
Computers	08/01/18	4 Years	200,000	9,659	3.025%	100,258		49,382	50,876
Teacher Laptops	08/01/18	3 Years	290,000	9,439	2.901%	96,999		96,999	-
Dump Trucks & Copiers	07/15/19	5 Years	320,000	16,725	2.614%	252,655		60,740	191,915
Buses	07/15/19	6 Years	610,000	46,881	2.687%	515,224		80,932	434,292
Various Equipment	09/18/20	5 Years	142,000	10,907	1.000%		142,000	36,295	105,705
Buses	09/18/20	6 Years	1,395,000	30,825	1.000%		1,395,000	192,634	1,202,366
Total						\$ 2,795,912	\$ 1,537,000	\$ 987,683	\$ 3,345,229

STATISTICAL SECTION (UNAUDITED)
SECTION - J

FINANCIAL TRENDS

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

Exhibit J-1

	June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
									(Restated)	
Governmental activities										
Net Investment in capital assets	\$ 27,001,462	\$ 29,494,829	\$ 32,902,621	\$ 34,762,605	\$ 43,696,718	\$ 44,935,291	\$ 49,610,975	\$ 51,308,245	\$ 52,065,708	\$ 51,476,541
Restricted	16,999,113	16,211,969	26,706,016	30,024,003	23,910,031	23,357,422	22,058,286	21,658,087	26,448,842	33,393,653
Unrestricted	1,344,484	5,646,252	(32,520,686)	(32,984,938)	(31,840,835)	(31,684,701)	(32,720,614)	(29,763,515)	(29,215,685)	(27,351,738)
Total governmental activities net position/net assets	<u>\$ 45,345,059</u>	<u>\$ 51,353,050</u>	<u>\$ 27,087,951</u>	<u>\$ 31,801,670</u>	<u>\$ 35,765,914</u>	<u>\$ 36,608,012</u>	<u>\$ 38,948,647</u>	<u>\$ 43,202,817</u>	<u>\$ 49,298,865</u>	<u>\$ 57,518,456</u>
Business-type activities										
Investment in capital assets	\$ 105,258	\$ 95,899	\$ 107,935	\$ 74,299	\$ 95,157	\$ 117,324	\$ 173,851	\$ 207,799	\$ 225,659	\$ 224,498
Unrestricted	779,654	925,849	388,386	492,135	416,454	468,154	515,885	673,376	511,244	475,482
Total business-type activities net position/net assets	<u>\$ 884,912</u>	<u>\$ 1,021,748</u>	<u>\$ 496,321</u>	<u>\$ 566,434</u>	<u>\$ 511,611</u>	<u>\$ 585,478</u>	<u>\$ 689,736</u>	<u>\$ 881,175</u>	<u>\$ 736,903</u>	<u>\$ 699,980</u>
Government-wide										
Investment in capital assets	\$ 27,106,720	\$ 29,590,728	\$ 33,010,556	\$ 34,836,904	\$ 43,791,875	\$ 45,052,615	\$ 49,784,826	\$ 51,516,044	\$ 52,291,367	\$ 51,701,039
Restricted	16,999,113	16,211,969	26,706,016	30,024,003	23,910,031	23,357,422	22,058,286	21,658,087	26,448,842	33,393,653
Unrestricted	2,124,138	6,572,101	(32,132,300)	(32,492,803)	(31,424,381)	(31,216,547)	(32,204,729)	(29,090,139)	(28,704,441)	(26,876,256)
Total district net position/net assets	<u>\$ 46,229,971</u>	<u>\$ 52,374,798</u>	<u>\$ 27,584,272</u>	<u>\$ 32,368,104</u>	<u>\$ 36,277,525</u>	<u>\$ 37,193,490</u>	<u>\$ 39,638,383</u>	<u>\$ 44,083,992</u>	<u>\$ 50,035,768</u>	<u>\$ 58,218,436</u>

Source: ACFR Schedule A-1

Note: Reflects Implementation of GASB 68 for 2014 and subsequent years
Reflects Implementation of GASB 75 for 2018 and subsequent years
Reflects Implementation of GASB 84 for 2021, which required the restatement of beginning net position.

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

Exhibit J-2
Page 1 of 2

	Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities										
Instruction										
Regular	\$ 26,641,131	\$ 28,339,724	\$ 28,269,563	\$ 28,387,065	\$ 29,237,127	\$ 31,710,468	\$ 32,297,670	\$ 35,374,952	\$ 34,895,344	\$ 37,313,269
Special education	7,405,658	7,403,544	7,534,259	7,781,595	8,153,686	6,421,612	6,566,012	6,389,428	6,670,823	7,367,452
Other special education	1,808,002	1,665,510	1,508,020	1,496,083	1,894,853	1,953,758	2,166,629	2,338,259	3,165,913	3,236,607
Other instruction	1,282,083	1,233,558	1,282,881	1,371,203	1,391,027	1,470,913	1,508,941	1,571,308	1,458,586	1,352,825
Support Services:										
Tuition	5,661,436	5,240,128	5,718,344	5,628,722	5,846,949	5,681,478	5,926,763	5,753,469	5,370,532	5,050,199
Student & instruction related services	13,271,969	14,126,628	13,713,695	14,330,155	14,443,418	15,362,877	15,545,329	14,497,741	16,597,308	20,869,737
School administrative services	2,719,314	3,025,750	2,770,823	2,832,511	3,016,712	3,096,687	3,891,005	3,980,819	3,916,523	3,918,595
General administrative services	3,165,353	3,176,661	3,251,357	3,384,791	3,312,990	3,299,714	3,307,097	3,415,943	3,381,422	3,487,420
Plant operations and maintenance	7,249,905	6,688,214	7,393,248	7,784,633	7,443,979	7,703,340	8,040,375	9,165,015	9,492,529	8,679,155
Pupil transportation	5,774,002	5,842,404	6,019,131	6,041,059	6,249,298	6,961,605	6,242,152	6,761,122	6,945,237	6,531,871
Unallocated Benefits	20,179,876	22,097,857	20,952,645	21,966,032	25,046,260	47,304,559	51,278,533	43,295,649	37,997,650	48,299,957
Special Schools										
Interest on long-term debt	265,992	233,418	196,352	157,708	120,563	93,492	87,115	83,483	116,509	58,246
Unallocated depreciation	149,010	172,922	159,496	162,785	192,659	176,085	218,870	242,380	231,182	273,370
Total governmental activities expenses	95,573,731	99,246,318	98,769,814	101,324,342	106,349,521	131,236,588	137,076,491	132,869,568	130,239,558	146,438,703
Business-type activities:										
Food service	2,012,988	2,040,754	2,184,170	1,950,021	1,614,906	1,576,399	1,490,552	1,590,977	1,392,989	1,148,437
Community School	1,509,497	1,523,104	2,249,326	1,651,378	1,807,674	1,714,323	1,655,544	1,576,364	1,448,496	682,827
Total business-type activities expense	3,522,485	3,563,858	4,433,496	3,601,399	3,422,580	3,290,722	3,146,096	3,167,341	2,841,485	1,831,264
Total district expenses	\$ 99,096,216	\$ 102,810,176	\$ 103,203,310	\$ 104,925,741	\$ 109,772,101	\$ 134,527,310	\$ 140,222,587	\$ 136,036,909	\$ 133,081,043	\$ 148,269,967
Program Revenues										
Governmental activities:										
Charges for services:										
Business and other support services										
Operating grants and contributions	6,931,352	8,748,281	18,324,772	18,867,263	20,675,124	41,334,669	45,981,670	41,768,056	36,765,669	55,236,862
Total governmental activities program revenues	6,931,352	8,748,281	18,324,772	18,867,263	20,675,124	41,334,669	45,981,670	41,768,056	36,765,669	55,236,862
Business-type activities:										
Charges for services										
Food service	798,012	744,119	742,271	660,566	579,333	607,973	564,963	612,948	441,591	33,915
Community School	1,524,873	1,658,694	1,721,927	1,719,989	1,651,902	1,720,765	1,713,327	1,709,648	1,263,558	465,252
Operating grants and contributions	953,495	985,958	1,074,132	1,153,151	1,134,834	1,034,351	970,369	1,034,317	990,358	1,294,409
Total business type activities program revenues	3,276,380	3,388,771	3,538,330	3,533,706	3,366,069	3,363,089	3,248,659	3,356,913	2,695,507	1,793,576
Total district program revenues	\$ 10,207,732	\$ 12,137,052	\$ 21,863,102	\$ 22,400,969	\$ 24,041,193	\$ 44,697,758	\$ 49,230,329	\$ 45,124,969	\$ 39,461,176	\$ 57,030,438
Net (Expense)/Revenue										
Governmental activities	\$ (88,642,379)	\$ (90,498,037)	\$ (80,445,042)	\$ (82,457,079)	\$ (85,674,397)	\$ (89,901,919)	\$ (91,094,821)	\$ (91,101,512)	\$ (93,473,889)	\$ (91,201,841)
Business-type activities	(246,105)	(175,087)	(895,166)	(67,693)	(56,511)	72,367	102,563	189,572	(145,978)	(37,688)
Total district-wide net expense	\$ (88,888,484)	\$ (90,673,124)	\$ (81,340,208)	\$ (82,524,772)	\$ (85,730,908)	\$ (89,829,552)	\$ (90,992,258)	\$ (90,911,940)	\$ (93,619,867)	\$ (91,239,529)

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

Exhibit J-2
Page 2 of 2

	Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Revenues and Other Changes in Net Position/Net Assets										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 80,807,655	\$ 80,807,655	\$ 82,423,847	\$ 83,248,085	\$ 85,246,039	\$ 86,834,961	\$ 88,571,660	\$ 91,073,093	\$ 92,894,555	\$ 95,309,814
Taxes levied for debt service	917,488	871,393	863,548	685,270	664,905	576,274	551,007	529,509		
Unrestricted grants and contributions	10,512,791	10,769,607	153,828	296,780	609,684	279,622	222,276	122,683	150,727	182,060
Restricted grants and contributions							829,475	2,656		
Payments in lieu of taxes (tuition)	4,473,185	4,666,255	4,362,470	3,962,529	4,029,709	4,148,439	4,261,293	4,432,790	4,674,766	4,814,832
Investment earnings	500,381	450,036	824,673	212,423	400,698	228,126	332,871	546,962	825,377	428,407
Miscellaneous income	122,903	66,814								
Disposal of assets								(9,233)	(3,087)	(37,376)
Transfers	(1,205,128)	(1,125,732)	(1,196,555)	(1,234,289)	(1,312,394)	(1,323,405)	(1,333,126)	(1,342,778)	(1,324,919)	(1,276,305)
Total governmental activities	96,129,275	96,506,028	87,431,811	87,170,798	89,638,641	90,744,017	93,435,456	95,355,682	97,217,419	99,421,432
Business-type activities:										
Investment earnings	2,992	1,971	2,440	1,743	1,688	1,500	1,695	1,867	1,706	765
Miscellaneous earnings										
Transfers	260,892	309,952	367,299	136,063						
Total business-type activities	263,884	311,923	369,739	137,806	1,688	1,500	1,695	1,867	1,706	765
Total district-wide	\$ 96,393,159	\$ 96,817,951	\$ 87,801,550	\$ 87,308,604	\$ 89,640,329	\$ 90,745,517	\$ 93,437,151	\$ 95,357,549	\$ 97,219,125	\$ 99,422,197
Change in Net Position/Net Assets										
Governmental activities	\$ 7,486,896	\$ 6,007,991	\$ 6,986,769	\$ 4,713,719	\$ 3,964,244	\$ 842,098	\$ 2,340,635	\$ 4,254,170	\$ 3,743,530	\$ 8,219,591
Business-type activities	17,779	136,836	(525,427)	70,113	(54,823)	73,867	104,258	191,439	(144,272)	(36,923)
Total district	\$ 7,504,675	\$ 6,144,827	\$ 6,461,342	\$ 4,783,832	\$ 3,909,421	\$ 915,965	\$ 2,444,893	\$ 4,445,609	\$ 3,599,258	\$ 8,182,668

Source: ACFR Schedule A-2

Note: Reflects Implementation of GASB 68 for 2014 and subsequent years
Reflects Implementation of GASB 75 for 2018 and subsequent years

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

Exhibit J-3

	2012	2013	2014	2015	2016	2017	2018	2019	2020 (Restated)	2021
General Fund										
Restricted	\$ 16,999,112	\$ 16,211,969	\$ 23,506,957	\$ 19,674,349	\$ 21,691,324	\$ 22,330,679	\$ 21,539,525	\$ 20,982,749	\$ 24,497,038	\$ 26,887,228
Assigned	3,105,825	5,743,904	1,426,731	1,927,287	3,290,983	6,082,562	4,294,986	4,607,208	5,544,608	4,897,531
Unassigned	1,266,338	1,311,052	1,311,515	210,331	484,887	365,078	1,516,141	3,584,943	2,407,440	6,810,429
Total general fund	<u>\$ 21,371,275</u>	<u>\$ 23,266,925</u>	<u>\$ 26,245,203</u>	<u>\$ 21,811,967</u>	<u>\$ 25,467,194</u>	<u>\$ 28,778,319</u>	<u>\$ 27,350,652</u>	<u>\$ 29,174,900</u>	<u>\$ 32,449,086</u>	<u>\$ 38,595,188</u>
All Other Governmental Funds										
Restricted	\$ 1,330,575	\$ 2,695,033	\$ 3,199,059	\$ 10,349,654	\$ 2,218,707	\$ 971,344	\$ 518,761	\$ 675,338	\$ 1,941,808	\$ 3,176,425
Committed										
Unassigned, reported in:										
Special revenue fund										
Capital projects fund										
Debt service fund	1	1	1	1	1					
Total all other governmental funds	<u>\$ 1,330,576</u>	<u>\$ 2,695,034</u>	<u>\$ 3,199,060</u>	<u>\$ 10,349,655</u>	<u>\$ 2,218,708</u>	<u>\$ 971,344</u>	<u>\$ 518,761</u>	<u>\$ 675,338</u>	<u>\$ 1,941,808</u>	<u>\$ 3,176,425</u>

Source: ACFR Schedule B-1

Note: Reflects Implementation of GASB 84 for 2021, which required the establishment of new restricted fund balances for scholarship and student activity accounts.

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

Exhibit J-4

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Tax levy	\$ 81,725,143	\$ 81,679,048	\$ 83,287,395	\$ 83,933,355	\$ 85,910,944	\$ 87,411,235	\$ 89,122,667	\$ 91,602,602	\$ 92,894,555	\$ 95,309,814
Tuition charges	4,473,185	4,666,255	4,362,470	3,962,529	4,029,709	4,148,439	4,261,293	4,432,790	4,674,766	4,814,832
Miscellaneous	293,398	268,313	824,673	212,423	400,698	228,126	332,871	546,961	825,377	265,768
Local sources	206,983	181,723	111,633	216,109	216,142	229,319	264,250	279,602	328,885	338,390
State sources	14,471,467	16,719,016	15,852,446	16,887,795	18,479,127	20,561,821	23,554,058	28,056,633	28,307,681	37,381,849
Federal sources	2,972,676	2,798,872	2,514,521	2,591,004	2,589,539	2,716,579	2,816,277	2,649,571	2,498,380	4,650,409
Total revenue	104,142,852	106,313,227	106,953,138	107,803,215	111,626,159	115,295,519	120,351,416	127,568,159	129,529,644	142,761,062
Expenditures										
Instruction										
Regular Instruction	25,575,527	27,080,647	27,012,226	27,021,640	27,569,631	30,129,904	30,444,276	33,601,996	33,078,137	35,153,927
Special education instruction	7,405,658	7,403,544	7,534,259	7,781,595	8,153,686	6,421,612	6,566,012	6,389,428	6,670,823	7,367,452
Other special instruction	1,808,002	1,665,510	1,508,020	1,496,083	1,894,853	1,953,758	2,166,629	2,338,259	3,165,913	3,236,607
Other instruction	1,282,083	1,233,558	1,282,881	1,371,203	1,391,027	1,470,913	1,508,941	1,571,308	1,458,586	1,352,825
Support Services:										
Tuition	5,661,436	5,240,128	5,718,344	5,628,722	5,846,949	5,681,478	5,926,763	5,753,469	5,370,532	5,050,199
Student & instruction related services	13,271,969	14,126,628	13,713,695	14,330,155	14,443,418	15,362,877	15,545,329	14,497,741	16,597,308	20,869,737
Other administrative services	3,165,353	3,176,661	2,770,823	2,832,511	3,312,990	3,299,714	3,307,097	3,980,819	3,916,523	3,918,595
School Administrative services	2,719,314	3,025,750	3,251,357	3,384,791	3,016,712	3,096,687	3,891,005	3,415,943	3,381,422	3,487,420
Plant operations and maintenance	7,249,905	7,077,611	7,456,233	7,858,377	7,520,053	7,797,969	8,095,258	9,367,324	9,728,660	8,935,912
Pupil transportation	5,774,002	5,842,404	6,019,131	6,041,059	6,249,298	6,961,605	6,649,100	7,154,736	7,437,183	7,210,327
Unallocated employee benefits	19,975,591	22,355,941	21,050,299	22,638,339	24,538,580	26,707,566	30,400,226	33,000,335	33,020,740	36,526,460
Special Schools										
Capital outlay	4,096,409	2,786,532	3,957,666	2,632,336	10,046,862	7,894,881	5,792,291	3,178,988	3,076,098	2,506,916
Debt service:										
Principal	840,000	815,000	855,000	740,000	750,000	670,000	670,000	675,000		
Interest and other charges	274,783	243,320	207,330	168,500	131,500	94,000	60,500	27,000		
Total expenditures	99,100,032	102,073,234	102,337,264	103,925,311	114,865,559	117,542,964	121,023,427	124,952,346	126,901,925	135,616,377
Excess (Deficiency) of revenues over (under) expenditures	5,042,820	4,239,993	4,615,874	3,877,904	(3,239,400)	(2,247,445)	(672,011)	2,615,813	2,627,719	7,144,685
Other Financing sources (uses)										
Capital leases (non-budgeted)		66,814	62,985	73,744	76,074	2,864,620	124,887	707,790		
Capital Asset - Super Storm Sandy		79,033								
Lease Purchase Agreement - Buses						2,769,991			885,338	1,512,339
Transfers in	1,802,239	3,198,178	3,630,734	8,937,439	1,135,898	3,157,288	1,063,590	2,756,200	2,835,600	1,603,001
Transfers out	(2,884,466)	(4,323,910)	(4,827,289)	(10,171,728)	(2,448,292)	(4,480,693)	(2,396,716)	(4,098,978)	(4,160,519)	(2,879,306)
Total other financing sources (uses)	(1,082,227)	(979,885)	(1,133,570)	(1,160,545)	(1,236,320)	4,311,206	(1,208,239)	(634,988)	(439,581)	236,034
Net change in fund balances	\$ 3,960,593	\$ 3,260,108	\$ 3,482,304	\$ 2,717,359	\$ (4,475,720)	\$ 2,063,761	\$ (1,880,250)	\$ 1,980,825	\$ 2,188,138	\$ 7,380,719
Debt service as a percentage of noncapital expenditures	1.2%	1.1%	1.1%	0.9%	0.8%	0.7%	0.6%	0.6%	0.0%	0.0%

Source: ACFR Schedule B-2

Morris School District
General Fund Other Local Revenue By Source
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Interest on Investments	Refund of Prior Year Expenditures	E-Rate	Rentals	Misc.	Total
2012	\$ 45,344	\$ -	\$ -	\$ 121,609	\$ 97,911	\$ 264,864
2013	28,668			151,284	51,347	231,299
2014	25,960			769,053	23,428	818,441
2015	30,769			162,085	12,565	205,419
2016	33,427	193,821		147,790	19,487	394,525
2017	33,180			154,183	69,874	257,237
2018	35,640		93,493	152,648	46,435	328,215
2019	31,304		106,942	154,207	254,508	546,961
2020	28,990		170,621	166,633	450,473	816,717
2021	34,495			84,704	146,569	265,768

Source: District Records

REVENUE CAPACITY

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

Exhibit J-6

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Total General Tax Rate ^b	Estimated Actual (County Equalized Value)
2012	\$2,765,887,570	\$3,160,675,492	N/A	N/A	N/A	N/A	N/A	\$5,926,563,062	\$17,941,508	\$5,944,504,570	2.524	\$8,283,785,483
2013	2,763,442,370	3,111,504,567	N/A	N/A	N/A	N/A	N/A	5,874,946,937	8,529	5,874,955,466	2.543	7,859,394,521
2014	2,769,065,270	3,123,447,767	N/A	N/A	N/A	N/A	N/A	5,892,513,037	8,529	5,892,521,566	2.550	7,759,749,747
2015	2,770,110,170	3,129,238,667	N/A	N/A	N/A	N/A	N/A	5,899,348,837	8,555	5,899,357,392	2.581	7,720,859,104
2016	3,424,205,800	4,092,368,100	N/A	N/A	N/A	N/A	N/A	7,516,573,900	8,555	7,516,582,455	2.231	7,823,533,777
2017	3,429,261,638	4,097,706,400	N/A	N/A	N/A	N/A	N/A	7,526,968,038	8,555	7,526,976,593	2.011	8,201,288,043
2018	3,430,902,438	4,104,701,500	N/A	N/A	N/A	N/A	N/A	7,535,603,938	8,555	7,535,612,493	2.329	8,490,038,294
2019	3,449,047,138	4,136,672,800	N/A	N/A	N/A	N/A	N/A	7,585,719,938	8,555	7,585,728,493	2.328	8,583,058,995
2020	3,443,701,038	4,218,857,800	N/A	N/A	N/A	N/A	N/A	7,662,558,838	8,555	7,662,567,393	2.373	8,826,525,851
2021	3,446,740,690	4,252,186,600	N/A	N/A	N/A	N/A	N/A	7,698,927,290	55,063	7,698,982,353	2.392	8,783,694,590

N/A - Information not available

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

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

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

Exhibit J-7

Fiscal Year Ended June 30,	Morris School District		Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct School Tax Rate	Municipal	Morris County	
Morris Township						
2012	1.431	0.017	1.448	0.630	0.362	2.440
2013	1.485	0.015	1.500	0.640	0.360	2.500
2014	1.506	0.012	1.518	0.646	0.339	2.503
2015	1.520	0.012	1.532	0.658	0.346	2.536
2016	1.063	0.008	1.071	0.461	0.241	1.773
2017	1.070	0.006	1.076	0.464	0.261	1.801
2018	1.089	0.006	1.095	0.455	0.263	1.813
2019	1.101	0.006	1.106	0.457	0.270	1.833
2020	1.128	0.000	1.128	0.457	0.277	1.862
2021	1.164	0.000	1.164	0.470	0.278	1.911
Morristown						
2012	1.228	0.014	1.242	1.077	0.289	2.608
2013	1.227	0.013	1.240	1.049	0.296	2.585
2014	1.237	0.008	1.245	1.052	0.299	2.596
2015	1.268	0.010	1.278	1.051	0.296	2.625
2016	1.328	0.008	1.336	1.034	0.319	2.689
2017	1.382	0.007	1.389	1.035	0.336	2.760
2018	1.429	0.006	1.435	1.052	0.358	2.845
2019	1.458	0.006	1.464	1.069	0.348	2.882
2020	1.458	0.000	1.458	1.070	0.354	2.882
2021	1.446	0.000	1.446	1.086	0.340	2.871

Source: District Records and Municipal Tax Collector

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

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.

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

Exhibit J-8

Taxpayer	2021			2012		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Morris Township						
H'Y2 Mt. Kemble, LLC	\$ 59,240,000	1	1.10%			
Morristown SG, LLC	50,680,000	2	0.94%			
HSRE AHS Morristown 435, LLC	34,040,000	3	0.63%			
United States Fire Insurance	32,921,800	4	0.61%			
MCP II 44 Whippany LLC	30,000,000	5	0.56%			
Mount Kemble Corporate Center, LLC	29,620,000	6	0.55%			
Olde Forge East	28,373,000	7	0.53%			
Bayer Healthcare, LLC	27,994,400	8	0.52%			
HSRE AHS Morristown 475, LLC	25,930,000	9	0.48%			
Grand Prix Morristown	25,825,800	10	0.48%			
Allied Signal Corporation				\$ 64,900,000	1	1.73%
AJ Morris c/o AT&T				49,382,700	3	1.32%
Mack-Cali Realty Corp				50,000,000	2	1.34%
Brickman Mt. Kemble				29,550,000	4	0.79%
Columbia Assoc./Bayer				19,205,000	9	0.51%
44 Whippany Rd./Rexcore				26,057,000	6	0.70%
Advanced at Southgate				27,750,000	5	0.74%
Madison Motown/Crum&Foster				21,535,200	7	0.58%
JCP&L				21,000,000	8	0.56%
Schindler Elevator				18,704,000	10	0.50%
Morristown						
AHS Hospital Corp	40,000,000	1	1.74%			
2nd Roc Jersey Associates	18,115,200	9	0.79%	24,500,000	3	1.09%
PMI Morristown LLC	26,474,000	3	1.15%			
Parsons Village	27,300,000	2	1.19%	27,300,000	2	1.23%
Rosewood Lafayette Commons				28,100,000	1	1.25%
Epsteins B. Metrop Rosewood	25,500,000	4	1.11%			
5th Roc Jersey Assoc	24,500,000	5	1.07%			
AMLG-TTG on the Plaza LLC				20,160,000	5	0.90%
GAHC3 Morr NJ MOB LLC	23,900,000	6	1.04%			
Kadima Medical Properties				23,900,000	4	1.06%
AP Monroe TIC LLC	20,160,800	7	0.88%			
2nd Roc Jersey Associates/North				18,115,200	7	0.81%
Memorial Inv. Corp.	19,300,000	8	0.84%			
Memorial Invest. / AHS Invest.				19,300,000	6	0.86%
The Realty Assoc. Fund				18,100,000	8	0.81%
161-163 Madison Ave LLC				17,000,000	9	0.76%
Nights Vision 1776 LLC	18,100,000	10	0.79%			
Mor Med Investors				16,950,000	10	0.76%
Total	\$ 587,975,000		17.00%	\$ 541,509,100		18.30%

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

See Exhibit J-6 District Combined Taxable Value.

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

Year Ended June 30,	Taxes Levied for the Fiscal Year		Collected within the Fiscal Year of the Levy	
			Amount	Percentage of Levy
Morris Township				
2012	\$	53,431,898	\$ 53,431,898	100.00%
2013		53,768,317	53,768,317	100.00%
2014		55,244,776	55,244,776	100.00%
2015		55,974,957	55,974,957	100.00%
2016		56,938,423	56,938,423	100.00%
2017		55,715,537	55,715,537	100.00%
2018		57,610,506	57,610,506	100.00%
2019		57,671,769	57,671,769	100.00%
2020		59,960,475	59,960,475	100.00%
2021		61,713,111	61,713,111	100.00%
Morristown				
2012	\$	28,293,245	\$ 28,293,245	100.00%
2013		27,039,338	27,039,338	100.00%
2014		27,179,071	27,179,071 a	100.00%
2015		27,958,398	27,958,398	100.00%
2016		28,972,521	28,972,521	100.00%
2017		31,695,698	31,695,698	100.00%
2018		31,512,161	31,512,161	100.00%
2019		33,930,833	33,930,833	100.00%
2020		32,934,080	32,934,080	100.00%
2021		33,596,703	33,596,703	100.00%

Source: District records including the Certificate of Report of School Taxes.

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

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

DEBT CAPACITY

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

Exhibit J-10

Fiscal Year Ended June 30,	Governmental Activities				Business- Type Activities		Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
Morris Township								
2012	\$ 3,358,575	-	\$ 132,894	-	-	\$ 3,491,469	0.20%	156
2013	2,901,144	-	138,804	-	-	3,039,948	0.17%	136
2014	2,349,402	-	134,555	-	-	2,483,957	0.13%	111
2015	1,844,255	-	124,576	-	-	1,968,831	0.10%	88
2016	1,283,555	-	112,001	-	-	1,395,556	0.07%	62
2017	868,870	-	1,903,272	-	-	2,772,142	0.13%	125
2018	424,237	-	1,622,963	-	-	2,047,200	0.09%	92
2019	-	-	1,711,183	-	-	1,711,183	0.08%	77
2020	-	-	1,818,182	-	-	1,818,182	N/A	81
2021	-	-	2,200,287	-	-	2,200,287	N/A	N/A
Morristown								
2012	\$ 1,816,425	-	\$ 71,873	-	-	\$ 1,888,298	0.13%	102
2013	1,458,856	-	69,798	-	-	1,528,654	0.10%	82
2014	1,155,598	-	66,184	-	-	1,221,782	0.08%	66
2015	920,745	-	62,195	-	-	982,940	0.06%	53
2016	731,445	-	63,824	-	-	795,269	0.05%	42
2017	476,130	-	1,042,969	-	-	1,519,099	0.09%	81
2018	250,763	-	959,317	-	-	1,210,080	0.06%	63
2019	-	-	936,068	-	-	936,068	0.05%	49
2020	-	-	977,730	-	-	977,730	N/A	51
2021	-	-	1,144,942	-	-	1,144,942	N/A	N/A

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

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

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.

N/A = Not Available

Morris 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		
2012	\$ 5,175,000	-	\$ 5,175,000	0.09%	126
2013	4,360,000	-	4,360,000	0.07%	107
2014	3,505,000	-	3,505,000	0.06%	86
2015	2,765,000	-	2,765,000	0.05%	68
2016	2,015,000	-	2,015,000	0.03%	49
2017	1,345,000	-	1,345,000	0.02%	33
2018	675,000	-	675,000	0.01%	16
2019	-	-	-	0.00%	-
2020	-	-	-	0.00%	-
2021	-	-	-	0.00%	-

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

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

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

Morris School District
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2021
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			
Morristown Town	\$ 26,002,690	100%	\$ 26,002,690
Morris Township	24,949,131	100%	24,949,131
Other debt			
Morris County - Morristown	245,285,276	3.080%	7,554,933
Morris County - Morris Township	245,285,276	5.919%	<u>14,518,659</u>
Total direct and overlapping debt			<u>\$ 73,025,413</u>

Sources: Morristown Town
Morris Township

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

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

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

Exhibit J-13

Year	Morris Township Equal. Valuation	Morristown Equal. Valuation	Legal Debt Margin Calculation for Fiscal Year 2020	
			Total Equalized valuation basis	
2020	\$5,744,520,909	\$2,944,551,688	2020	\$8,689,072,597
2019	5,631,486,057	3,065,780,224	2019	8,697,266,281
2018	5,474,115,884	3,006,721,581	2018	8,480,837,465
			[A]	<u>\$25,867,176,343</u>
		Average equalized valuation of taxable property	[A/3]	\$8,622,392,114
		Debt limit (3 % of average equalization value)	[B]	258,671,763 ^a
		Net bonded school debt	[C]	-
		Legal debt margin	[B-C]	<u>\$258,671,763</u>

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt limit	\$ 266,701,712	\$ 246,797,070	\$ 238,195,198	\$ 232,335,133	\$ 230,336,706	\$ 234,866,986	\$ 243,707,679	\$ 250,538,864	\$ 256,094,094	\$ 258,671,763
Total net debt applicable to limit	<u>5,175,000</u>	<u>4,360,000</u>	<u>3,505,000</u>	<u>2,765,000</u>	<u>2,015,000</u>	<u>1,345,000</u>	<u>675,000</u>	-	-	-
Legal debt margin	<u>\$ 261,526,712</u>	<u>\$ 242,437,070</u>	<u>\$ 234,690,198</u>	<u>\$ 229,570,133</u>	<u>\$ 228,321,706</u>	<u>\$ 233,521,986</u>	<u>\$ 243,032,679</u>	<u>\$ 250,538,864</u>	<u>\$ 256,094,094</u>	<u>\$ 258,671,763</u>
Total net debt applicable to the limit as a percentage of debt limit	1.94%	1.77%	1.47%	1.19%	0.87%	0.57%	0.28%			

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

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

DEMOGRAPHIC AND ECONOMIC INFORMATION

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

Exhibit J-14

Year	Population ^a	Personal Income (thousands of dollars) ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
Morris Twp				
2012	22,437 R \$	1,721,591,010 R \$	76,730 R	9.1%
2013	22,420 R	1,788,555,500 R	79,775 R	7.0%
2014	22,402 R	1,810,417,630 R	80,815 R	6.3%
2015	22,313 R	1,880,495,014 R	84,278 R	4.2%
2016	22,376 R	1,976,583,960 R	88,335 R	3.5%
2017	22,378 R	2,039,709,944 R	91,148 R	3.3%
2018	22,261 R	2,084,364,213 R	93,633 R	3.2%
2019	22,166 R	2,168,255,954 R	97,819 R	2.6%
2020	22,152 R	2,251,662,192 R	101,646 R	2.5%
2021	22,352	N/A	N/A	6.2%
Morristown				
2012	18,473 R \$	1,417,433,290 R \$	76,730 R	9.1%
2013	18,500 R	1,475,837,500 R	79,775 R	7.1%
2014	18,533 R	1,497,744,395 R	80,815 R	5.1%
2015	18,497 R	1,558,890,166 R	84,278 R	4.3%
2016	18,490 R	1,633,314,150 R	88,335 R	3.8%
2017	18,896 R	1,722,332,608 R	91,148 R	3.6%
2018	18,821 R	1,762,266,693 R	93,633 R	3.1%
2019	19,101 R	1,868,440,719 R	97,819 R	2.8%
2020	19,249 R	1,956,583,854 R	101,646 R	2.5%
2021	19,229	N/A	N/A	7.1%

Source:

^a Population information provided by the NJ Dept of Labor and Workforce Development

^b Personal income has been estimated based upon population and per capita personal income

^c Per Capita income provided by US Dept of Commerce, Bureau of Economic Analysis

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

R - Revised

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

Employer	2021			2012		
	Approximate Number of Employees	Rank (Optional)	Percentage of Total Employment	Approximate Number of Employees	Rank (Optional)	Percentage of Total Employment
		N/A			N/A	

N/A - information not available for audit period

OPERATING INFORMATION

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

Exhibit J-16

<u>Function/Program</u>	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Instruction										
Regular	327	342	344	347	356	359	360	363	368	400
Special education	95	90	94	96	107	106	98	101	107	131
Other special education	24	24	21	22	25	27	29	33	45	53
Other instruction	3	3	3	3	3	3	3	3	3	3
Support Services:										
Student & instruction related services	164	164	166	172	168	170	165	158	160	152
General administrative services	2	2	2	2	2	2	2	2	2	2
School administrative services	35	35	34	35	35	35	38	38	39	42
Business administrative services	19	19	18	18	18	18	16	16	16	16
Plant operations and maintenance	85	82	85	86	85	86	85	89	87	88
Pupil transportation	24	32	33	32	34	38	62	68	68	91
Food Service	28	26	23	22	-	-	1	1	1	1
Total	805	818	823	835	833	844	859	872	896	979

Source: District Personnel Records

Morris School District
Operating Statistics
Last Ten Fiscal Years
Unaudited

Exhibit J-17

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Attendance (ADA) ^c	Average Daily Enrollment (ADE) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
2012	4,987	\$ 90,779,829	\$ 18,203	-0.73%	517	8.9:1	9.7:1	10.8:1	4,719	4,927	0.71%	95.78%
2013	5,076	98,228,382	19,352	6.31%	524	9.7:1	9.6:1	10.2:1	4,774	4,996	1.40%	95.56%
2014	5,084	97,317,268	19,142	-1.08%	529	9.6:1	9.5:1	10.1:1	4,889	5,111	2.30%	95.66%
2015	5,232	100,384,475	19,187	0.23%	544	9.7:1	9.1:1	9.8:1	5,012	5,239	2.50%	95.67%
2016	5,238	103,937,197	19,843	3.42%	557	9.9:1	9.0:1	10.1:1	5,002	5,249	0.19%	95.29%
2017	5,210	108,884,083	20,899	5.32%	548	10.2:1	9.8:1	11.2:1	4,925	5,198	-0.97%	94.75%
2018	5,091	114,500,636	22,491	7.62%	536	10.1:1	9.7:1	11.2:1	4,776	5,057	-2.71%	94.44%
2019	5,110	121,071,358	23,693	5.35%	538	9.0:1	8.6:1	10.9:1	4,852	5,117	1.19%	94.82%
2020	5,228	123,825,827	23,685	-0.03%	545	9.1:1	9.0:1	10.7:1	5,005	5,205	1.72%	96.16%
2021	5,414	120,839,387	22,320	-5.76%	593	7.7:1	8.6:1	10.1:1	4,720	5,020	-3.55%	94.02%

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

Note: Enrollment based on annual October district count.

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

Morris School District
School Building Information
Last Ten Fiscal Years
Unaudited

Exhibit J-18

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
District Building										
<u>Early Learning Center</u>										
Early Learning Center										
Square Feet	35,277	35,277	35,277	35,277	35,277	35,277	35,277	35,277	35,277	35,277
Capacity (students)	74	74	74	74	74	74	74	74	74	74
Enrollment										
<u>Elementary</u>										
Alexander Hamilton (1933)										
Square Feet	90,078	90,078	90,078	90,078	90,078	90,078	90,078	90,078	90,078	90,078
Capacity (students)	652	652	652	652	652	652	652	652	652	652
Enrollment										
Alfred Vail (1930)										
Square Feet	119,628	119,628	119,628	119,628	119,628	119,628	119,628	119,628	119,628	119,628
Capacity (students)	859	859	859	859	859	859	859	859	859	859
Enrollment ^a										
Hillcrest (1956)										
Square Feet	80,116	80,116	80,116	80,116	80,116	80,116	80,116	80,116	80,116	80,116
Capacity (students)	574	574	574	574	574	574	574	574	574	574
Enrollment										
Normandy Park (1964)										
Square Feet	75,438	75,438	75,438	75,438	75,438	75,438	75,438	75,438	75,438	75,438
Capacity (students)	547	547	547	547	547	547	547	547	547	547
Enrollment										
Sussex Ave. (1954)										
Square Feet	83,119	83,119	83,119	83,119	83,119	83,119	83,119	83,119	83,119	83,119
Capacity (students)	596	596	596	596	596	596	596	596	596	596
Enrollment										
Thomas Jefferson (1958)										
Square Feet	75,726	75,726	75,726	75,726	75,726	75,726	75,726	75,726	75,726	75,726
Capacity (students)	531	531	531	531	531	531	531	531	531	531
Enrollment										
Woodland Ave (1967)										
Square Feet	72,234	72,234	72,234	72,234	72,234	72,234	72,234	72,234	72,234	72,234
Capacity (students)	518	518	518	518	518	518	518	518	518	518
Enrollment										
<u>Middle School</u>										
Frelinghuysen (1965)										
Square Feet	227,837	227,837	227,837	227,837	227,837	227,837	227,837	227,837	227,837	227,837
Capacity (students)	1,553	1,553	1,553	1,553	1,553	1,553	1,553	1,553	1,553	1,553
Enrollment										
<u>High School</u>										
Morristown (1928)										
Square Feet	415,631	415,631	415,631	415,631	439,631	439,631	439,631	439,631	439,631	439,631
Capacity (students)	2,629	2,629	2,629	2,629	2,952	2,952	2,952	2,952	2,952	2,952
Enrollment										
Maintenance Offices										
Square Feet	900	900	900	900	900	900	900	900	900	900
Number of Schools at June 30, 2021										
Early Learning Center = 1										
Elementary = 7										
Middle School = 1										
High School= 1										

Source: District records, ASSA

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

Morris School District
General Fund
Schedule of Required Maintenance for School Facilities
Last Ten Fiscal Years
Unaudited

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

School Facilities	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Morristown High	\$ 586,073	\$ 707,702	\$ 941,350	\$ 875,691	\$ 687,569	\$ 525,289	\$ 756,167	\$ 565,937	\$ 513,709	\$ 697,495
Alexander Hamilton	70,039	80,062	152,618	153,872	159,529	179,087	120,916	129,662	120,494	121,110
Alfred Vail	208,766	119,320	92,060	130,772	90,029	153,754	141,462	75,124	123,806	73,822
Frelinghuysen	269,135	799,739	296,423	262,244	253,709	428,258	309,925	231,782	216,145	186,878
Lafayette Learning Center	73,428	155,339	83,381	170,310	120,715	117,114	85,746	84,516	79,898	89,984
Hillcrest	154,718	133,326	110,199	92,657	128,949	91,097	145,466	196,806	104,935	169,749
Normandy Park	92,669	154,950	89,274	68,039	74,802	78,049	121,527	104,759	74,866	89,131
Sussex Avenue	132,722	224,277	97,241	79,568	110,597	70,432	87,518	74,489	80,133	92,090
Thomas Jefferson	233,795	150,079	81,118	132,744	77,014	69,863	121,654	104,528	110,188	124,690
Woodland Avenue	146,799	118,525	102,689	53,161	118,030	122,037	96,666	78,257	80,938	99,813
Total School Facilities	\$ 1,968,144	\$ 2,643,319	\$ 2,046,353	\$ 2,019,058	\$ 1,820,943	\$ 1,834,980	\$ 1,987,047	\$ 1,645,860	\$ 1,505,112	\$ 1,744,762

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

Morris School District
Insurance Schedule
For the Fiscal Year Ended June 30, 2021
Unaudited

Company	Type of Coverage	Coverage	Deductible
School Alliance Insurance Fund	School Package Policy	\$ 500,000,000 Occurrence	
	Building & Personal Property		\$2,500
	Auto Physical Damage		1,000
	General Liability including Auto, Employee Benefits	5,000,000	
	Each Occurrence		
	General Aggregate	Agreed upon based on membership	
	Product/Completed Ops		
	Personal Injury		
	Fire Damage	2,500,000	
	Medical Expenses (excluding students taking part in athletics)	10,000	
	Automobile Coverage		
	Combined Single Limit		
	Hired/Non-owned		
	Security Guard Liability		
	Environmental Impairment Liability	1,000,000/25,000,000 Fund Agg. First party Fungi & Legionella	10,000 100,000
NJ School Insurance Group	Crime Coverage	50,000 Inside/Outside	1,000
	Blanket Dishonesty Bond	500,000	1,000
	Boiler & Machinery	100,000,000	2,500
Bollinger Specialty Group	Excess Liability (AL/GL)	10,000,000	
	Cyber Liability	2,000,000 per Occurrence/Agg	10,000
NJ School Insurance Group	Workmen's Compensation		
	Coverage A	Statutory	
	Coverage B (Employer Liability)	2,000,000	
Bollinger Specialty Group	Supplemental Indemnity	Statutory	
	Student Accident Insurance (Includes Athletes)	(Excess of Parents coverage)	
		5,000,000	Excess
School Alliance Insurance Fund	Catastrophe Cash option	1,000,000	
	School Board Legal Liability including Employment Practices Liability		
	Liability Limit/aggregate limit	5,000,000	10,000
NJ School Insurance Group	Claims Made basis		
	Blanket/Public Official Fidelity Bond		
	Board Sec/Business Administrator	475,000	
	Assist Board Sec/Asst Business Administrator	200,000	

Morris School District
Insurance Schedule
For the Fiscal Year Ended June 30, 2021
Unaudited

Company	Type of Coverage	Coverage	Deductible
Fireman's Fund Indemnity Corp	Excess Catastrophe Coverage Occurrence Limit (BI & PD)	\$ 50,000,000 (shared limits with three Districts)	
National Flood Program Selective Insurance	Flood Coverage-Alexander Hamilton		
	Building	\$500,000	\$1,000
	Contents	500,000	1,000
	Flood Coverage-Woodland		
	Building	500,000	1,000
	Contents	500,000	1,000
	Flood Coverage-Frelinghuysen Middle School		
	Building	500,000	1,000
	Contents	500,000	1,000
	Flood Coverage-Maintenance Building at Frelinghuysen		
	Building	200,000	1,000
	Contents	150,000	1,000

Source: District Records

SINGLE AUDIT SECTION
SECTION - K

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITORS' REPORT

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the financial statements of the governmental activities, the business-type activities and each major fund of the Morris School District (the "District"), in the County of Morris, State of New Jersey, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 1, 2022.

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 opinion 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, noncompliance with which could have a direct and material effect on the 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* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

We noted other matters that we reported to the District in a separate report entitled, Auditors Management Report on Administrative Findings dated March 1, 2022.

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.

PKF O'Connor Davies, LLP

Cranford, New Jersey
March 1, 2022



Andrew G. Hodulik
Public School Accountant, PSA # 841

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08**

INDEPENDENT AUDITORS' REPORT

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

Report on Compliance for Each Major Federal and State Program

We have audited the Morris School District's, County of Morris, New Jersey (the "District") 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 year ended June 30, 2021. 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.

Auditor's 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; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and *New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants and State Aid*. Those standards, the Uniform Guidance and New Jersey OMB's Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred.

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

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

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 year ended June 30, 2021.

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 NJ OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

Purpose of this Report

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

PKF O'Connor Davies, LLP

Cranford, New Jersey
March 1, 2022



Andrew G. Hodulik
Public School Accountant, PSA # 841

MORRIS SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL A.L. NO.	FEDERAL FAIN NO.	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	DEF. REVENUE/ (ACCTS. REC.) AT JUNE 30, 2020	CASH RECEIVED	BUDGETARY EXPENDITURES	REPAY. PR. YRS. BALANCES	BALANCE JUNE 30, 2021	
										ACCOUNTS RECEIVABLE	DUE TO GRANTOR
U.S. Department of Agriculture Passed-through State Department of Agriculture: Enterprise Fund:											
Child Nutrition Program Cluster:											
Food Distribution Program	10.555	211NJ304N1099	N/A	07/01/20-06/30/21	\$ 127,549	\$	\$ 127,549	\$ (127,549)	\$	\$	\$
School Breakfast Program	10.553	211NJ304N1099	N/A	07/01/20-06/30/21	484,756		447,776	(484,756)		(36,980)	
School Breakfast Program	10.553	201NJ304N1099	N/A	07/01/19-06/30/20	265,143	(29,641)	29,641				
National School Lunch Program	10.555	211NJ304N1099	N/A	07/01/20-06/30/21	771,941		713,272	(771,941)		(58,669)	
National School Lunch Program	10.555	201NJ304N1099	N/A	07/01/19-06/30/20	706,196	(47,155)	47,155				
Total Enterprise Fund						(76,796)	1,365,393	(1,384,246)	-	(95,649)	-
U.S. Department of Education Passed-through NJDOE: General Fund:											
Medical Assistance Program:											
Special Education Medical Initiative (SEMI)	93.778	2105NJ5MAP	N/A	07/01/20-06/30/21	138,669		138,669	(138,669)			
Medicaid Admin. Claiming (MAC)	93.778	2105NJ5MAP	N/A	07/01/20-06/30/21	28,396		28,396	(28,396)			
FFCRA/SEMI	93.778	2105NJ5MAP	N/A	07/01/20-06/30/21	14,995		14,995	(14,995)			
U.S. Department of Labor and Workforce Development Passed-through NJDOL:											
Cares Act DOL Unemployment Grant	17.000	N/A	N/A	07/01/19-06/30/20	55,588	(55,588)	55,588			-	-
Total General Fund						(55,588)	237,648	(182,060)	-	-	-
U.S. Department of Education Passed-through NJDOE: Special Revenue Fund											
Title I Cluster:											
Title I, Part A	84.010	S010A210030	ESEA-21	07/01/20-09/30/21	620,401	(164,687)	504,963	(555,535)		(215,259)	
Title I, Distinguished School	84.010	S010A180030	ESEA-18	07/01/17-06/30/18	10,000	676			676	-	
Title I, Part D	84.013	S013A210030	ESEA-21	07/01/20-09/30/21	97,205	(13,796)	70,190	(89,537)		(33,143)	
Total Title I						(177,807)	575,153	(645,072)	676	(248,402)	-
Special Education Cluster:											
I.D.E.A. Part B, Full-time	84.027	H027A210100	IDEA-21	07/01/20-09/30/21	1,738,654	(92,161)	1,597,050	(1,703,528)		(198,639)	
I.D.E.A. Part B, Preschool	84.173	H173A210114	IDEA-21	07/01/20-09/30/21	54,291	(5,378)	55,718	(54,291)		(3,951)	
Total Special Education Cluster						(97,539)	1,652,768	(1,757,819)	-	(202,590)	-
Title II Part A	84.367	S367A210029	ESEA-21	07/01/20-09/30/21	221,793	(15,261)	89,426	(98,474)		(24,309)	
Title III	84.365	S365A210030	ESEA-21	07/01/20-09/30/21	331,518	(20,409)	110,476	(154,215)		(64,148)	
Title IV Part A	84.424	S424A210031	ESEA-21	07/01/20-09/30/21	91,822	(1,526)	15,988	(20,906)		(6,444)	
Career Academy	84.048	V048A140030	N/A	07/01/09-06/30/10		(3,985)	3,985			-	
Vocational Education:											
Secondary(Carl Perkins)	84.048	V048A200030	PERK-20	07/01/19-06/30/20	37,742	(175)	175			-	
Coronavirus Relief Fund (CRF):											
COVID-19 Nonpublic Technology Initiative	21.019	N/A	21-5120-515	03/01/20-12/30/20	115,148		108,780	(108,660)		-	120
COVID-19 Bridging the Digital Divide	21.019	N/A	21-5120-516	03/01/20-12/30/20	887,982		887,979	(887,979)		-	-
COVID-19 School Reopening and Remote Learning	21.019	N/A	21-5120-517	03/01/20-12/30/20	372,758		372,758	(370,607)		-	2,151
Total Coronavirus Relief Fund (CRF)						-	1,369,517	(1,367,246)	-	-	2,271
CARES Emergency Relief Grant (ESSER Fund)	84.425D	S425D200027	21-5120-513	03/13/20-09/30/22	570,958		333,412	(424,616)		(91,204)	
Total Special Revenue Fund						(316,702)	4,150,900	(4,468,348)	676	(637,097)	2,271
Total Expenditures of Federal Awards						\$ (449,086)	\$ 5,753,941	\$ (6,034,654)	\$ 676	\$ (732,746)	\$ 2,271

N/A - Not Available

See Accompanying Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance

MORRIS SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

K-4
Schedule - B

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NO.	GRANT PERIOD	AWARD AMOUNT	BALANCE AT JUNE 30, 2020		CASH RECEIVED	BUDGETARY EXPEND.	ADJU./ REPAY. PR. YRS. BALANCES	BALANCE JUNE 30, 2021			MEMO
				DEF.REVENUE/ (ACCTS. REC.)	DUE TO GRANTOR				DEF.REVENUE/ (ACCTS. REC.)	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
State Department of Education:												
General Fund:												
Categorical Transportation Aid	21-495-034-5120-014	7/1/20-6/30/21	\$ 1,736,086	\$	\$	\$ 1,403,085	\$ (1,736,086)	\$	\$	\$	(333,001)	\$ (1,736,086)
Categorical Transportation Aid	20-495-034-5120-014	7/1/19-6/30/20	1,736,086		(241,995)	241,995						
Categorical Special Education Aid	21-495-034-5120-089	7/1/20-6/30/21	3,802,913			3,078,718	(3,802,913)				(724,195)	(3,802,913)
Categorical Special Education Aid	20-495-034-5120-089	7/1/19-6/30/20	3,684,870	(509,832)		509,832						
Categorical Security Aid	21-495-034-5120-084	7/1/20-6/30/21	994,301			803,580	(994,301)				(190,721)	(994,301)
Categorical Security Aid	20-495-034-5120-084	7/1/19-6/30/20	994,301	(138,596)		138,596						
School Choice Aid	21-495-034-5120-068	7/1/20-6/30/21	400,827			323,942	(400,827)				(76,885)	(400,827)
School Choice Aid	20-495-034-5120-068	7/1/19-6/30/20	523,519	(72,974)		72,974						
Adjustment Aid	21-495-034-5120-085	7/1/20-6/30/21	218,451			176,550	(218,451)				(41,901)	(218,451)
Adjustment Aid	20-495-034-5120-085	7/1/19-6/30/20	218,451	(30,450)		30,450						
Non-public Transportation Aid	21-495-034-5120-078	7/1/20-6/30/21	110,053				(110,053)		(110,053)			(110,053)
Non-public Transportation Aid	20-495-034-5120-078	7/1/19-6/30/20	48,299	(48,299)		48,299						
Extraordinary Aid	21-495-034-5120-044	7/1/20-6/30/21	3,818,738				(3,818,738)		(3,818,738)			(3,818,738)
Extraordinary Aid	20-495-034-5120-044	7/1/19-6/30/20	1,383,298	(1,257,356)		1,383,298	(125,942)					
T.P.A.F. Social Security Aid	21-495-034-5094-003	7/1/20-6/30/21	3,273,072			3,273,072	(3,273,072)		-			-
T.P.A.F. Social Security Aid	20-495-034-5094-003	7/1/19-6/30/20	3,183,570	(158,984)		158,985						
On-behalf T.P.A.F. Pension Contribution	21-495-034-5094-002	7/1/20-6/30/21	11,642,354			11,642,354	(11,642,354)					(11,642,354)
On-behalf T.P.A.F. Non-Contributory Insurance	21-495-034-5094-004	7/1/20-6/30/21	221,511			221,511	(221,511)					(221,511)
On-behalf T.P.A.F. Non-Contributory Insurance - LTDI	21-495-034-5094-004	7/1/20-6/30/21	7,300			7,300	(7,300)					(7,300)
On-behalf T.P.A.F. Post Retirement Medical Contribution	21-495-034-5094-001	7/1/20-6/30/21	3,717,951			3,717,951	(3,717,951)					(3,717,951)
Total General Fund					(2,458,486)	27,232,492	(30,069,499)		(3,928,791)		(1,366,703)	(26,670,485)
Special Revenue Fund:												
N.J. Nonpublic Aid:												
Textbook Aid	21-100-034-5120-064	7/1/20-6/30/21	125,234			125,234	(121,193)			4,041		(121,193)
Textbook Aid	20-100-034-5120-064	7/1/19-6/30/20	107,686		11,924			11,924				
Auxiliary Services:												
Compensatory	21-100-034-5120-067	7/1/20-6/30/21	90,401			90,401	(71,903)		-	18,498		(71,903)
Compensatory	20-100-034-5120-067	7/1/19-6/30/20	83,553	(8,591)	6,570	8,591		6,570				
ESL	21-100-034-5120-067	7/1/20-6/30/21	3,197			3,197	(2,237)		-	960		
ESL	20-100-034-5120-067	7/1/19-6/30/20	4,136	(410)	2,151	410		2,151				-
Home Instruction	21-100-034-5120-067	7/1/20-6/30/21	3,975				(3,975)		(3,975)			(3,975)
Home Instruction	20-100-034-5120-067	7/1/19-6/30/20	7,892	(7,892)		7,892						
Handicapped Services:												
Supplementary Instruction	21-100-034-5120-066	7/1/20-6/30/21	69,049			69,049	(62,898)		-	6,151		(62,898)
Supplementary Instruction	20-100-034-5120-066	7/1/19-6/30/20	62,088	(6,498)	1,861	6,498		1,861				
Examination & Classification	21-100-034-5120-066	7/1/20-6/30/21	86,604			86,604	(71,008)		-	15,596		(71,008)
Examination & Classification	20-100-034-5120-066	7/1/19-6/30/20	106,274	(19,899)	9,112	19,899		9,112				
Corrective Speech	21-100-034-5120-066	7/1/20-6/30/21	41,924			41,924	(36,820)		-	5,104		(36,820)
Corrective Speech	20-100-034-5120-066	7/1/19-6/30/20	49,033	(5,318)	3,463	5,318		3,463				
Nursing Services	21-100-034-5120-070	7/1/20-6/30/21	271,932			271,932	(271,894)			38		(271,894)
Nursing Services	20-100-034-5120-070	7/1/19-6/30/20	257,341		854			854				-
Technology Initiative Aid	20-100-034-5120-373	7/1/19-6/30/20	95,040		187			187				
Security Aid	21-100-034-5120-509	7/1/20-6/30/21	466,550			466,550	(361,239)			105,311		(361,239)
Security Aid	20-100-034-5120-509	7/1/19-6/30/20	397,950		80,901			80,901				
Preschool Aid	21-495-034-5120-086	7/1/20-6/30/21	6,684,430			6,684,430	(5,932,715)		751,715			(5,932,715)
Preschool Aid	20-495-034-5120-086	7/1/19-6/30/20	3,016,464	37,676			(37,676)					(37,676)
Total Special Revenue Fund					(10,932)	117,023	7,887,929	(6,973,558)	117,023	747,740	155,699	(6,971,321)

MORRIS SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NO.	GRANT PERIOD	AWARD AMOUNT	BALANCE AT JUNE 30, 2020		CASH RECEIVED	BUDGETARY EXPEND.	ADJU./ REPAY. PR. YRS. BALANCES	BALANCE JUNE 30, 2021			MEMO CUMULATIVE TOTAL EXPENDITURES
				DEF.REVENUE/ (ACCTS. REC.)	DUE TO GRANTOR				DEF.REVENUE/ (ACCTS. REC.)	DUE TO GRANTOR	BUDGETARY RECEIVABLE	
Enterprise Fund:												
National School												
Lunch Prog. (State Share)	21-100-010-3350-023	7/1/20-6/30/21	\$ 37,712	\$	\$	\$ 29,749	\$ (37,712)	\$	\$ (7,963)	\$	\$	\$ (37,712)
Lunch Prog. (State Share)	20-100-010-3350-023	7/1/19-6/30/20	19,019	(5,271)		5,271			-			
Total Enterprise Fund				(5,271)		35,020	(37,712)		(7,963)			(37,712)
Total State Financial Assistance				\$ (2,474,689)	\$ 117,023	\$ 35,155,441	\$ (37,080,769)	\$ 117,023	\$ (3,189,014)	\$ 155,699	\$ (1,366,703)	\$ (33,679,518)
Less: State Financial Assistance Not Subject to Single Audit Determination												
On-behalf T.P.A.F. Pension Contribution						\$ 11,642,354						
On-behalf T.P.A.F. Non-Contributory Insurance						221,511						
On-behalf T.P.A.F. Non-Contributory Insurance - LTDI						7,300						
On-behalf T.P.A.F. Post Retirement Medical Contribution						3,717,951						
State Financial Assistance Subject to Single Audit Determination						\$ (21,491,653)						

See Accompanying Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance

MORRIS SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL
AWARDS AND STATE FINANCIAL ASSISTANCE
JUNE 30, 2021

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in these schedules are presented in accordance with the requirements of the OMB Uniform Guidance, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts -presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

MORRIS SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL
AWARDS AND STATE FINANCIAL ASSISTANCE
JUNE 30, 2021

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(372,856) for the general fund. See Note 1 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basics financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 182,060	\$ 29,871,014	\$30,053,074
Special Revenue Fund	4,468,348	6,973,558	11,441,906
Food Service Fund	<u>1,384,246</u>	<u>37,712</u>	<u>1,421,958</u>
Total Financial Awards Revenue	<u>\$ 6,034,654</u>	<u>\$ 36,882,284</u>	<u>\$42,916,938</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions and Post-Retirement Medical represents the amount paid by the state on behalf of the District for the year ended June 30, 2021. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2021.

NOTE 6. INDIRECT COSTS

The District elected not to use the 10% de minimis indirect cost rate as allowed by the Uniform Guidance

MORRIS SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

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Section 1 - Summary of Auditor's Results

Financial Statements

Type of report the auditors' issued on whether the financial statements were prepared in accordance with GAAP:

Unmodified

Internal Control over financial reporting:

- 1) Material weakness(es) identified? _____ Yes X No
- 2) Significant Deficiency(s) identified that are not considered to be material weaknesses? _____ Yes X None reported

Noncompliance material to basic financial statements noted?

_____ Yes X No

Federal Awards

Internal Control over major federal programs:

- 1) Material weakness(es) identified? _____ Yes X No
- 2) Significant Deficiency(s) identified that are not considered to be material weaknesses? _____ Yes X None reported

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR-200.516(a)?

_____ Yes X No

Identification of major federal programs:

AL Number(s)	FAIN Numbers	Name of Federal Program or Cluster
84.010	H027A190100	Title I Cluster: Title I, Part A
84.013	H173A190114	Title I, Part D
84.425D	S425D200027	CARES Elementary and Secondary School Emergency Relief Fund
21.019	N/A	Coronavirus Relief Fund

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

Auditee qualified as low-risk auditee? X Yes No

MORRIS SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

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

State Financial Assistance

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

Auditee qualified as low-risk auditee? X Yes No

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

Internal Control over major state programs:

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

2) Significant Deficiency(s) identified that are not considered to be material weaknesses? Yes X None reported

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

Identification of major state programs:

<u>GMIS Number(s)</u>	<u>Name of State Program or Cluster</u>
<u>21-495-034-5120-089</u>	<u>State Aid Cluster:</u>
<u>21-495-034-5120-084</u>	<u>Categorical Special Education Aid</u>
<u>21-495-034-5120-068</u>	<u>Categorical Security Aid</u>
<u>21-495-034-5120-085</u>	<u>School Choice Aid</u>
	<u>Adjustment Aid</u>
<u>21-495-034-5120-044</u>	<u>Extraordinary Aid</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
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MORRIS SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

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Section II - Financial Statement Findings

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

Significant Deficiency(ies)/Material Weaknesses

No compliance or internal control over financial reporting findings noted that are required to be reported under *Government Auditing Standards*

Noncompliance

None Noted.

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

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

Federal Awards and State Financial Assistance Programs:

Significant Deficiency(ies)/Material Weaknesses

No federal award or state financial assistance program internal control over compliance or compliance findings or questioned costs were noted that are required to be reported in accordance with 2CFR 200 Section.516(a) or New Jersey State OMB Circular 15-08.

Noncompliance

None Noted.

MORRIS SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021

No prior year audit findings were noted.