



MORRIS SCHOOL DISTRICT

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

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

***ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED JUNE 30, 2023***

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

JUNE 30, 2023

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INTRODUCTORY SECTION



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December 1, 2023

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, 2023 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 ("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 Governmental Accounting Standards Board (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 2022-23 fiscal year with an average daily enrollment of 5,243 students, which represented an increase of 166 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>
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
2021-22	5,077	1.12%	4,702
2022-23	5,243	3.27%	4,863

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 2.6%.

The estimated population in the Township has increased from 22,402 in 2013 to 23,268 in 2022, or a cumulative increase of 3.9% over ten years. The Town's population has increased from 18,533 in 2013 to 20,339 in 2022 or a cumulative increase of 9.7% over ten years.

The tax levy saw a shift of 0.0823 percentage points for the 2022-23 school year due to an increase in Morristown's equalized value and a decrease for Morris Township. The total tax base of the District was allocated 65.7739% to the Township and 34.2261% 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.

The District has continually invested and maintained its aging infrastructure by conducting capital projects with a cost between three and four million per year utilizing capital reserve funds. We have replaced roofs, windows, HVAC units, and new flooring, just to name a few.

3. MAJOR INITIATIVES:

The Morris School District continually revises our curricula to be responsive to the NJSLs. All curriculum is cataloged using Rubicon Atlas. In the 2022-2023 school year the District investigated PRISMS VR to offer an immersive, real world component into the instruction of our upper level math classes. Morristown High School also planned a partnership with County College of Morris for Morristown Promise, an innovative program geared to our first generation college students replete with college and career counseling, parent education and academic supports. Both initiatives successfully launched in the fall of 2023.

The Board of Education has an active Curriculum Committee committed to supporting the success of all students. A comprehensive detail of all curricular initiatives can be found on our District website.

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 5,600 in grades Pre-K through 12. Our teachers and administrators continually earn awards and recognition for their innovations and impact on public education.

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 a grant from the NJ Department of Education (\$8.5 million for 2022-23, to offer free preschool to almost 700 children. Leading a collaborative consortium of area preschool partners (including Head Start, Greater Morristown YMCA, Temple B'NAI Or, YMCA of Madison, Salvation Army, Primrose School 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, learning laboratories/maker spaces, mindfulness rooms, and new playgrounds enhance the physical plant. Standardized assessment results (NJSLA) from 2023, show that our students are performing consistently above the state average with the exception of grade 3 ELA--our district is addressing all learning acceleration

needs (ELA, Math and Subgroup Populations) through a systematic MTSS Framework and increased opportunities for family engagement across our PreK-5 schools.

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. Currently, all FMS students have free access to an online tutoring platform to support at home learning, content/skill practice for all students.

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 semester Musical Theater class that introduces them to performance, production, and set design and/or a semester World Drumming class that introduces them to percussion instruments and rhythms from cultures around the world. Students in grades 6-8 take Fine Arts electives such as Visual Arts, Graphic Design, and 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, Computer Science for Innovators, and Computer Science Applications. Frelinghuysen Middle School runs a very active chapter of the National Society of Black Engineers (NSBE) and is currently running STEM courses in grades 7 and 8 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, 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: In 2022-2023, Frelinghuysen Middle School students continued to excel beyond the school in the area of music. FMS had seven students make the Morris Area Honor Choir and two students be accepted into the North Jersey Regional Choir. In addition, three FMS students were selected to participate in the North Jersey Area Band, and three students in the New Jersey Music Association Junior Region Band.

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. Over the years, Frelinghuysen Middle School’s athletic teams have consistently excelled in inter-scholastic competitions, winning many county championships.

Morristown High School is a comprehensive, four-year secondary school located in Morris County, roughly 33 miles outside of New York City. MHS serves a diverse population of

approximately 1900 students. The mission of the faculty and administration is to prepare its graduates for a wide variety of post-secondary experiences that require a well-developed global competency. Morristown High School is accredited by the New Jersey Department of Education and is recognized locally and nationally as a premiere education institution. MHS was ranked among the Top 125 schools in New Jersey by *Niche.com* with highest marks in Academics (A-) and Diversity (A).

As part of our commitment to preparing graduates to take their place as contributing citizens of the world, MHS participated 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.

Our Faculty - Morristown High School has 175 full-time educators on staff, more than 70% of whom have advanced degrees, who embrace the challenges of its dynamic population. In addition to the Director of School Counseling and eleven school counselors (several of which are bilingual), there are two Student Assistance Counselors and one Academic Assistance Coordinator. The counselor to student ratio is 170:1. The faculty actively participates in progressive professional development opportunities and demonstrates commitment to life-long learning and development.

Our Curriculum - MHS provides a rigorous college preparatory curriculum, including 29 Advanced Placement, 3 Post-Secondary, and 40 Honors courses, complemented by over 45 extracurricular activities including a highly regarded and award-winning Performing Arts Department, Math League, and Science Team, as well as 29 varsity athletic teams. Students are not limited in the number of AP, PS, or Honors courses they can take, but must receive recommendations for placement into each academic level. MHS stands out among peer high schools for its STEM and Humanities Academies, coupled with selective, state of the art, programming in broadcasting, music, and theater. Peer Group Connection is an accredited leadership program for seniors adopted from the *Princeton Center for Learning*. Tech Ed offerings in Engineering and Design focus on the DIY or Maker movement, drawing on open-source methods and innovative technology; coursework in Computer Assisted Design (CAD), engineering, architecture, robotics, alternative energy and sustainable design.

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.

The District has an outstanding partner in the Morris Education Foundation which supports academic and co-curricular events with generous grants at every level. Grants for the 2022-2023 year totaling \$250,000 include:

Cultural Arts Annual Funding – \$32,000: Each year the Morris Educational Foundation awards blanket grants to all ten Morris School District schools to support cultural arts programming.

Flexible Furniture –\$30,000: Flexible furniture for Frelinghuysen Middle School classrooms in partnership with the Lauren and Emily Failla Foundation.

Science Day for K-5 Schools – \$35,000: An interactive day of science that immerses all K-5 students in each of the seven elementary schools in STEM activities and unique hands-on learning opportunities.

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, 2023.

7. ACCOUNTING SYSTEM AND REPORTS: The District's 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 and special revenue fund for the fiscal year ended June 30, 2023 and the amount and percentage of increases in relation to prior year revenues.

<u>Revenue</u>	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>	<u>Increase (Decrease)</u>
Local Sources	\$ 104,673,296	\$ 102,772,661	\$ 1,900,635	1.85%
State Sources	47,823,770	45,185,711	2,638,059	5.84%
Federal Sources	5,264,133	6,421,185	(1,157,052)	-18.02%
Total	<u>\$ 157,761,199</u>	<u>\$ 154,379,557</u>	<u>\$ 3,381,642</u>	<u>2.19%</u>

The following schedule presents a summary of the general fund and special revenue fund expenditures for the fiscal year ended June 30, 2023 and the amount and percentage of decreases/increases in relation to prior year expenditures.

<u>Expenditures</u>	<u>2023</u>	<u>2022</u>	<u>Increase</u>	<u>Increase</u>
Instruction	\$ 42,786,676	\$ 41,912,942	\$ 873,734	2.08%
Undistributed	93,749,079	86,162,111	7,586,968	8.81%
Charter Schools	1,526,872	1,472,989	53,883	3.66%
Capital Outlay	4,066,022	1,716,079	2,349,943	136.94%
Special Revenue	16,870,912	15,743,254	1,127,658	7.16%
Total	<u>\$ 158,999,561</u>	<u>\$ 147,007,375</u>	<u>\$ 11,992,186</u>	<u>8.16%</u>

9. DEBT ADMINISTRATION: The District has no outstanding bonded debt at June 30, 2023.

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. 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,



Dr. Anne Mucci
Superintendent



Anthony Lo Franco
Business Administrator/Board Secretary

MORRIS SCHOOL DISTRICT

ORGANIZATIONAL CHART

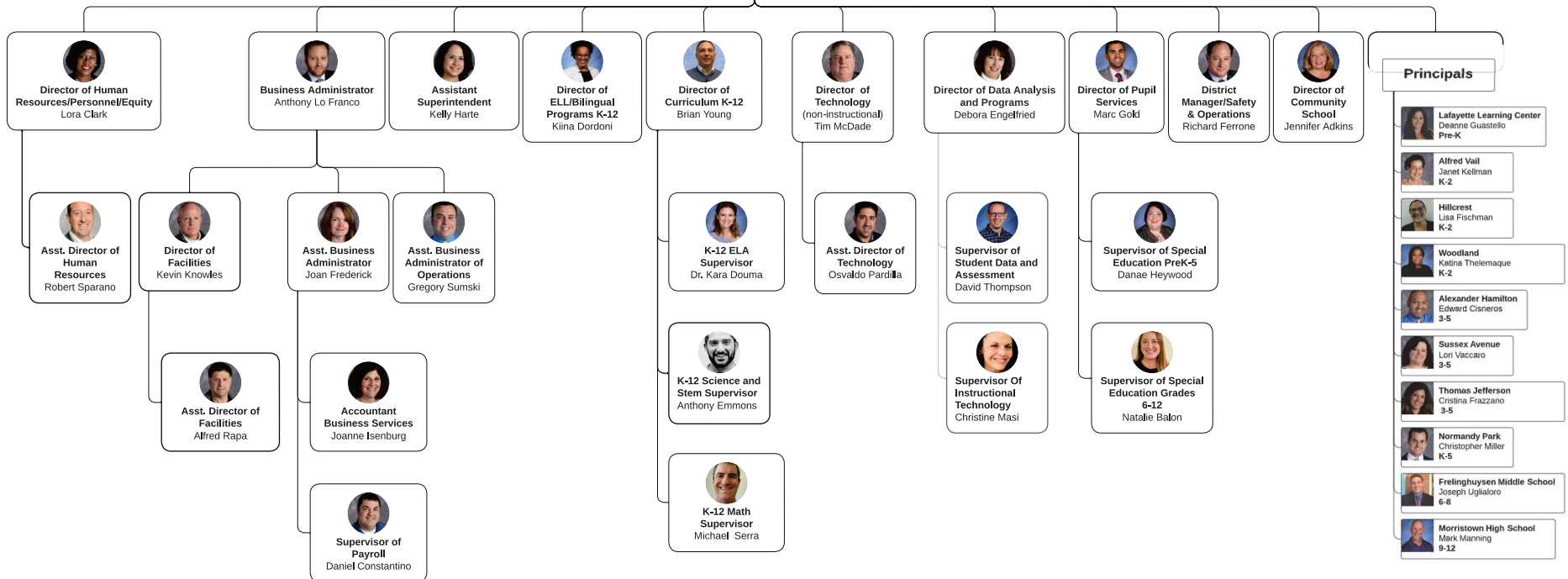
CENTRAL OFFICE

2022-2023

BOARD OF EDUCATION



SUPERINTENDENT
Dr. Anne Mucci



MORRIS SCHOOL DISTRICT
BOARD OF EDUCATION
MORRIS COUNTY, NEW JERSEY

ROSTER OF OFFICIALS
JUNE 30, 2023

PRESIDENT

Mrs. Melissa Spiotta 2025

VICE-PRESIDENT

Mrs. Kathleen (Katie) Cole 2024

MEMBERS

Ms. Meredith Davidson 2023

Mr. Cary Lloyd 2025

Ms. Linda K. Murphy 2024

Mrs. Susan Pedalino 2025

Dr. Vivian Rodriguez 2024

Mr. Alan Smith 2023

Mrs. Elisabeth (Beth) Wall 2023

Ms. Lucia Galdi (Morris Plains Rep)

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

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

Gregory Sumski, Assistant Business Administrator of Operations

James McCreedy, Esq., Board Attorney

**MORRIS SCHOOL DISTRICT
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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Morris School District (the "District") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the District as of June 30, 2023, 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 State of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States ("*Government Auditing Standards*"). Our responsibilities under those standards and requirements are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

**Honorable President and Members
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Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the schedules included under Required Supplementary Information in the accompanying table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 historic context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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.

Supplementary 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 combining and individual fund financial statements, long-term debt schedules, and the schedules of expenditures of federal awards and state financial assistance, 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, are presented for additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual fund financial statements and the schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Annual Financial Report for the year ended June 30, 2023. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Honorable President and Members
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Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2023 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
December 1, 2023

Robert E. Provost

Robert Provost, CPA
Licensed Public School Accountant, No. 2486

REQUIRED SUPPLEMENTARY INFORMATION
PART I
MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis
Year ended June 30, 2023

As management of the Morris School District (the "District"), we offer readers of the District's financial statements this narrative discussion, overview, and analysis of the financial activities of the District for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented, in conjunction with additional information that we have furnished in our letter of transmittal.

Management's Discussion and Analysis (MD&A) is Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Certain comparative information between the current fiscal year (2022-2023) and the prior fiscal year (2021-2022) is presented in the MD&A.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This document also contains required and other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the assets, deferred outflows of resources, deferred inflows of resources and liabilities of the District, with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the net position of the District changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements can be found on pages 30-31 of this report.

Fund financial statements. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements,

it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, special revenue fund, and the capital projects fund, all of which are considered to be major funds.

The District adopts an annual appropriated budget for its general fund and special revenue fund. Budgetary comparison statements have been provided as required supplementary information for the general fund and special revenue fund to demonstrate compliance with this budget and supplementary information for the debt service fund.

The basic governmental fund financial statements can be found on pages 34-37 of this report.

Proprietary funds. The District maintains one proprietary fund type, enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses enterprise funds to account for the operations of its food service program and community school program, both of which are major funds of the District. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 39-41 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 42-77 of this report.

Other information. The combining statements referred to earlier in connection with governmental funds and enterprise funds are presented immediately following the notes to the basic financial statements. Combining and individual fund statements and schedules can be found on pages 107-111 of this report.

Financial Highlights

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The following table provides a summary of net position relating to the District's governmental and business-type activities at June 30, 2023 and 2022:

Morris School District Net Position

	June 30, 2023			June 30, 2022		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Assets						
Current and other assets	\$ 54,347,248	\$ 2,851,769	\$ 57,199,017	\$ 53,196,720	\$ 2,027,558	\$ 55,224,278
Capital assets, net	61,693,818	207,126	61,900,944	56,354,335	226,284	56,580,619
Total assets	116,041,066	3,058,895	119,099,961	109,551,055	2,253,842	111,804,897
Deferred outflows of resources	4,429,993		4,429,993	2,860,386		2,860,386
Liabilities:						
Current liabilities	11,069,843	481,470	11,551,313	9,308,401	344,674	9,653,075
Net pension liabilities	22,585,976		22,585,976	17,090,384		17,090,384
Long-term liabilities outstanding	7,441,588	23,205	7,464,793	5,112,447	18,698	5,131,145
Total Liabilities	41,097,407	504,675	41,602,082	31,511,232	363,372	31,874,604
Deferred inflow of resources	3,846,334		3,846,334	11,416,840		11,416,840
Net position:						
Net investment in capital assets	57,161,574	207,126	57,368,700	53,787,682	226,284	54,013,966
Restricted	34,611,045		34,611,045	34,671,336		34,671,336
Unrestricted	(16,245,301)	2,347,094	(13,898,207)	(18,975,649)	1,664,186	(17,311,463)
Total net position	\$ 75,527,318	\$ 2,554,220	\$ 78,081,538	\$ 69,483,369	\$ 1,890,470	\$ 71,373,839

Governmental Activities

The increase in current and other assets and current liabilities from the prior year was primarily the result of capital projects fund commitments for the WD Renovations project that were not paid until subsequent to June 30, 2023 and therefore resulted in an increase in the cash and accounts payable balances from the prior year.

Capital assets increased from the prior year as a direct result of the purchase of approximately \$3,500,000 in licensed vehicles.

Significant changes to the deferred outflows and deferred inflows of resources pertain primarily to the impact of the changes in the GASB Statement No. 68 net pension liability calculation. The changes in 2023 from the prior year resulted from changes in assumptions calculated by the actuary in conjunction with the net pension liability calculation for the measurement date of June 30, 2021 and rolled forward to 2022. The net pension liability associated with the District's governmental activities at June 30, 2023 amounted to \$22,585,976, which was an increase of approximately \$5,500,000 and resulted from changes in the net pension calculation.

The largest portion of the District's governmental activities net position is its net investment in capital assets, \$57,161,574 (e.g., land, construction-in-progress, buildings and improvements, and furniture and equipment), less accumulated depreciation and amortization and any related debt (financed leases payable) used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The restricted portion of the net position in the amount of \$34,611,045 is comprised of amounts restricted for maintenance reserve in the amount of \$4,604,219, amounts restricted for capital reserve in the amount of \$10,468,385, amounts restricted for unemployment compensation in the amount of \$2,093,514, amounts restricted for scholarships in the amount of \$88,765, amounts restricted for student activities in the amount of \$248,190, amounts restricted for future capital related projects in the amount of \$8,750,263 and excess surplus in the amount of \$8,357,709 that is restricted to be utilized in the District's 2024 and 2025 fiscal year budgets.

The remaining deficit balance, (\$16,245,301) of unrestricted net position reflects long-term obligations, such as compensated absences and the net pension liability which are offset by year-end encumbrances in the amount of \$357,652 and amounts designated for subsequent year's expenditures approved in the budget in the amount of \$6,256,214.

Business-Type Activities

There was an increase from the prior year of approximately \$664,000 in net position reported in connection with the District's business-type activities as a result of the net position earned in the current year. This increase was driven primarily from the recognition of the NJ American Rescue Plan (ARP) Stabilization Grant in the Community School Fund to help support the developmental and learning needs of children. The District realized approximately \$250,000 of this grant funding in the current year. The remaining difference was the result of an increase in food service daily sales revenue as the program is in the first full year of normal operations following the global pandemic, COVID-19.

District activities. The key elements of the District's changes in net position for the years ended June 30, 2023 and 2022 are as follows:

Morris School District
Changes In Net Position

Governmental Activities

	Year Ended June 30, 2023			Year Ended June 30, 2022		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 4,786,271	\$ 2,148,877	\$ 6,935,148	\$ 4,828,870	\$ 1,384,149	\$ 6,213,019
Operating and capital grants and contributions	15,705,559	1,921,684	17,627,243	14,182,879	2,919,432	17,102,311
General revenues:						
Property taxes	98,829,832		98,829,832	97,216,010		97,216,010
Federal and state sources, unrestricted	29,120,515		29,120,515	34,873,564		34,873,564
Interest income	59,205		59,205	9,457		9,457
Other restricted miscellaneous revenues	3,476		3,476	3,360		3,360
Miscellaneous	1,529,847	2,023	1,531,870	466,003	890	466,893
Total revenues	150,034,705	4,072,584	154,107,289	151,580,143	4,304,471	155,884,614
Expenses:						
Instructional services	69,613,511	1,189,888	70,803,399	50,921,481	861,725	51,783,206
Support services	74,377,245	2,218,946	76,596,191	88,693,749	2,252,256	90,946,005
Total expenses	143,990,756	3,408,834	147,399,590	139,615,230	3,113,981	142,729,211
Change in net position	6,043,949	663,750	6,707,699	11,964,913	1,190,490	13,155,403
Net position - beginning	69,483,369	1,890,470	71,373,839	57,518,456	699,980	58,218,436
Net position - ending	\$ 75,527,318	\$ 2,554,220	\$ 78,081,538	\$ 69,483,369	\$ 1,890,470	\$ 71,373,839

Governmental operating and capital grants and contributions increased approximately \$1,500,000 in the current year primarily driven by the increase within a similar amount in preschool state aid to both enhance and expand the program.

The total general fund tax levy in 2023 was \$98,829,832. That is an increase of approximately \$1,600,000 over the 2022 general fund tax levy of \$97,216,010. The 2022-2023 tax levy increase is below the state-mandated 2% cap.

Total governmental expenses increased approximately \$4,000,000 as a direct result of an increase of approximately \$4,000,000 in capital outlay. The District purchased approximately \$3,500,000 in licensed vehicles as part of the planned replacement program. The District replaces older vehicles every few years that are becoming costly to maintain due to frequent repairs.

The current year impact of Governmental Accounting Standards Board (GASB) Statement No. 68 (Accounting and Financial Reporting for Pensions) contributed to approximately a \$5,800,000 decrease to the governmental federal and state source revenue. Actuarial calculations can be volatile and are driven by variables including the discount rate, various assumptions and deferred inflows and deferred outflows.

Business-type Activities

The decrease in federal sources is the result of the universal free lunch program ending in the current year, which contributed to approximately \$1,000,000 in additional federal aid for the period ended June 30, 2022 compared to the current year.

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. The District's fund balance amounts are classified as restricted, assigned and unassigned.

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 and Special Revenue Fund revenues for the fiscal year ended June 30, 2023, and the increases and decreases in relation to the prior year.

Revenue	Amount	Percent of Total	Increase (Decrease) from 2022	Percent of Increase (Decrease)
Local Sources	\$104,673,296	66.35%	\$1,900,635	1.85%
State Sources	47,823,770	30.31%	2,638,059	5.84%
Federal Sources	5,264,133	3.34%	(1,157,052)	-18.02%
Total	\$157,761,199	100.00%	\$3,381,642	3.54%

The increase in local sources is mainly attributable to the general fund tax levy increase. As mentioned previously, the District's overall increase in the tax levy is below the 2% levy cap as promulgated by the State Legislature.

The increase in state sources is largely driven by the increase in state aid for the preschool program. The District is receiving additional state funding to expand the program. The decrease in federal source revenue is directly the result of a decrease in the realized revenue for the stabilization fund cluster. The District utilized approximately \$2,800,000 for the year ended June 30, 2022 compared to approximately \$1,600,000 for the year ended June 30, 2023. Specifically, the District utilized approximately \$1,200,000 of ESSER II funding for the year ended June 30, 2022 for supplies and various purchased services. Since the District utilized approximately 70% of the award during the year ended June 30, 2022 the same level of resources for the ESSER II grant was not available for the year ended June 30, 2023.

The following schedule presents a summary of the General Fund and the Special Revenue Fund expenditures for the fiscal year ended June 30, 2023 and the increases related to the prior year:

Expenditures	Amount	Percent of Total	Increase Increase from 2022	Percent of Percent of Increase
Current expenditures:				
Instruction	\$ 49,022,023	30.83%	\$389,647	0.80%
Undistributed expenditures	105,792,142	66.54%	9,441,976	9.80%
Capital outlay	4,185,396	2.63%	(173,126)	-3.97%
Total	\$158,999,561	100.00%	\$9,658,497	6.47%

The large increase in undistributed expenditures were primarily related to the following conditions. First health benefits increased approximately \$2,300,000 due to the rising rates of health care costs. Next, transportation costs rose nearly \$2,000,000 from the prior year driven by increased outsourcing and an increase in financed purchase payments for school buses. Finally, there was a large increase of approximately \$2,100,000 in student and instruction related services. This increase was the result of contractual salary increases and an increase in the pricing of various purchased services.

There was still an overall increase in expenditures driven by the District fully recovering from the devastating effects of the global pandemic and expanding on its extracurricular activities. The District has continued its efforts to offer exceptional opportunities to its students while also controlling the growth in its budget.

General Fund

The fund balance decreased by approximately \$1,400,000 during the 2023 fiscal year primarily the result of an increase in expenditures. As of June 30, 2023, the District has an unassigned fund balance of \$5,193,925 and excess surplus generated in the current year in the amount of \$4,064,436. The District designated \$4,293,273 in excess surplus for the subsequent years' expenditures, which is restricted for the subsequent years' budget. Additionally, the District maintains a capital reserve restricted fund balance in the amount of \$10,468,385 for future capital improvements, as well as a maintenance reserve restricted fund balance in the amount of \$4,604,219 for future maintenance projects. \$2,093,514 is restricted for unemployment compensation. \$357,652 is recorded in encumbrances and assigned for other purposes and \$6,256,214 is assigned to fund balance designated for subsequent year's expenditures.

Special Revenue Fund

The fund balance in the special revenue fund increased approximately \$65,000 as a direct result of the District's various student club's ability to raise more funds for specific future events for the year ended June 30, 2023.

Capital Projects Fund

As of June 30, 2023, the District's capital project's fund balance was \$8,750,263, which is restricted and earmarked for the District's future capital related projects.

Capital Asset and Debt Administration

Capital Assets. The District has capital assets, net of accumulated depreciation, including land, construction in progress, buildings, facilities, equipment and vehicles noted as follows at June 30, 2023 and 2022: For more detailed information, please refer to Note 3 to the basic financial statements.

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$3,331,700	\$3,331,700			\$3,331,700	\$3,331,700
Construction in process	4,339,452	2,333,689			4,339,452	2,333,689
Buildings and building improvements	78,100,505	75,652,848			78,100,505	75,652,848
Machinery, equipment and vehicles	17,870,304	15,598,117	\$ 816,230	\$ 816,230	18,686,534	16,414,347
Total capital assets	<u>\$103,641,961</u>	<u>\$96,916,354</u>	<u>816,230</u>	<u>\$816,230</u>	<u>\$104,458,191</u>	<u>\$97,732,584</u>

Debt Administration. The District's long-term liabilities are as follows for the governmental activities at June 30, 2023 and 2022:

	2023	2022
Financed purchases payable	\$4,532,244	\$2,566,653
Compensated absences	3,891,770	3,799,209
Total long-term liabilities	<u>\$8,424,014</u>	<u>\$6,365,862</u>

For more detailed information, please refer to Note 4 to the basic financial statements.

General Fund Budgetary Highlights

There were no differences between the original budget and the final budget other than transfers between appropriation accounts, budgeted withdrawals from unassigned fund balance, budgeted withdrawal to the capital reserve and an adjustment for prior year encumbrances.

Described below are explanations for variations in realized revenues and expenditures for those lines where the final budgeted amounts differ from the actual amounts by more than \$500,000 and 5%. All other fluctuations less than \$500,000 and 5% are considered immaterial.

- On-behalf TPAF pension and reimbursed social security contributions are unbudgeted revenue sources. Consequently, actual revenues as well as the related expenditures exceeded the final budgeted amount by 100.0%.
- Extraordinary aid awarded is not known at the time of the budget and therefore the actual amount received exceeds the final budget by 100%.
- Due to an influx of prior year tuition costs for private school for the disabled, approximately \$1,000,000 more was budgeted than actually expended to avoid other budget transfers and the potential of over expenditures.
- Due to the unpredictability of the sale of buses, approximately \$600,000 more was realized in revenue than anticipated in the budget.

Economic Factors and Next Year's Budget

- A significant element is the continued increase and demographic makeup of our student population throughout the district. Overall enrollment has increased 2.6% over the last 10 years.
- The District's architect completed an evaluation of all buildings to determine needed repairs due to the age of our buildings. This information will be valuable as we prioritize annual capital projects.
- 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 have been renewed as of July 1, 2022, for a four year period ending June 30, 2026.
- The District has been utilizing capital reserve funds for building renovations. The June 30, 2023 balance was \$10,468,385. This reserve will serve the District well in planning and executing necessary capital projects for the District in the future.

Requests for Information

This financial report is designed to provide a general overview of the Morris School District finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the School Business Administrator, 31 Hazel Street, Morristown, New Jersey, 07960.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS
SECTION - A

MORRIS SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 47,227,691	\$ 2,675,877	\$ 49,903,568
Receivables, net	7,095,123	166,928	7,262,051
Internal Balances	24,434	(24,434)	
Prepaid Expenses		4,364	4,364
Inventory		29,034	29,034
Capital Assets, non-depreciable	7,671,152		7,671,152
Capital Assets, net of depreciation and amortization	54,022,666	207,126	54,229,792
Total Assets	116,041,066	3,058,895	119,099,961
Deferred Outflows of Resources:			
Pension Deferrals	4,429,993		4,429,993
Liabilities:			
Accounts Payable	6,685,668	123,527	6,809,195
Accrued Salaries	571,973	17,266	589,239
Accrued Interest Payable	106,634		106,634
Payroll Deductions and Withholdings Payable	474,154		474,154
Unemployment Compensation Claims Payable	246,083		246,083
Payable to Federal Government	103,457		103,457
Payable to State Government	188,686		188,686
Unearned Revenue	1,710,762	340,677	2,051,439
Noncurrent Liabilities:			
Due within One Year	982,426		982,426
Due beyond One Year	7,441,588	23,205	7,464,793
Net Pension Liability	22,585,976		22,585,976
Total Liabilities	41,097,407	504,675	41,602,082
Deferred Inflows of Resources:			
Pension Deferrals	3,846,334		3,846,334
Net Position:			
Net Investment in Capital Assets	57,161,574	207,126	57,368,700
Restricted for:			
Capital Projects	8,750,263		8,750,263
Capital Reserve Account	10,468,385		10,468,385
Maintenance Reserve Account	4,604,219		4,604,219
Excess Surplus - Designated for Subsequent Years			
Expenditures	4,293,273		4,293,273
Reserve for Excess Surplus	4,064,436		4,064,436
Unemployment Reserve	2,093,514		2,093,514
Student Activities	248,190		248,190
Scholarships	88,765		88,765
Unrestricted(Deficit)	(16,245,301)	2,347,094	(13,898,207)
Total Net Position	\$ 75,527,318	\$ 2,554,220	\$ 78,081,538

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

MORRIS SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

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	\$ 48,769,071	\$ 4,538,081		\$ (44,230,990)		\$ (44,230,990)
Special Education	13,788,298		\$ 6,235,347	(7,552,951)		(7,552,951)
Other Special Instruction	4,685,944			(4,685,944)		(4,685,944)
Other Instruction	2,370,198			(2,370,198)		(2,370,198)
Support Services:						
Tuition	5,533,510		1,944,075	(3,589,435)		(3,589,435)
Student & Instruction Related Services	29,449,566	248,190	7,406,763	(21,794,613)		(21,794,613)
School Administrative Services	6,815,832			(6,815,832)		(6,815,832)
General and Business Administrative Services	5,134,356			(5,134,356)		(5,134,356)
Plant Operations and Maintenance	12,104,876		119,374	(11,985,502)		(11,985,502)
Pupil Transportation	13,812,233			(13,812,233)		(13,812,233)
Charter Schools	1,526,872			(1,526,872)		(1,526,872)
Total Governmental Activities	<u>143,990,756</u>	<u>4,786,271</u>	<u>15,705,559</u>	<u>(123,498,926)</u>		<u>(123,498,926)</u>
Business-type Activities:						
Food Service	2,218,946	637,252	1,921,684		\$ 339,990	339,990
Community School	1,189,888	1,511,625			321,737	321,737
Total Business-type Activities	<u>3,408,834</u>	<u>2,148,877</u>	<u>1,921,684</u>	<u>-</u>	<u>661,727</u>	<u>661,727</u>
Total Primary Government	<u>\$ 147,399,590</u>	<u>\$ 6,935,148</u>	<u>\$ 17,627,243</u>	<u>\$ (123,498,926)</u>	<u>\$ 661,727</u>	<u>\$ (122,837,199)</u>
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes				\$ 98,829,832		\$ 98,829,832
Federal and State Aid not Restricted				29,120,515		29,120,515
Miscellaneous Earnings				453,572		453,572
Interest Income				59,205	\$ 2,023	61,228
Bus Sale Proceeds				1,076,275		1,076,275
Other Restricted Miscellaneous Revenues				3,476		3,476
Total General Revenues				<u>129,542,875</u>	<u>2,023</u>	<u>129,544,898</u>
Change in Net Position				6,043,949	663,750	6,707,699
Net Position—Beginning				69,483,369	1,890,470	71,373,839
Net Position—Ending				<u>\$ 75,527,318</u>	<u>\$ 2,554,220</u>	<u>\$ 78,081,538</u>

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, 2023

Exhibit B-1
Page 1 of 2

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 34,870,817	\$ 1,626,704	\$ 10,730,170	\$ 47,227,691
Accounts Receivable:				
Due from Federal Government		1,462,091		1,462,091
Due from State Government	4,673,968	12,939		4,686,907
Other Accounts Receivable	807,629	138,496		946,125
Interfund Receivable	24,434			24,434
Total Assets	\$ 40,376,848	\$ 3,240,230	\$ 10,730,170	\$ 54,347,248
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	\$ 1,816,259	\$ 837,131	\$ 1,979,907	\$ 4,633,297
Accrued Salaries	508,734	63,239		571,973
Due to State Government		188,686		188,686
Due to Federal Government		103,457		103,457
Payroll Deductions and Withholdings Payable	474,154			474,154
Unemployment Compensation Claims Payable	246,083			246,083
Unearned Revenue		1,710,762		1,710,762
Total Liabilities	3,045,230	2,903,275	1,979,907	7,928,412
Fund Balances:				
Restricted Fund Balance:				
Capital Reserve Account	10,468,385			10,468,385
Maintenance Reserve Account	4,604,219			4,604,219
Excess Surplus - Designated for Subsequent Year's Expenditures	4,293,273			4,293,273
Reserve for Excess Surplus	4,064,436			4,064,436
Capital Projects			\$ 8,750,263	8,750,263
Unemployment Reserve	2,093,514			2,093,514
Student Activities		248,190		248,190
Scholarships		88,765		88,765
Assigned Fund Balance:				
Year-end Encumbrances	357,652			357,652
Designated for Subsequent Year's Expenditures	6,256,214			6,256,214
Unassigned Fund Balance	5,193,925			5,193,925
Total Fund Balances	37,331,618	336,955	8,750,263	46,418,836
Total Liabilities and Fund Balances	\$ 40,376,848	\$ 3,240,230	\$ 10,730,170	\$ 54,347,248

MORRIS SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

Exhibit B-1
Page 2 of 2

Amounts reported for <i>governmental activities</i> in the statement of net position (A-1) are different because:	\$ 46,418,836
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$103,641,961 and the accumulated depreciation is \$41,948,143.	61,693,818
Long term liabilities, including financed purchases payable and compensated absences payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(8,424,014)
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.	(106,634)
Deferred pension costs in governmental activities are not financial resources and are therefore not reported in the funds.	583,659
Accrued pension contributions for the June 30, 2023 plan year end are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in the accounts payable in the government-wide statement of net position.	(2,052,371)
Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds.	<u>(22,585,976)</u>
Net position of governmental activities	<u><u>\$ 75,527,318</u></u>

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
YEAR ENDED JUNE 30, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
Revenues:				
Local Tax Levy	\$ 98,829,832			\$ 98,829,832
Tuition Charges	4,538,081			4,538,081
Interest Income	59,205			59,205
Miscellaneous	453,572			453,572
Other Restricted Miscellaneous Revenues	3,476			3,476
Local Sources		\$ 789,130		789,130
State Sources	37,564,309	10,259,461		47,823,770
Federal Sources	358,975	4,905,158		5,264,133
Total Revenues	<u>141,807,450</u>	<u>15,953,749</u>		<u>157,761,199</u>
Expenditures:				
Current:				
Regular Instruction	28,814,708	6,235,347		35,050,055
Special Education Instruction	9,128,119			9,128,119
Other Special Instruction	3,136,631			3,136,631
Other Instruction	1,707,218			1,707,218
Support Services and Undistributed Costs:				
Tuition	5,390,595			5,390,595
Student & Instruction Related Services	13,151,653	10,516,191		23,667,844
School Administrative Services	4,538,183			4,538,183
Other Administrative Services	4,037,843			4,037,843
Plant Operations and Maintenance	10,873,168			10,873,168
Pupil Transportation	11,267,668			11,267,668
Unallocated Benefits	44,489,969			44,489,969
Charter Schools	1,526,872			1,526,872
Capital Outlay	4,066,022	119,374	\$ 4,339,452	8,524,848
Total Expenditures	<u>142,128,649</u>	<u>16,870,912</u>	<u>4,339,452</u>	<u>163,339,013</u>
(Deficiency) of Revenues				
(Under) Expenditures	<u>(321,199)</u>	<u>(917,163)</u>	<u>(4,339,452)</u>	<u>(5,577,814)</u>
Other Financing Sources (Uses):				
Proceeds from Sale of Assets	1,076,275			1,076,275
Financed Purchase Agreement	3,853,111			3,853,111
Transfers In	18,213	981,032	5,011,261	6,010,506
Transfers Out	(5,992,293)		(18,213)	(6,010,506)
Total Other Financing Sources (Uses)	<u>(1,044,694)</u>	<u>981,032</u>	<u>4,993,048</u>	<u>4,929,386</u>
Net Change in Fund Balances	(1,365,893)	63,869	653,596	(648,428)
Fund Balance—July 1	38,697,511	273,086	8,096,667	47,067,264
Fund Balance—June 30	<u>\$ 37,331,618</u>	<u>\$ 336,955</u>	<u>\$ 8,750,263</u>	<u>\$ 46,418,836</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
YEAR ENDED JUNE 30, 2023

Total net change in fund balances - governmental funds (from B-2)		\$ (648,428)
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.		
	Depreciation expense	\$ (2,884,423)
	Capital outlays	8,536,181
	Loss on disposal of assets	<u>(312,275)</u>
		5,339,483
Repayment of financed purchases payables (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.		1,887,520
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.	Financed purchases payable	(3,853,111)
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.		(68,407)
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 (+).		(92,561)
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 were below the expenditure reported in the funds is a deduction.		<u>3,479,453</u>
Change in net position of governmental activities (A-2)		<u>\$ 6,043,949</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, 2023

	Business Type Activities - Enterprise Funds		
	Major Funds		
	Food Service	Community School	Totals
Assets:			
Current Assets:			
Cash and Cash Equivalents	\$ 1,304,132	\$ 1,371,745	\$ 2,675,877
Receivables from Other Governments:			
State	3,629		3,629
Federal	84,946		84,946
Accounts Receivable	76,078	2,275	78,353
Prepaid Expenses		4,364	4,364
Inventories	29,034		29,034
Total Current Assets	<u>1,497,819</u>	<u>1,378,384</u>	<u>2,876,203</u>
Noncurrent Assets:			
Furniture, Machinery & Equipment	794,555	21,675	816,230
Less Accumulated Depreciation	<u>(595,464)</u>	<u>(13,640)</u>	<u>(609,104)</u>
Total Noncurrent Assets	<u>199,091</u>	<u>8,035</u>	<u>207,126</u>
Total Assets	<u>\$ 1,696,910</u>	<u>\$ 1,386,419</u>	<u>\$ 3,083,329</u>
Liabilities:			
Current Liabilities:			
Accounts Payable	\$ 108,466	\$ 15,061	\$ 123,527
Accrued Salaries		17,266	17,266
Unearned Revenue	27,670	313,007	340,677
Interfunds Payable		24,434	24,434
Total Current Liabilities	<u>136,136</u>	<u>369,768</u>	<u>505,904</u>
Noncurrent Liabilities:			
Compensated Absences		<u>23,205</u>	<u>23,205</u>
Total Noncurrent Liabilities	<u>-</u>	<u>23,205</u>	<u>23,205</u>
Total Liabilities	<u>136,136</u>	<u>392,973</u>	<u>529,109</u>
Net Position:			
Investment in Capital Assets	199,091	8,035	207,126
Unrestricted	<u>1,361,683</u>	<u>985,411</u>	<u>2,347,094</u>
Total Net Position	<u>\$ 1,560,774</u>	<u>\$ 993,446</u>	<u>\$ 2,554,220</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
YEAR ENDED JUNE 30, 2023

	Business Type Activities - Enterprise Fund		Total Enterprise Fund
	Major Funds		
	Food Service	Community School	
Operating Revenues:			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$ 544,240		\$ 544,240
Daily Sales - Non-Reimbursable Programs	93,012		93,012
Program Fees		\$ 1,211,771	1,211,771
Total Operating Revenues	<u>637,252</u>	<u>1,211,771</u>	<u>1,849,023</u>
Operating Expenses:			
Cost of Sales - Program	982,029		982,029
Cost of Sales - Nonprogram	33,103		33,103
Salaries	80,458	745,923	826,381
Employee Benefits	28,285	91,663	119,948
Rent		146,492	146,492
Purchased Professional Services	14,914	53,125	68,039
Purchased Property Services	20,901		20,901
Other Purchased Services	981,621	18,080	999,701
Supplies and Materials	2,932	98,978	101,910
Other Expenses	58,685	32,485	91,170
Depreciation	16,018	3,142	19,160
Total Operating Expenses	<u>2,218,946</u>	<u>1,189,888</u>	<u>3,408,834</u>
Operating (Loss) Income	<u>(1,581,694)</u>	<u>21,883</u>	<u>(1,559,811)</u>
Nonoperating Revenues:			
State Sources:			
State School Lunch Program	41,912		41,912
State School Breakfast Program	19,413		19,413
Federal Sources:			
National School Lunch Program	1,063,562		1,063,562
School Breakfast Program	327,715		327,715
Food Distribution Program	175,772		175,772
Supply Chain Assistance Grant	290,054		290,054
P-EBT Administrative Cost Reimbursement	3,256		3,256
Child Care and Development Block Grant		35,541	35,541
Child Care Stabilization Grant		264,313	264,313
Interest and Investment Revenue	337	1,686	2,023
Total Nonoperating Revenues	<u>1,922,021</u>	<u>301,540</u>	<u>2,223,561</u>
Change in Net Position	340,327	323,423	663,750
Total Net Position—Beginning	1,220,447	670,023	1,890,470
Total Net Position—Ending	<u>\$ 1,560,774</u>	<u>\$ 993,446</u>	<u>\$ 2,554,220</u>

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

MORRIS SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2023

	<u>Business Type Activities - Enterprise Fund</u>		
	<u>Major Funds</u>		
	<u>Food Service Fund</u>	<u>Community School</u>	<u>Totals</u>
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 580,457	\$ 1,234,732	\$ 1,815,189
Payments to Suppliers	(1,984,029)	(316,186)	(2,300,215)
Payments to Employees	(80,458)	(750,093)	(830,551)
Payments for Employee Benefits	(28,285)	(87,156)	(115,441)
Net Cash (Used in) Provided by Operating Activities	<u>(1,512,315)</u>	<u>81,297</u>	<u>(1,431,018)</u>
Cash Flows From Noncapital Finance Activities:			
Federal and State Sources	1,864,834	450,541	2,315,375
Receipts and Payments to Other Funds		24,434	24,434
Net Cash Provided by Noncapital Finance Activities	<u>1,864,834</u>	<u>474,975</u>	<u>2,339,809</u>
Cash Flows from Investing Activities:			
Interest and Dividends	337	1,686	2,023
Net Cash Provided by Investing Activities	<u>337</u>	<u>1,686</u>	<u>2,023</u>
Net Increase in Cash and Cash Equivalents	352,856	557,958	910,814
Balances—Beginning of Year	951,276	813,787	1,765,063
Balances—End of Year	<u>\$ 1,304,132</u>	<u>\$ 1,371,745</u>	<u>\$ 2,675,877</u>
Reconciliation of Operating (Loss) Income to Net Cash (Used in) Provided by Operating Activities:			
Operating (Loss) Income	\$ (1,581,694)	\$ 21,883	\$ (1,559,811)
Adjustments to Reconcile Operating (Loss) Income to Net Cash Provided by (Used in) Operating Activities:			
Depreciation	16,018	3,142	19,160
(Increase) in Accounts Receivable, net	(56,795)	(2,125)	(58,920)
Decrease in Inventory	6,531		6,531
(Increase) in Prepaid Expenses		(4,364)	(4,364)
Increase in Compensated Absences		4,507	4,507
(Decrease) Increase in Accounts Payable	(66,084)	12,904	(53,180)
(Decrease) in Accrued Salaries		(4,170)	(4,170)
(Decrease) Increase in Unearned Revenue	(6,063)	49,520	43,457
Food Distribution Program	175,772		175,772
Total Adjustments	<u>69,379</u>	<u>59,414</u>	<u>128,793</u>
Net Cash (Used in) Provided by Operating Activities	<u>\$ (1,512,315)</u>	<u>\$ 81,297</u>	<u>\$ (1,431,018)</u>

Noncash Noncapital Related Financing Activities:

The District received \$175,772 of food commodities from the U.S. Department of Agriculture for the year ended June 30, 2023.

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
YEAR ENDED JUNE 30, 2023

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, 2023 of 5,243 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
YEAR ENDED JUNE 30, 2023

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 criteria defined by the Governmental 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.

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 criteria defined by the Governmental 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.

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
YEAR ENDED JUNE 30, 2023

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 did not have any outstanding debt principle or interest for the year ended June 30, 2023. Therefore, this fund was not utilized in the current year.

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 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
YEAR ENDED JUNE 30, 2023**

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 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
YEAR ENDED JUNE 30, 2023**

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 District 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. With the District's implementation of GASB No. 84, federal, state, and local grants remain on the budgetary basis and student activities and scholarships recognize revenue upon cash received and expenditures incurred when paid.

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
YEAR ENDED JUNE 30, 2023**

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 2021-2022 and 2022-2023 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 2023-2024 school year based upon the certification of 2021-2022 rates.

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

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, 2023 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 capital 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
YEAR ENDED JUNE 30, 2023

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. Leases

For the year ended June 30, 2023, the financial statements include the adoption of GASB Statement No. 87, "*Leases*". The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The District recognizes lease liabilities with an initial, individual value of \$50,000 or more. The District maintains full ownership of the underlying assets under obligations. The District did not have any new or prior year leases that would require recognition of a right-to-use asset ("lease asset") and a corresponding liability for the year ended June 30, 2023.

N. Pensions

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

O. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position may report a separate section for *deferred outflows of resources*. This separate financial statement element represents a consumption of net assets 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 assets 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
YEAR ENDED JUNE 30, 2023**

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

P. Unearned Revenue/Advances from Grantors

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

Q. Net Position Flow Assumption (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.

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

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

S. Fund Balance Policies

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

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

Assignments of fund balance are made by the District for specific purposes that do not the criteria to be classified as committed. The District 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 District are generally not required to remove an assignment, whereas an action of the District is essential to the modification or elimination of an unexpended committed fund balance.

MORRIS SCHOOL DISTRICT
COUNTY OF MORRIS, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

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

T. Recently Issued Accounting Pronouncements (cont'd)

The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* in May 2020. This Statement provides guidance on accounting and financial reporting for subscription-based information technology arrangements. The requirements of this Statement are effective for periods beginning after June 15, 2022. Management of the District have reviewed the GASB Statement No.96 and have determined that it did not have an impact on the District.

The GASB issued Statement No. 99, *Omnibus 2022* in April 2022. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements of this Statement are effective for periods beginning after June 15, 2022. Management of the District have reviewed the GASB Statement No.99 and have determined that it did not have an impact on the District.

The GASB issued Statement No. 101, *Compensated Absences* in June 2022. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for periods beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. Management has not determined the impact of the Statement on the financial statements.

U. 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, as a component of net position for the governmental activities and business-type activities.

V. 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. The District's Community School Program proprietary fund reports operating revenues earned from the tuition charges collected for the program. Expenses for the District's Community School Program proprietary fund include salaries and costs resulting from operating the program. 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

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

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

is required for program participation. The District's Community School Program realized two grant programs as non-operating revenues. The two grant programs, Childcare Development Block Grant and the Childcare Stabilization Grant, were awarded to the District by the federal government to rebuild a stronger childcare system that was impacted by COVID-19.

W. Accrued Salaries and Wages

The District has accrued at June 30, 2023 \$571,973 and \$17,266 for governmental activities and business-type activities, respectively, for part-time employee salaries and stipends for services rendered during the last two weeks of June 2023 that were not paid until the subsequent fiscal year.

X. 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
YEAR ENDED JUNE 30, 2023**

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 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, 2023, the book value of the District's cash, cash equivalents and investments is \$49,903,568.

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	\$ 367,773
Insured - NJGUDPA (N.J.S.A. 17:9-41)	50,934,252
Uninsured	<u>499,842</u>
Total Deposits	<u>\$ 51,801,867</u>

Custodial Credit Risk – Deposits - Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2023, \$499,842 of the District's bank balance of \$51,801,867 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 District 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
YEAR ENDED JUNE 30, 2023

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 District does not have an investment policy regarding Credit Risk except to the extent outlined under the District'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 District 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, 2023, 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, 2023, 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
YEAR ENDED JUNE 30, 2023**

NOTE 3. 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:

Capital asset activity for the year ended June 30, 2023 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>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>2,333,689</u>	<u>\$ 4,339,452</u>		<u>\$ (2,333,689)</u>	<u>4,339,452</u>
Total Capital Assets Not Being Depreciated	<u>5,665,389</u>	<u>4,339,452</u>	<u>-</u>	<u>(2,333,689)</u>	<u>7,671,152</u>
Capital Assets Being Depreciated:					
Building and Building Improvements	75,652,848	113,968		2,333,689	78,100,505
Machinery, Equipment, Furniture & Vehicles	<u>15,598,117</u>	<u>4,082,761</u>	<u>\$ (1,810,574)</u>		<u>17,870,304</u>
Totals at Historical Cost	<u>91,250,965</u>	<u>4,196,729</u>	<u>(1,810,574)</u>	<u>2,333,689</u>	<u>95,970,809</u>
Less Accumulated Depreciation For:					
Building and Building Improvements	(30,822,591)	(1,409,004)			(32,231,595)
Equipment, Furniture, and Vehicles	<u>(9,739,428)</u>	<u>(1,475,419)</u>	<u>1,498,299</u>		<u>(9,716,548)</u>
Total Accumulated Depreciation	<u>(40,562,019)</u>	<u>(2,884,423)</u>	<u>1,498,299</u>	<u>-</u>	<u>(41,948,143)</u>
Total Capital Assets Being Depreciated (Net of Accumulated Depreciation)	<u>50,688,946</u>	<u>1,312,306</u>	<u>(312,275)</u>	<u>2,333,689</u>	<u>54,022,666</u>
Governmental Activities Capital Assets, Net	<u>\$ 56,354,335</u>	<u>\$ 5,651,758</u>	<u>\$ (312,275)</u>	<u>\$ -</u>	<u>\$ 61,693,818</u>
Business-type Activities					
Equipment	\$ 816,230				\$ 816,230
Less Accumulated Depreciation for: Equipment	<u>(589,944)</u>	<u>\$ (19,160)</u>			<u>(609,104)</u>
Business-type Activities Capital Assets, Net	<u>\$ 226,286</u>	<u>\$ (19,160)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 207,126</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 2,567,136
General and business administrative services	<u>317,287</u>
Total depreciation expense	<u>\$ 2,884,423</u>

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

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 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, 2023 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:					
Financed Purchases Payable	\$ 2,566,653	\$ 3,853,111	\$ 1,887,520	\$ 4,532,244	\$ 982,426
Compensated Absences Payable	3,799,209	92,561		3,891,770	
Total Other Liabilities	<u>6,365,862</u>	<u>3,945,672</u>	<u>1,887,520</u>	<u>8,424,014</u>	<u>982,426</u>
Subtotal	6,365,862	3,945,672	1,887,520	8,424,014	982,426
Net Pension Liability (PERS)	<u>17,090,384</u>	<u>5,495,592</u>		<u>22,585,976</u>	
Total Liabilities	<u>\$ 23,456,246</u>	<u>\$ 9,441,264</u>	<u>\$ 1,887,520</u>	<u>\$ 31,009,990</u>	<u>\$ 982,426</u>
Business-type activities					
Enterprise fund:					
Compensated Absences Payable	\$ 18,698	\$ 4,507		\$ 23,205	
Total Liabilities	<u>\$ 18,698</u>	<u>\$ 4,507</u>	<u>\$ -</u>	<u>\$ 23,205</u>	<u>\$ -</u>

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

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, 2023, the District had no bonds outstanding.

B. Bonds Authorized But Not Issued -- As of June 30, 2023, the District had no bonds authorized but not issued.

C. Financed Purchases Payable --The District has entered into financed purchase agreements totaling \$4,532,244. The equipment and assets purchased by the District through the financed purchase agreements with the lessors belong to the District outright and immediately. The following is a schedule of the remaining future minimum lease payments as of June 30, 2023.

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 982,426	\$ 117,775	\$ 1,100,201
2025	988,615	92,574	1,081,189
2026	1,017,990	66,624	1,084,614
2027	592,672	46,605	639,277
2028	<u>950,541</u>	<u>26,314</u>	<u>976,855</u>
Total	<u>\$ 4,532,244</u>	<u>\$ 349,892</u>	<u>\$ 4,882,136</u>

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 5. PENSION PLANS

Description of Plans – Substantially all of the District’s employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Teachers’ Pension and Annuity Fund (TPAF) or the Public Employees’ Retirement System (PERS). These systems are sponsored and administered by the State of New Jersey. The Teachers’ Pension and Annuity Fund Retirement System is considered a cost-sharing multiple-employer plan, with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system’s other related non-contributing employers. The Public Employees’ Retirement System is considered a cost-sharing multiple-employer plan.

Teachers’ Pension and Annuity Fund - The Teachers’ Pension and Annuity Fund was established in January 1955 under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively, with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years’ compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively, with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years’ compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier’s retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

Public Employees’ Retirement System - The Public Employees’ Retirement System was established in January 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full-time employees of the State or any county, municipality, school Board or public agency provided the employee is not a member of another State-administered retirement system. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years’ compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years’ compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier’s retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

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

Funding Policy - The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing members. Plan member and employer contributions may be amended by State of New Jersey legislation. Pursuant to P.L. 2011, c.78 (Chapter 78), the Pension and Health Benefit Reform, the PERS and TPAF employees’ pension contribution rates were increased to 7.5% of employees’ annual pensionable compensation. Employers are required to contribute at an actuarially determined rate in both the TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the Board is a non-contributing employer of the TPAF.

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 5. PENSION PLANS (CONT'D)

During the year ended June 30, 2023, the State of New Jersey contributed \$21,280,008 to the TPAF for normal costs of pension, post-retirement medical and long-term disability insurance benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$3,448,707 during the year ended June 30, 2023 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. The reimbursement was made to the General Fund. This amount has been included as both revenues and expenditures in the government-wide and fund financial statements. The Board's actuarially determined contributions to PERS for each of the years ended June 30, 2023 and 2022 was \$2,052,371 and \$1,887,303 respectively, equal to the required contributions for each year.

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 PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For the 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.

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

Public Employees' Retirement System (PERS)

At June 30, 2023, the District reported a liability of \$22,585,976 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2021, which was rolled forward to June 30, 2022. 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 school districts, actuarially determined. At June 30, 2023, the District's proportion was 0.1496614694%, which was an increase of 0.0053961980% from its proportion measured as of June 30, 2022.

Actuarial Assumptions

For the year ended June 30, 2023, the District recognized full accrual pension benefit of \$1,592,151 in the government-wide financial statements. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 163,015	\$ 143,756
Change in assumptions	69,978	3,382,015
Net difference between projected and actual investment earnings on pension plan investments	934,813	
Change in proportion	1,209,816	320,563
District contributions subsequent to the measurement date	2,052,371	
Total	\$ 4,429,993	\$ 3,846,334

\$2,052,371 is reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date. These contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability.

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 5. PENSION PLANS (CONT'D)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as a reduction of the net pension liability as follows:

Year ending <u>June 30,</u>	
2024	\$ (1,656,141)
2025	(691,916)
2026	(312,553)
2027	1,187,269
2028	<u>4,629</u>
	<u>\$ (1,468,712)</u>

The collective total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions:

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75-6.55%
	Based on years of service
Investment rate of return	7.00%

Mortality Rates

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-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 5. PENSION PLANS (CONT'D)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2022 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%	8.12%
Non-U.S. Developed Market Equity	13.50%	8.38%
Emerging Market Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%
	100.00%	

Discount Rate

The discount rate used to measure the total pension liabilities of PERS was 7.00% as of June 30, 2022. 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 100% 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
YEAR ENDED JUNE 30, 2023**

NOTE 5. PENSION PLANS (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, 2022, 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 point 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>)
District's proportionate share of the net pension liability (Local)	\$ 29,016,363	\$ 22,585,976	\$ 17,113,458

Pension Plan Fiduciary Net Position

Detailed information about the pension plans' fiduciary net position is available in the separate issued financial report for the State of New Jersey Public Employees Retirement System.

Additional Information

Collective balances of the local group at June 30, 2022 are as follows:

Deferred outflows of resources	\$ 1,660,772,008
Deferred inflows of resources	3,236,303,935
Net pension liability	15,219,184,920
 District's proportion	 0.1496614694%

Collective pension benefit for the local group for the measurement period ended June 30, 2022 is \$(1,032,778,934).

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at June 30, 2022, 2021, 2020, 2019, 2018, 2017 and 2016 is 5.04, 5.13, 5.16, 5.21, 5.63, 5.48 and 5.57 years, respectively.

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 5. PENSION PLANS (CONT'D)

Special Funding Situation – Teachers Pensions and Annuity Fund (TPAF)

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

The State's proportionate share of the TPAF net pension liability associated with the District as of June 30, 2022 was \$207,038,792. The District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. The State's proportionate share of the net pension liability associated with the District was based on a projection of the State's long-term contributions to the pension plan associated with the District's relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2022, the State's proportionate share of the TPAF net pension liability associated with the District was 0.4012813958%, which was an increase of 0.0007709233% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2022, the District recognized on-behalf pension expense and revenue in the government wide financial statements of \$5,571,992 for contributions incurred by the State.

Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. 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:	2.75-5.65%
	Based on years of service
Investment rate of return	7.00%

Mortality Rates

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-2021.

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 5. PENSION PLANS (CONT'D)

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) 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.

Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2022 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%	8.12%
Non-U.S. Developed Market Equity	13.50%	8.38%
Emerging Market Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%
	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all 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 in determining the total pension liability.

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 5. PENSION PLANS (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, 2022 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>(6.00%)</u>	At current discount rate <u>(7.00%)</u>	At 1% increase <u>(8.00%)</u>
District's proportionate share of the net pension liability	\$ 242,757,383	\$ 207,038,792	\$ 176,950,367

Pension Plan Fiduciary Net Position

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

Additional Information

Collective balances of the local group at June 30, 2022 are as follows:

Deferred outflows of resources	\$ 4,996,491,160
Deferred inflows of resources	19,532,696,776
Net pension liability	51,594,415,806
District's proportion	0.4012813958%

Collective pension expense for the plan for the measurement period ended June 30, 2022 is \$1,424,884,581.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at June 30, 2022, 2021, 2020, 2019, 2018, 2017 and 2016 is 7.83, 7.93, 8.04, 8.29, 8.30, 8.30 and 8.30 years, respectively.

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, 2021, the membership in the DCRP, based on the information within the Division's database, was 59,988.

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.

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 5. PENSION PLANS (CONT'D)

DEFINED CONTRIBUTION RETIREMENT PLAN (CONT'D)

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, 2023 and 2022 the District's total payroll for all employees was \$72,206,082 and \$70,190,301, respectively. Total DCRP covered payroll was \$2,575,242 and \$2,515,280, respectively. Covered payroll refers to all compensation paid by the District to active employees covered by the Plan. District and employee contributions to the DCRP for the year ended June 30, 2023 were \$77,257 and \$141,638, respectively and for the year ended June 30, 2022 were \$75,458 and \$138,340, respectively.

NOTE 6. POST-RETIREMENT BENEFITS

General Information about the OPEB Plan:

General Information about the OPEB Plan:

The State Health Benefit State Retired Employees Plan (State Retired OPEB Plan) is a single-employer defined benefit OPEB plan with a special funding situation. The State Retired OPEB Plan is administered on a "pay-as-you-go" basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The State Retired OPEB Plan covers the State, State colleges and universities, the Palisades Interstate Park Commission, and the New Jersey Building Authority (referred to collectively as "the employers") for which the State is legally obligated to pay for benefits. The State Retired OPEB Plan is treated as a cost-sharing multiple employer plan with a special funding situation for allocating the total OPEB liability and related OPEB amounts since each employer mentioned above is required to issue stand-alone financial statements. The State Retired OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and the covered dependents of the employees. The State also offers dental care to retirees, however, since dental benefits are completely paid for by the retirees, there is no OPEB liability for these benefits.

In accordance with N.J.S.A. 52:14-17.32, the State is required to pay the premiums or periodic charges for health benefits of State employees who retire with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Judicial Retirement System (JRS), the State Police Retirement System (SPRS), the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen's Retirement System (PFRS), and the Alternate Benefit Program (ABP). In addition, N.J.S.A. 52:14-17.26 provides that for purposes of the State Retired OPEB Plan, an employee of Rutgers, the State University of New Jersey, and New Jersey Institute of Technology shall be deemed to be an employee of the State. Further, P.L.1966, c.302, addresses the other State colleges and universities, whereas while these institutions were provided autonomy from the State, their employees retained any and all rights to health benefits within the State Retired OPEB Plan and are therefore classified as State employees.

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

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

The State Health Benefit Local Education Retired Employees Plan (Local Education Retired OPEB Plan) is a multiple-employer defined benefit OPEB plan with a special funding situation. The Local Education Retired OPEB Plan is administered on a “pay-as-you-go” basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Local Education Retired OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and the covered dependents of local education employees. The State also offers dental care to retirees, however, since dental benefits are completely paid for by the retirees, there is no OPEB liability for these benefits.

The employer contributions for the participating local education employers are legally required to be funded by the State in accordance with N.J.S.A. 52:14-17.32f. According to this law, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: TPAF, PERS, PFRS, or ABP.

Pursuant to P.L.2011, c.78, future retirees eligible for postemployment medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree’s annual retirement benefit and level of coverage.

The State is legally required to pay for the OPEB benefit coverage for the participating local education employers. Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. The State, as a nonemployer contributing entity, reported a Fiscal Year 2022 total OPEB liability of \$50,646,462,966 for this special funding situation.

The State’s contributions to the SHBP Fund for TPAF retirees’ post-retirement medical benefits on behalf of the District for the years ended June 30, 2023, 2022 and 2021 were \$4,425,631, \$3,914,048 and \$3,717,951, respectively, which equaled the required contributions for each year.

In accordance with the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments.

Additional information on Pensions and OPEB can be accessed at state.nj.us/treasury/pensions/financial-reports.html.

The following members were covered by the benefit terms:

<u>Local Education</u>	June 30, <u>2022</u>
Active Plan Members	213,148
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	<u>151,669</u>
Total Plan Members	<u><u>364,817</u></u>

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

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

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 \$50,646,462,966 and \$60,007,650,970 at June 30, 2022 and 2021, 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 \$194,702,871 and \$230,580,034 at June 30, 2022 and 2021, respectively. These allocated liabilities represent 0.38% of the State's Total Non-employer OPEB Liability for each of the years reported.

However, the 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, 2022 was determined by an actuarial valuation as of June 30, 2021 that was rolled forward to June 30, 2022. 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%	2.75-6.55%
	Based on Years of Service	Based on Years of Service
Thereafter	2.75-5.65%	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-2021. 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-2021. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021 for current disabled retirees. Future disabled retirees was based on the Pub-2010 "General" (PERS) and "Teachers" (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Actuarial assumptions used in the July 1, 2021 valuation were based on the results of the TPAF and PERS experience studies prepared for July 1, 2018 to June 30, 2021.

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

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

Healthcare Trend Assumptions:

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long-term trend rate after seven years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO, the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount Rate:

The discount rate used to measure the total OPEB liability was 3.54%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

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

Changes to the District's total Non-employer OPEB Liability during the fiscal year ended June 30, 2023 were as follows:

	<u>District Allocation</u>
Non-employer OPEB Liability Balance - June 30, 2022	\$ 230,580,034
Changes During the Current Year:	
Service Cost	10,794,518
Interest on the Total OPEB Liability	5,159,841
Difference between expected and actual experiences	5,346,282
Changes in assumption	(52,230,792)
Gross benefit payments	(5,110,975)
Employee Contributions	<u>163,963</u>
Net Changes	(35,877,163)
Non-employer OPEB Liability Balance - June 30, 2023	<u>\$ 194,702,871</u>

Changes in Assumptions:

Reflects a change in the discount rate from 2.16% as of June 30, 2021 to 3.54% as of June 30, 2022, and a decrease in the assumed health care cost trend and excise tax assumptions.

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

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

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, 2022, calculated using the discount rate as disclosed above, as well as what the total non-employer OPEB 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:

	1% Decrease <u>(2.54%)</u>	At Discount Rate <u>(3.54%)</u>	1% Increase <u>(4.54%)</u>
Total Non-employer OPEB Liability (New Jersey LEA Retirees)	\$ 59,529,589,697	\$ 50,646,462,966	\$ 43,527,080,995
District's proportionate share of the OPEB liability	\$ 228,852,744	\$ 194,702,871	\$ 167,333,455

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

The following presents the total non-employer OPEB liability as of June 30, 2022 calculated using the healthcare trend rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a healthcare trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total Non-employer OPEB Liability (New Jersey LEA Retirees)	\$ 41,862,397,291	\$ 50,646,462,966	\$ 62,184,866,635
District's proportionate share of the OPEB liability	\$ 160,933,824	\$ 194,702,871	\$ 239,060,565

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

For the year ended June 30, 2023, in the Statement of Activities, the School District recognized OPEB expense of \$6,897,736. This amount was determined by the State of New Jersey as the District's allocated special funding share of the State's \$1,595,653,562. Total OPEB Non-employer Expense for the year ended June 30, 2022. 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 and 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.

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

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

Additional Information:

Collective balances of the SHBLEREP at June 30, 2022 were as follows:

Deferred Outflows of Resources	\$ 20,104,625,333
Deferred Inflows of Resources	34,996,842,046
State's Total Non-employer OPEB Liability	50,646,462,966
District's Proportion	0.384435278%

Special Funding Situation:

The employer contributions for local participating employers are legally required to be funded by the State, therefore, the District records an expense and corresponding revenue for its respective share of total OPEB expense and revenue attributable to the State of New Jersey.

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
YEAR ENDED JUNE 30, 2023**

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. As of June 30, 2023, a liability existed for compensated absences in the governmental activities fund in the amount of \$3,891,770.

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, 2023, a liability existed for compensated absences in the Community School in the amount of \$23,205.

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
YEAR ENDED JUNE 30, 2023

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, 2022 to June 30, 2023 fiscal year is as follows:

Beginning balance, July 1, 2022	\$ 11,954,628
Deposits:	
Board Resolution	3,500,000
Transferred from Capital Projects Fund	18,213
Interest Earnings	<u>6,805</u>
Total Deposits	<u>3,525,018</u>
Withdrawals:	
Transferred to Capital Projects Fund	<u>5,011,261</u>
Ending balance, June 30, 2023	<u>\$ 10,468,385</u>

The June 30, 2023 LRFP balance of local support costs of uncompleted projects exceeds the amount set aside in capital reserve. 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

During the year ending June 30, 2023, the District transferred \$5,011,261 to the Capital Projects Fund. There were \$2,726,800 of Woodland Avenue School Renovations, \$2,000,000 of the Alexander Hamilton – Land Improvements, and \$284,461 of High School Turf Field Lights and Scoreboard. There were refunds of unspent amounts for \$18,213 of FMS Modular. The District transferred \$981,032 to the Special Revenue Fund, which represents the preschool inclusion children charged to the Special Revenue Fund.

NOTE 11. RISK MANAGEMENT

Property and Liability Insurance - The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the school year ended June 30, 2023, 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, 2023, there were no significant reductions in coverages from those provided in the previous year.

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

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.

During fiscal year 2023 and 2022, the New Jersey Department of Labor has been delayed in issuing unemployment bills to New Jersey governmental units. This was the result of the State verifying the school districts are being properly charged for qualifying claims. The District has received the unemployment bills for the third and fourth quarters of 2020 within the current year, which were paid prior to June 30, 2023. The first quarter 2021 unemployment bill was received by the District after June 30, 2023, which reduced the liability recorded in the District's financial statement in the general fund. The unemployment bills that were received contained an amount that was forgiven through the American Rescue Plan Act (ARPA). This amount is recorded on the schedule of federal awards and the budgetary comparison schedule as payments made on behalf of the school district. Beginning in the first quarter of 2021, the federal government may forgive up to 75% of the claims incurred. Since the amount of the unemployment bills not yet received is not known, the liability in the District's financial statement general fund balance sheet will represent the unemployment withholdings made by the employees.

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

The interfund balances remaining on the balance sheet at June 30, 2023 as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 24,434	
Community School Enterprise Fund		24,434
	<u>\$ 24,434</u>	<u>\$ 24,434</u>

The interfund receivable in the general fund resulted from funds collected in the community school program on behalf of the general fund that were not turned over prior to June 30, 2023. All interfund balances will be liquidated in the subsequent year.

NOTE 14. INVENTORY

Inventory in the Food Service Fund at June 30, 2023 consisted of the following:

Food	\$ 20,122
Supplies	<u>8,912</u>
Total	<u>\$ 29,034</u>

MORRIS SCHOOL DISTRICT
COUNTY OF MORRIS, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 15. FUND BALANCE APPROPRIATED

General Fund (B-1) - Of the \$37,331,618 General Fund balance at June 30, 2023, \$8,357,709 is restricted as excess surplus in accordance with N.J.S.A. 18A:7F-7, \$10,468,385 has been restricted in the Capital Reserve Account; \$4,604,219 is restricted for the Maintenance Reserve Account; \$2,093,514 is restricted for Unemployment Reserve Account; \$6,256,214 has been assigned and included as anticipated revenue for the year ending June 30, 2024; \$5,193,925 is unassigned and \$357,652 has been assigned as Reserve for Encumbrances.

Special Revenue Fund (B-1) – Of the \$336,955 Special Revenue Fund balance at June 30, 2023, \$248,190 is restricted for student activities and \$88,765 is restricted for scholarships.

Capital Projects Fund (B-1) - The fund balance at June 30, 2023 is \$8,750,263. The entire amount of \$8,750,263 is restricted for future capital projects.

NOTE 16. DEFICIT FUND BALANCES

The District did not have any deficit fund balances at June 30, 2023 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 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, 2023 is \$8,357,709. Of this amount, \$4,293,273 has been appropriated in the 2023-24 budget and the remaining \$4,064,436 is required to be appropriated in the 2024-25 budget.

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

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, 2022 to June 30, 2023 fiscal year is as follows:

Beginning balance, July 1, 2022	\$ 4,601,918
Interest Earnings	<u>2,301</u>
Ending balance, June 30, 2023	<u>\$ 4,604,219</u>

The unemployment reserve was established in the general fund in 2021 resulting from the implementation of GASB Statement No. 84, which required the District to record these funds as governmental activities. The activity of the unemployment reserve for the July 1, 2022 to June 30, 2023 fiscal year is as follows:

Beginning balance, July 1, 2022	\$ 2,090,038
Interest Earnings	<u>3,476</u>
Ending balance, June 30, 2023	<u>\$ 2,093,514</u>

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 2022 User Friendly Budget for Morris Township recognized revenue of \$10,000 from the annual service charge in lieu of payment of taxes in 2021 and taxes in 2021 that otherwise would have been due on these long-term tax exemptions amounted to \$589,261, based upon the assessed valuations of the long-term tax exemptions properties. A portion of the \$589,261 abatement would have been allocated to the District. The 2022 User Friendly Budget for the Town of Morristown recognized revenue of \$1,503,613 from the annual service charge in lieu of payment of taxes in 2021 and taxes in 2021 that otherwise would have been due on these long-term tax exemptions amounted to \$4,649,517, based upon the assessed valuations of the long-term tax exemptions properties.

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 21. PENDING LITIGATION AND CONTINGENT LIABILITIES

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. COMMITMENTS

The District has contractual commitments at June 30, 2023 to various vendors, which are recorded in the General Fund as fund balance assigned to other purposes in the amount of \$357,652 and in the Capital Projects Fund as restricted for capital projects in the amount of \$6,233,451.

NOTE 23. SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2023 and December 1, 2023, the date the financial statements were available for issuance. No such events or transactions were noted requiring disclosure.

REQUIRED SUPPLEMENTARY INFORMATION
PART II

BUDGETARY COMPARISON SCHEDULES
SECTION - C

MORRIS SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 BUDGETARY BASIS
 GENERAL FUND
YEAR ENDED JUNE 30, 2023

Exhibit C-1
Page 1 of 14

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FINAL TO ACTUAL</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 98,829,832		\$ 98,829,832	\$ 98,829,832	
Tuition from Other LEAs within the State	4,787,326		4,787,326	4,538,081	\$ (249,245)
Maintenance Reserve Interest	350		350	2,301	1,951
Capital Reserve Interest	10,000		10,000	6,805	(3,195)
Interest Income				50,099	50,099
Miscellaneous	120,500		120,500	453,572	333,072
Other Restricted Miscellaneous Revenues				3,476	3,476
Total - Local Sources	<u>103,748,008</u>	<u>-</u>	<u>103,748,008</u>	<u>103,884,166</u>	<u>136,158</u>
State Sources:					
School Choice Aid	245,115		245,115	245,115	
Categorical Special Education Aid	4,844,218		4,844,218	4,844,218	
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	315,000	\$ 179,462	494,462	377,711	(116,751)
Extraordinary Aid				4,308,326	4,308,326
Nonpublic School Transportation Aid				105,097	105,097
Homeless Tuition Reimbursement				89,252	89,252
State Reimbursement for Lead Testing of Drinking Water				5,450	5,450
On-Behalf TPAF Pension					
Contributions - Not Budgeted				16,846,866	16,846,866
On-Behalf Post Retirement Medical					
Contributions - Not Budgeted				4,425,631	4,425,631
On-Behalf Long-Term Disability Insurance					
Contributions - Not Budgeted				7,511	7,511
On-Behalf TPAF Soc. Sec.					
Contributions - Not Budgeted				3,448,707	3,448,707
Total - State Sources	<u>8,353,171</u>	<u>179,462</u>	<u>8,532,633</u>	<u>37,652,722</u>	<u>29,120,089</u>
Federal Sources:					
Medical Reimbursements	151,235		151,235	219,933	68,698
On-Behalf Federal Reimbursed Unemployment					
Benefits - Not Budgeted				139,042	139,042
Total - Federal Sources	<u>151,235</u>	<u>-</u>	<u>151,235</u>	<u>358,975</u>	<u>207,740</u>
Total Revenues	<u>112,252,414</u>	<u>179,462</u>	<u>112,431,876</u>	<u>141,895,863</u>	<u>29,463,987</u>

MORRIS SCHOOL DISTRICT
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 BUDGETARY COMPARISON SCHEDULE
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	<u>ORIGINAL</u>	<u>BUDGET</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>BUDGET</u>	<u>TRANSFERS</u>	<u>BUDGET</u>		<u>FINAL TO ACTUAL</u>
EXPENDITURES:					
Current Expense:					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool/Kindergarten	\$ 1,363,329	\$ (27,055)	\$ 1,336,274	\$ 1,223,079	\$ 113,195
Grades 1 - 5	9,547,279	(266,382)	9,280,897	9,169,751	111,146
Grades 6 - 8	6,494,295	(164,324)	6,329,971	6,239,367	90,604
Grades 9 -12	9,672,779	(496,870)	9,175,909	9,144,966	30,943
Home Instruction - Regular Programs					
Salaries of Teachers	110,000		110,000	76,932	33,068
Other Salaries for Instruction	10,350		10,350		10,350
Purchased Professional/Educational Services	110,000	90,107	200,107	189,511	10,596
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	378,882		378,882	305,835	73,047
Purchased Professional/Educational Services	177,010	36,965	213,975	212,795	1,180
Purchased Technical Services	96,703	(8,872)	87,831	85,494	2,337
Other Purchased Services	1,034,167	(41,461)	992,706	918,267	74,439
General Supplies	1,373,808	101,823	1,475,631	1,134,526	341,105
Textbooks	104,800	19,698	124,498	106,981	17,517
Other Objects	12,850	(5,046)	7,804	7,204	600
	30,486,252	(761,417)	29,724,835	28,814,708	910,127
Total Instruction - Regular Programs					

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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.):					
Current Expense (Cont'd.):					
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	\$ 142,655		\$ 142,655	\$ 132,171	\$ 10,484
Other Salaries for Instruction	71,644	\$ (21,145)	50,499	46,353	4,146
General Supplies	4,500		4,500	498	4,002
Total Learning and/or Language Disabilities	218,799	(21,145)	197,654	179,022	18,632
Multiple Disabilities					
Salaries of Teachers	1,175,140	71,638	1,246,778	1,242,542	4,236
Other Salaries for Instruction	1,891,571	205,192	2,096,763	2,065,947	30,816
Purchased Professional Educational Services	36,000		36,000	34,200	1,800
Other Purchased Services	800		800	88	712
General Supplies	39,000	287	39,287	31,552	7,735
Total Multiple Disabilities	3,142,511	277,117	3,419,628	3,374,329	45,299
Resource Room/Resource Center					
Salaries of Teachers	5,313,434	(177,874)	5,135,560	4,928,893	206,667
Other Salaries for Instruction	510		510		510
General Supplies	16,948	11,652	28,600	17,740	10,860
Total Resource Room/Resource Center	5,330,892	(166,222)	5,164,670	4,946,633	218,037
Preschool Disabilities-Full Time					
Salaries of Teachers	321,864	3,893	325,757	264,439	61,318
Other Salaries for Instruction	393,390	3,507	396,897	356,502	40,395
Purchased Professional Educational Services	1,400		1,400		1,400
Purchased Technical Services	722		722		722
Other Purchased Services	6,300		6,300		6,300
General Supplies	21,550		21,550	5,773	15,777
Other Objects	3,850		3,850	1,421	2,429
Total Preschool Disabilities FT	749,076	7,400	756,476	628,135	128,341
Total Special Education	9,441,278	97,150	9,538,428	9,128,119	410,309

MORRIS SCHOOL DISTRICT
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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.):					
Current Expense (Cont'd.):					
Basic Skills/Remedial					
Salaries of Teachers	\$ 320,728	\$ 11,030	\$ 331,758	\$ 319,910	\$ 11,848
General Supplies	1,800	(700)	1,100	1,078	22
Total Basic Skills/Remedial	322,528	10,330	332,858	320,988	11,870
Bilingual Education					
Salaries of Teachers	2,953,628	1,000	2,954,628	2,678,937	275,691
Purchased Professional-Educational Services	5,250	(1,500)	3,750	3,020	730
Purchased Technical Services	52,500	6,030	58,530	54,719	3,811
Other Purchased Services	4,300	500	4,800	1,950	2,850
General Supplies	70,211	14,501	84,712	76,341	8,371
Other Objects	7,050	(4,000)	3,050	676	2,374
Total Bilingual Education	3,092,939	16,531	3,109,470	2,815,643	293,827
School-Sponsored Cocurricular/Extra Activities					
Salaries	280,629	3,879	284,508	277,925	6,583
Purchased Services	11,800	8,276	20,076	19,817	259
Supplies and Materials	16,700	(4,637)	12,063	11,558	505
Other Objects	9,500	1,000	10,500	6,822	3,678
Total School-Sponsored Cocurricular/Extra Activities	318,629	8,518	327,147	316,122	11,025
School-Sponsored Athletics					
Salaries	940,729	51,331	992,060	985,545	6,515
Purchased Services	161,834	5,171	167,005	166,437	568
Supplies and Materials	127,550	20,097	147,647	132,643	15,004
Other Objects	83,235	3,867	87,102	86,913	189
Total School-Sponsored Athletics	1,313,348	80,466	1,393,814	1,371,538	22,276
Before/After School Programs					
Salaries of Teachers	59,668	(24,545)	35,123	19,558	15,565
Total Before/After School Programs	59,668	(24,545)	35,123	19,558	15,565
Total Instruction	45,034,642	(572,967)	44,461,675	42,786,676	1,674,999

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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.):					
Current Expense (Cont'd.):					
Undistributed Expenditures:					
Instruction					
Tuition to Other LEA's Within the State-Regular	\$ 22,000	\$ 8,415	\$ 30,415	\$ 28,249	\$ 2,166
Tuition to Other LEA's Within the State-Special	857,495	186,562	1,044,057	844,097	199,960
Tuition to County Vocational School Regular	361,783	34,311	396,094	363,403	32,691
Tuition to County Vocational School - Special	13,262	10,000	23,262	23,262	
Tuition to CSSD & Reg Day Schools		70,191	70,191	69,931	260
Tuition to Private School Disabled Within the State	4,895,538	(599,479)	4,296,059	3,363,687	932,372
Tuition to Private School Disabled Other LEAs-Special	438,480		438,480	283,676	154,804
Tuition - State Facilities	80,540		80,540	80,540	
Tuition - Other	164,714	170,000	334,714	333,750	964
Total Undistributed Expenditures - Instruction	6,833,812	(120,000)	6,713,812	5,390,595	1,323,217
Attendance and Social Work					
Salaries	115,826		115,826	94,576	21,250
Total Attendance and Social Work	115,826	-	115,826	94,576	21,250
Health Services					
Salaries	1,152,604	(545)	1,152,059	1,116,503	35,556
Purchased Professional/Technical Services	213,953	(3,658)	210,295	188,652	21,643
Other Purchased Services	1,450		1,450	826	624
Supplies and Materials	30,000	(11,793)	18,207	18,207	
Total Health Services	1,398,007	(15,996)	1,382,011	1,324,188	57,823
Speech, OT, PT and Related Services					
Salaries	1,239,769	1,445	1,241,214	1,230,279	10,935
Purchased Professional - Educational Services	1,582,457	(23,070)	1,559,387	1,469,009	90,378
Supplies and Materials	83,794	(5,633)	78,161	65,694	12,467
Total Speech, OT, PT and Related Services - Related Services	2,906,020	(27,258)	2,878,762	2,764,982	113,780

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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.):					
Current Expense (Cont'd.):					
Other Support Services Student-Extra Services					
Salaries	\$ 968,136	\$ (26,170)	\$ 941,966	\$ 848,493	\$ 93,473
Total Other Support Services Student - Extra Services	<u>968,136</u>	<u>(26,170)</u>	<u>941,966</u>	<u>848,493</u>	<u>93,473</u>
Undistributed Expenditures - Guidance					
Salaries of Other Professional Staff	2,288,221	(5,977)	2,282,244	2,269,273	12,971
Salaries of Secretarial and Clerical Assistants	210,911		210,911	204,880	6,031
Purchased Professional - Educational Services	277,121	(458)	276,663	275,735	928
Other Purchased Professional and Technical Services	17,545	(3,629)	13,916	13,905	11
Other Purchased Services	1,950	(963)	987	987	
Supplies and Materials	17,800	1,713	19,513	16,329	3,184
Other Objects	350	(50)	300	300	
Total Guidance	<u>2,813,898</u>	<u>(9,364)</u>	<u>2,804,534</u>	<u>2,781,409</u>	<u>23,125</u>
Undistributed Expenditures - Child Study Teams					
Salaries of Other Professional Staff	2,414,557	27,769	2,442,326	2,312,284	130,042
Salaries of Secretarial and Clerical Assistants	297,801	(19,876)	277,925	233,826	44,099
Unused Vacation Payment to Terminated/Retired Staff		7,557	7,557	7,557	
Other Purchased Professional and Technical Services	162,674	51,424	214,098	141,782	72,316
Other Purchased Services	13,952		13,952	7,925	6,027
Supplies & Materials	53,500	(7,884)	45,616	36,425	9,191
Other Objects	3,153	125	3,278	3,278	
Total Child Study Teams	<u>2,945,637</u>	<u>59,115</u>	<u>3,004,752</u>	<u>2,743,077</u>	<u>261,675</u>

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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.):					
Current Expense (Cont'd.):					
Improvement of Instructional Services					
Salaries of Supervisors of Instruction	\$ 308,364	\$ 16,077	\$ 324,441	\$ 324,169	\$ 272
Salaries of Secretarial & Clerical Staff	61,294	(22,164)	39,130	38,364	766
Unused Vacation Payment to Terminated/Retired Staff		7,205	7,205	7,205	
Purchased Professional - Educational Services	2,900		2,900	1,895	1,005
Other Purchased Professional and Technical Services	143,080	44,839	187,919	184,040	3,879
Other Purchased Services	15,924	800	16,724	4,205	12,519
Supplies and Materials	17,998	292	18,290	15,895	2,395
Other Objects	5,000		5,000	3,040	1,960
Total Improvement of Instruction Services	<u>554,560</u>	<u>47,049</u>	<u>601,609</u>	<u>578,813</u>	<u>22,796</u>
Undistributed Expenditures:					
Educational Media Services/School Library					
Salaries	1,178,407	(56,630)	1,121,777	1,063,512	58,265
Salaries of Technology Coordinators	736,588	12,358	748,946	748,473	473
Unused Vacation Payment to Terminated/Retired Staff		13,414	13,414	13,414	
Purchased Professional/Technical Services	60,912	3,155	64,067	38,299	25,768
Other Purchased Services	3,034	(288)	2,746	2,746	
Supplies and Materials	47,250	79	47,329	44,471	2,858
Other Objects	2,000		2,000	1,651	349
Total Educational Media Services/School Library	<u>2,028,191</u>	<u>(27,912)</u>	<u>2,000,279</u>	<u>1,909,820</u>	<u>90,459</u>
Instructional Staff Training Services					
Salaries of Other Professional Staff	56,925	(7,205)	49,720	45,019	4,701
Salaries of Secretarial & Clerical Staff	21,186		21,186	12,737	8,449
Purchased Professional/Educational Services	64,700	3,000	67,700	48,444	19,256
Other Purchased Services		95	95	95	
Supplies and Materials	6,707		6,707	6,707	
Total Instructional Staff Training Services	<u>149,518</u>	<u>(4,110)</u>	<u>145,408</u>	<u>106,295</u>	<u>39,113</u>

MORRIS SCHOOL DISTRICT
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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.):					
Undistributed Expenditures:					
Support Services General Administration					
Salaries	\$ 332,720	\$ (9,097)	\$ 323,623	\$ 323,623	
Legal Services	281,000		281,000	173,941	\$ 107,059
Audit Fees	44,300		44,300	43,680	620
Other Purchased Professional Services	104,200	5,000	109,200	93,412	15,788
Purchased Technical Services	25,800	5,117	30,917	15,367	15,550
Communications/Telephone	954,178		954,178	799,686	154,492
BOE Other Purchased Services	3,500		3,500	1,886	1,614
Miscellaneous Purchased Services	215,243		215,243	203,834	11,409
General Supplies	20,000	(395)	19,605	13,748	5,857
BOE In-House Training/Meeting Supplies	11,000		11,000	6,592	4,408
Miscellaneous Expenditures	9,600	(5,112)	4,488	1,195	3,293
BOE Membership Dues & Fees	32,000		32,000	29,546	2,454
Total Support Services General Administration	2,033,541	(4,487)	2,029,054	1,706,510	322,544
Support Services School Administration					
Salaries of Principals/Assistant Principals	3,242,136	104,395	3,346,531	3,346,531	
Salaries of Other Professional Staff	259,638	(6,274)	253,364	253,180	184
Salaries of Secretarial and Clerical Assistants	797,887	16,623	814,510	812,856	1,654
Unused Vacation Payment to Terminated/Retired Staff		52,784	52,784	52,784	
Purchased Professional Technical Services	12,451	13,359	25,810	23,815	1,995
Other Purchased Services	46,354	(18,975)	27,379	5,041	22,338
Supplies and Materials	40,254	(3,852)	36,402	33,192	3,210
Other Objects	12,287	(82)	12,205	10,784	1,421
Total Support Services School Administration	4,411,007	157,978	4,568,985	4,538,183	30,802
Central Services					
Salaries	1,658,371	(205,552)	1,452,819	1,445,718	7,101
Unused Vacation Payment to Terminated/Retired Staff		30,617	30,617	22,454	8,163
Purchased Professional Services	39,500	(5,525)	33,975	25,946	8,029
Purchased Technical Services	42,691	(4,948)	37,743	32,567	5,176
Miscellaneous Purchased Services	308,825	(71)	308,754	260,931	47,823
Supplies and Materials	20,900	5,651	26,551	24,435	2,116
Miscellaneous Expenditures	21,200	(1,683)	19,517	17,210	2,307
Total Central Services	2,091,487	(181,511)	1,909,976	1,829,261	80,715

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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.):					
Undistributed Expenditures:					
Administrative Information Technology					
Salaries	\$ 265,065	\$ (10,578)	\$ 254,487	\$ 254,487	
Purchased Professional Services	11,450		11,450	10,244	\$ 1,206
Purchased Technical Services	255,000	7,100	262,100	213,687	48,413
Other Purchased Services	13,000		13,000	10,450	2,550
Supplies and Materials	15,000	2,387	17,387	10,903	6,484
Other Objects	2,700		2,700	2,301	399
Total Administrative Information Technology	562,215	(1,091)	561,124	502,072	59,052
Required Maintenance For School Facilities					
Salaries	668,107	(60,727)	607,380	578,640	28,740
Cleaning, Repair & Maintenance Services	1,820,105	102,597	1,922,702	1,766,544	156,158
General Supplies	302,900	(31,645)	271,255	189,084	82,171
Other Objects	12,440	2,650	15,090	12,577	2,513
Total Required Maintenance For School Facilities	2,803,552	12,875	2,816,427	2,546,845	269,582
Custodial Services					
Salaries	2,860,653	129,639	2,990,292	2,961,735	28,557
Salaries of Non-Instructional Aides	72,678	6,744	79,422	78,042	1,380
Unused Vacation Payment to Terminated/Retired Staff		16,416	16,416	16,416	
Purchased Professional and Technical Services	286,918	(20,761)	266,157	246,278	19,879
Cleaning, Repair & Maintenance Services	222,320	(13,020)	209,300	202,928	6,372
Other Purchased Property Services	243,000	25,000	268,000	261,618	6,382
Insurance	565,629	7,601	573,230	558,252	14,978
Miscellaneous Purchased Services	4,000		4,000	695	3,305
General Supplies	270,400	2,750	273,150	271,852	1,298
Energy (Natural Gas)	674,047	(55,000)	619,047	542,279	76,768
Energy (Electricity)	925,000	30,000	955,000	906,406	48,594
Energy (Gasoline)	42,200		42,200	29,162	13,038
Other Objects	30,400	(8,200)	22,200	17,440	4,760
Total Custodial Services	6,197,245	121,169	6,318,414	6,093,103	225,311

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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.):					
Care and Upkeep of Grounds					
Salaries	\$ 556,780	\$ (8,764)	\$ 548,016	\$ 548,001	\$ 15
Cleaning, Repair & Maintenance Services	88,610	43,043	131,653	96,229	35,424
General Supplies	67,780	79	67,859	57,943	9,916
	<u>713,170</u>	<u>34,358</u>	<u>747,528</u>	<u>702,173</u>	<u>45,355</u>
Security					
Salaries	843,435	25,487	868,922	868,514	408
Purchased Professional and Technical Services	585,000	(15,593)	569,407	474,769	94,638
Cleaning, Repair & Maintenance Services	108,500	(7,704)	100,796	99,888	908
Travel		1,401	1,401	1,224	177
General Supplies	58,500	28,154	86,654	86,652	2
	<u>1,595,435</u>	<u>31,745</u>	<u>1,627,180</u>	<u>1,531,047</u>	<u>96,133</u>
Total Maintenance & Custodial Services	<u>11,309,402</u>	<u>200,147</u>	<u>11,509,549</u>	<u>10,873,168</u>	<u>636,381</u>
Student Transportation Services					
Salaries for Pupil Transportation (Between Home & School) - Regular	2,169,333	229,371	2,398,704	2,398,704	
Salaries for Pupil Transportation (Between Home & School) - Special	1,280,940	230,176	1,511,116	1,510,380	736
Salaries for Pupil Transportation (Other than Between Home & School)	291,373	393,136	684,509	684,509	
Unused Vacation Payment to Terminated/Retired Staff		16,826	16,826	16,826	
Management Fee-ESC Transportation Program	88,314	57,926	146,240	131,731	14,509
Other Purchased Professional/Technical Services	34,748	140,231	174,979	151,441	23,538
Cleaning, Repair, and Maintenance Services	81,846	30,000	111,846	107,229	4,617
Rental Payments - School Buses		110,250	110,250	110,250	
Lease Purchase Payments - School Buses	1,617,990	102,595	1,720,585	1,718,774	1,811
Contracted Services - Aid in Lieu of Payments	400,000		400,000	247,692	152,308
Contracted Services (Between Home & School) - Vendors	499,214	(472,750)	26,464		26,464
Contracted Services (Other than Bet. Home and School) - Vendors	86,000	(69,749)	16,251	5,076	11,175
Contracted Services (Special Education Students) - Vendors	84,721	2,254	86,975	83,399	3,576
Contracted Services (Regular Students) ESCs	310,671		310,671	259,144	51,527
Contracted Services (Special Education Students) ESCs	1,987,184	1,245,000	3,232,184	3,022,194	209,990
Miscellaneous Purchased Services - Transportation	34,789		34,789	29,896	4,893
General Supplies	454,000	298,582	752,582	727,521	25,061
Miscellaneous Expenditures	211,700	(134,500)	77,200	62,902	14,298
	<u>9,632,823</u>	<u>2,179,348</u>	<u>11,812,171</u>	<u>11,267,668</u>	<u>544,503</u>
Total Student Transportation Services	<u>9,632,823</u>	<u>2,179,348</u>	<u>11,812,171</u>	<u>11,267,668</u>	<u>544,503</u>

MORRIS SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
BUDGETARY BASIS
GENERAL FUND
YEAR ENDED JUNE 30, 2023

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 (CONT'D.):					
Unallocated Benefits - Employee Benefits					
Group Insurance	\$ 62,500		\$ 62,500	\$ 54,696	\$ 7,804
Social Security Contributions	1,621,065	\$ 143,694	1,764,759	1,655,135	109,624
Other Retirement Contributions - PERS	2,343,300	(146,878)	2,196,422	1,989,810	206,612
Unemployment Compensation	100,000		100,000		100,000
Workmen's Compensation	793,833		793,833	587,354	206,479
Health Benefits	14,207,090	425,000	14,632,090	14,449,902	182,188
Tuition Reimbursements	223,000		223,000	191,003	31,997
Other Employee Benefits	500,000	21,878	521,878	498,528	23,350
Unused Sick Payments to Terminated/Retired Staff	201,000		201,000	195,784	5,216
	<u>20,051,788</u>	<u>443,694</u>	<u>20,495,482</u>	<u>19,622,212</u>	<u>873,270</u>
On-Behalf TPAF Pension Contributions - Not Budgeted				16,846,866	(16,846,866)
On-Behalf Post Retirement Medical Contributions - Not Budgeted				4,425,631	(4,425,631)
On-Behalf Long-Term Disability Insurance Contributions - Not Budgeted				7,511	(7,511)
On-Behalf TPAF Social Security Contributions - Not Budgeted				3,448,707	(3,448,707)
On-Behalf Federal Reimbursed Unemployment Benefits - Not Budgeted				139,042	(139,042)
	<u>70,805,868</u>	<u>2,669,432</u>	<u>73,475,300</u>	<u>93,749,079</u>	<u>(20,273,779)</u>
Total Undistributed Expenditures					
Interest Deposit to Maintenance Reserve	350		350		350
	<u>115,840,860</u>	<u>2,096,465</u>	<u>117,937,325</u>	<u>136,535,755</u>	<u>(18,598,430)</u>
Total Expenditures - Current Expense					

MORRIS SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
BUDGETARY BASIS
GENERAL FUND
YEAR ENDED JUNE 30, 2023

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 (CONT'D.):					
Equipment:					
Regular Programs - Instruction					
Grades 1-5		\$ 45,080	\$ 45,080	\$ 44,825	\$ 255
Grades 6-8		31,730	31,730	31,730	
Grades 9-12		70,679	70,679	70,679	
School-Sponsored and Other Instructional Program		119,886	119,886	40,600	79,286
Administration Information Technology	\$ 150,000		150,000	148,918	1,082
Required Maintenance for School Facilities	154,363	34,000	188,363	109,406	78,957
Custodial Services	25,400		25,400	13,930	11,470
Care and Upkeep of Grounds	242,000	12,580	254,580	187,436	67,144
Security	130,000	24,392	154,392	129,979	24,413
Student Transportation - Non-Instructional Equipment		90,842	90,842		90,842
School Buses - Regular		3,250,781	3,250,781	3,250,781	
Total Equipment	701,763	3,679,970	4,381,733	4,028,284	353,449
Facilities Acquisitions & Construction Services					
Assessment for Debt Service on SDA Funding	37,738		37,738	37,738	
Total Facilities Acquisitions & Construction Services	37,738	-	37,738	37,738	-
Interest Deposit to Capital Reserve	10,000		10,000		10,000
Total Capital Outlay	749,501	3,679,970	4,429,471	4,066,022	363,449

MORRIS SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
BUDGETARY BASIS
GENERAL FUND
YEAR ENDED JUNE 30, 2023

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 (CONT'D.):					
Transfer of Funds to Charter School	\$ 1,860,236		\$ 1,860,236	\$ 1,526,872	\$ 333,364
Total Expenditures	<u>118,450,597</u>	<u>\$ 5,776,435</u>	<u>124,227,032</u>	<u>142,128,649</u>	<u>(17,901,617)</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(6,198,183)</u>	<u>(5,596,973)</u>	<u>(11,795,156)</u>	<u>(232,786)</u>	<u>11,562,370</u>
Other Financing (Uses) Sources					
Capital Reserve Transfer to Capital Projects	(2,000,000)	(3,011,261)	(5,011,261)	(5,011,261)	
Capital Reserve Transfer from Capital Projects				18,213	18,213
Proceeds from Sale of Assets	475,000		475,000	1,076,275	601,275
Financed Purchase Agreement		3,820,480	3,820,480	3,853,111	32,631
Operating Transfers Out - Special Revenue Fund	<u>(981,032)</u>		<u>(981,032)</u>	<u>(981,032)</u>	
Total Other Financing (Uses) Sources	<u>(2,506,032)</u>	<u>809,219</u>	<u>(1,696,813)</u>	<u>(1,044,694)</u>	<u>652,119</u>
(Deficiency) of Revenues (Under) Expenditures and Other Financing Uses	<u>(8,704,215)</u>	<u>(4,787,754)</u>	<u>(13,491,969)</u>	<u>(1,277,480)</u>	<u>12,214,489</u>
Fund Balances, July 1	<u>40,216,597</u>		<u>40,216,597</u>	<u>40,216,597</u>	
Fund Balances, June 30	<u>\$ 31,512,382</u>	<u>\$ (4,787,754)</u>	<u>\$ 26,724,628</u>	<u>\$ 38,939,117</u>	<u>\$ 12,214,489</u>

MORRIS SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
BUDGETARY BASIS
GENERAL FUND
YEAR ENDED JUNE 30, 2023

Exhibit C-1
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	<u>ORIGINAL</u> <u>BUDGET</u>	<u>BUDGET</u> <u>TRANSFERS</u>	<u>FINAL</u> <u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u> <u>FINAL TO ACTUAL</u>
Recapitulation of (Deficiency) of Revenues (Under) Expenditures:					
Budgeted Fund Balance	\$ (6,593,855)		\$ (6,593,855)	\$ 3,892,061	\$ 10,485,916
Budgeted Withdrawal from Unassigned	(110,360)	\$ (1,600,000)	(1,710,360)		1,710,360
Budgeted Transfer to Capital Reserve	(2,000,000)	(3,011,261)	(5,011,261)	(5,011,261)	
Transfer from Capital Project Fund				18,213	18,213
Adjustment for Prior Year Encumbrances		(176,493)	(176,493)	(176,493)	
Total	<u>\$ (8,704,215)</u>	<u>\$ (4,787,754)</u>	<u>\$ (13,491,969)</u>	<u>\$ (1,277,480)</u>	<u>\$ 12,214,489</u>
Recapitulation of Fund Balance:					
Restricted Fund Balance:					
Reserved Excess Surplus - Designated for					
Subsequent Years Expenditures				\$ 4,293,273	
Reserve for Excess Surplus				4,064,436	
Maintenance Reserve				4,604,219	
Capital Reserve				10,468,385	
Unemployment Compensation				2,093,514	
Assigned Fund Balance:					
Year-end Encumbrances				357,652	
Designated for Subsequent Year's Expenditures				6,256,214	
Unassigned Fund Balance				<u>6,801,424</u>	
Budgetary Fund Balance				38,939,117	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payments not Recognized on GAAP basis				<u>(1,607,499)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 37,331,618</u>	

MORRIS SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Other Sources	\$ 475,290	\$ 191,108	\$ 666,398	\$ 789,130	\$ (122,732)
State Sources	10,937,182	593,940	11,531,122	10,259,461	1,271,661
Federal Sources	5,434,863	2,165,085	7,599,948	4,905,158	2,694,790
Total Revenues	16,847,335	2,950,133	19,797,468	15,953,749	3,843,719
EXPENDITURES:					
Instruction					
Salaries of Teachers	5,103,898	(1,978,399)	3,125,499	2,384,892	740,607
Salaries of Other Professional Staff	525,878	163,762	689,640	629,578	60,062
Purchased Professional - Educational Services	731,346	(43,625)	687,721	502,827	184,894
Other Purchased Services (Including Tuition)	1,481,461	648,296	2,129,757	2,129,757	
Rentals		3,118	3,118	3,118	
Travel		1,226	1,226	1,075	151
General Supplies	117,078	399,464	516,542	328,625	187,917
Textbooks	97,473	41,193	138,666	135,449	3,217
Instructional Equipment		108,804	108,804	108,804	
Other Objects		11,224	11,224	11,222	2
Total Instruction	8,057,134	(644,937)	7,412,197	6,235,347	1,176,850
Support Services					
Salaries of Teachers	173,400	83,365	256,765	92,336	164,429
Salaries of Supervisors of Instruction	106,502		106,502	106,502	
Salaries of Program Directors	131,071	1	131,072	131,071	1
Salaries of Other Professional Staff	266,137	87,851	353,988	347,677	6,311
Salaries of Secretarial and Clerical Assistants	105,098	37,651	142,749	141,942	807
Other Salaries	173,831	(57,906)	115,925	112,226	3,699
Salaries of Community Parent Involvement Specialists	61,670	9,313	70,983	55,050	15,933
Salaries of Master Teachers	164,492	75,000	239,492	237,494	1,998
Unused Vacation Payment to Terminated		20,930	20,930	20,930	
Personal Services - Employee Benefits	771,397	1,225,849	1,997,246	1,407,390	589,856
Purchased Education Services - Contracted Pre-K	5,483,520	(45,299)	5,438,221	5,438,221	
Purchased Education Services - Head Start	492,856	(4,498)	488,358	488,358	
Purchased Professional - Educational Services	326,878	754,993	1,081,871	930,778	151,093
Other Purchased Professional Services		145,212	145,212	145,212	
Lead Testing of Drinking Water		136,233	136,233	136,233	
Travel		67,654	67,654	4,835	62,819
Supplies & Materials	7,000	1,134,259	1,141,259	205,031	936,228
Instructional Equipment		21,337	21,337	21,337	
Student Activities	294,100		294,100	493,114	(199,014) Note 1
Scholarships	16,000		16,000	454	15,546 Note 1
Total Support Services	8,573,952	3,691,945	12,265,897	10,516,191	1,749,706

MORRIS SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONT'D.):					
Facilities Acquisition and Construction Services:					
Instructional Equipment	\$ 216,249	\$ (146,494)	\$ 69,755	\$ 69,755	
Noninstructional Equipment		49,619	49,619	49,619	
Total Facilities Acquisition and Construction Services	<u>216,249</u>	<u>(96,875)</u>	<u>119,374</u>	<u>119,374</u>	<u>\$ -</u>
Total Expenditures	16,847,335	2,950,133	19,797,468	16,870,912	2,926,556
Other Financing Sources					
Transfers In				981,032	981,032
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>981,032</u>	<u>981,032</u>
Excess of Revenues Over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	63,869	<u>\$ (63,869)</u>
Fund Balance, July 1				273,086	
Fund Balance, June 30				<u>\$ 336,955</u>	
Recapitulation:					
Restricted:					
Student Activities				\$ 248,190	
Scholarships				88,765	
Total Fund Balance				<u>\$ 336,955</u>	

Note 1 - Not required to budget for these funds.

**NOTES TO THE REQUIRED SUPPLEMENTARY
INFORMATION**

MORRIS SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 NOTE TO RSI
YEAR ENDED JUNE 30, 2023

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

		<u>General Fund</u>		<u>Special Revenue Fund</u>
Sources/inflows of resources				
Actual amounts (budgetary basis) "revenue"				
from the budgetary comparison schedule (C-series)	(C-1)	\$ 141,895,863	(C-2)	\$ 15,953,749
Difference - budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.				
State aid payment recognized for budgetary purposes, not recognized for GAAP statements.		(1,607,499)		
State Aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		<u>1,519,086</u>		
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds. (B-2)	(B-2)	<u>\$ 141,807,450</u>	(B-2)	<u>\$ 15,953,749</u>
Uses/outflows of resources				
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule Includes(rounding differences)	(C-1)	\$ 142,128,649	(C-2)	\$ 16,870,912
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>\$ 142,128,649</u>	(B-2)	<u>\$ 16,870,912</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>	<u>2022</u>	<u>2023</u>
District's Proportionate Share of the Net Pension Liability	0.163223%	0.156220%	0.151854%	0.150884%	0.146604%	0.140246%	0.141784%	0.144333%	0.142744%	0.188644%
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	\$ 17,090,384	\$ 22,585,976
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	\$ 10,804,652	\$ 11,377,092
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%	158.18%	198.52%
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%	70.33%	62.91%

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>	<u>2022</u>	<u>2023</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	\$ 1,689,514	\$ 1,887,303
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>	<u>(1,689,514)</u>	<u>(1,887,303)</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	\$ 11,377,092	\$ 12,206,458
Contributions as a percentage of Covered Employee Payroll	12.24%	12.56%	13.21%	13.48%	13.73%	13.80%	13.35%	14.73%	14.85%	15.46%

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>	<u>2022</u>	<u>2023</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%	0.398667%	0.400510%	0.401281%
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	\$192,546,165	\$207,038,792
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	\$46,772,168	\$47,628,013
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%	411.67%	434.70%
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%	35.52%	32.29%

Note: Percentages shown are Plan-wide, and include NPL and PFNP 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>	<u>2022</u>	<u>2023</u>
District's Proportion of the Net OPEB Liability	0.3751982%	0.3751536%	0.3788959%	0.3761813%	0.3753883%	0.3842511%	0.3844353%
District's Proportionate Share of the Net OPEB Liability	\$ 216,983,826	\$ 201,231,802	\$ 174,712,060	\$ 156,976,983	\$ 254,550,691	\$ 230,580,034	\$ 194,702,871
District's Covered Employee Payroll	\$ 50,750,762	\$ 52,599,443	\$ 53,696,932	\$ 54,809,038	\$ 56,031,977	\$ 58,149,260	\$ 59,834,471
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%	396.53%	325.40%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Beginning Balance		\$ 216,983,826	\$ 201,231,802	\$ 174,712,060	\$ 156,976,983	\$ 254,550,691	\$ 230,580,034
Increased by:							
Service cost		8,614,150	7,137,933	6,289,779	6,658,031	12,011,587	10,794,518
Interest cost		6,366,019	7,379,613	6,915,152	5,652,671	5,981,489	5,159,841
Changes of benefit terms						(245,424)	
Differences between expected and actual experiences					43,062,541	(37,386,973)	5,346,282
Changes of assumptions				2,340,540	46,497,664	227,485	(52,230,792)
Member Contributions		171,628	161,463	142,840	134,319	152,917	163,963
		15,151,797	14,679,009	15,688,311	102,005,226	(19,258,919)	(30,766,188)
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		4,660,956	4,671,738	4,818,725	4,431,518	4,711,738	5,110,975
		30,903,821	41,198,751	33,423,388	4,431,518	4,711,738	5,110,975
Ending Balance		\$ 201,231,802	\$ 174,712,060	\$ 156,976,983	\$ 254,550,691	\$ 230,580,034	\$ 194,702,871

*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
 YEAR ENDED JUNE 30, 2023

	Total Brought Forward (Ex. E-1a)	Title I Part A	Title I Part D	IDEA Basic Regular	IDEA Preschool	IDEA Basic ARP Program	Totals
REVENUES:							
State Sources	\$ 10,259,461						\$ 10,259,461
Federal Sources	2,396,904	\$ 693,949	\$ 49,805	\$ 1,681,545	\$ 63,307	\$ 19,648	4,905,158
Local Sources	789,130						789,130
Total Revenues	13,445,495	693,949	49,805	1,681,545	63,307	19,648	15,953,749
EXPENDITURES:							
Instruction:							
Salaries of Teachers	\$ 1,906,773	\$ 446,027	\$ 32,092				\$ 2,384,892
Salaries of Other Professional Staff	629,578						629,578
Purchased Professional - Educational Services	502,827						502,827
Other Purchased Services (Including Tuition)	447,043			\$ 1,619,407	\$ 63,307		2,129,757
Rentals	3,118						3,118
Travel	348		727				1,075
General Supplies	302,599	26,026					328,625
Textbooks	135,449						135,449
Instructional Equipment	108,804						108,804
Other Objects	11,222						11,222
Total Instruction	4,047,761	472,053	32,819	1,619,407	63,307		6,235,347
Support Services:							
Salaries of Teachers	82,336	10,000					92,336
Salaries of Supervisors of Instruction	106,502						106,502
Salaries of Program Directors	131,071						131,071
Salaries of Other Professional Staff	347,677						347,677
Salaries of Secretarial & Clerical Assistants	141,942						141,942
Other Salaries	112,226						112,226
Salaries of Community Parent Involvement Specialists	55,050						55,050
Salaries of Master Teachers	237,494						237,494
Unused Vacation Payment to Terminated/Retired Staff	20,930						20,930
Personal Services - Employee Benefits	1,179,816	210,588	16,986				1,407,390
Purchased Education Services - Contracted Pre-K	5,438,221						5,438,221
Purchased Education Services - Head Start	488,358						488,358
Purchased Professional - Educational Services	848,992			62,138		\$ 19,648	930,778
Other Purchased Professional Services	145,212						145,212
Lead Testing of Drinking Water	136,233						136,233
Travel	4,835						4,835
Supplies and Materials	203,723	1,308					205,031
Instructional Equipment	21,337						21,337
Student Activities	493,114						493,114
Scholarships	454						454
Total Support Services	10,195,523	221,896	16,986	62,138		19,648	10,516,191
Facilities Acquisitions & Construction Services:							
Instructional Equipment	69,755						69,755
Noninstructional Equipment	49,619						49,619
Total Facilities Acquisitions & Construction Services	119,374						119,374
Total Expenditures	14,362,658	693,949	49,805	1,681,545	63,307	19,648	16,870,912
(Deficiency) of Revenues (Under) Expenditures	(917,163)						(917,163)
Other financing sources							
Transfers in	981,032						981,032
Total other financing sources	981,032						981,032
Fund Balance, July 1	273,086						273,086
Fund Balance, June 30	\$ 336,955	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 336,955

MORRIS SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS (CONTD)
YEAR ENDED JUNE 30, 2023

Total Brought Forward (Ex. E-1b)	Title II	Title III	Title IV	Elementary and Secondary School Emergency Relief ARP Program	Elementary and Secondary School Evidence-Based Comprehensive Beyond the School Day Activities Grant-ARP Program	Elementary and Secondary School Emergency Relief Evidence-Based Summer Learning and Enrichment Activities Grant-ARP Program	Elementary and Secondary School Emergency Relief Learning Coach and Educator Support Grant - ARP Program	Coronavirus Response and Relief Supplemental Appropriation Act (CRRSA) Learning Acceleration Grant Program	Coronavirus Response and Relief Supplemental Appropriation Act (CRRSA) Mental Health Grant-ARP Program	Elementary and Secondary School Emergency Relief (ESSER) Grant Program	Additional or Compensatory Special Education and Related Services (ACSERS)	Total Carried Forward
REVENUES:												
State Sources												\$ 10,259,461
Federal Sources	\$ 123,660	\$ 250,530	\$ 9,245	\$ 997,096	\$ 4,091	\$ 38,533	\$ 7,686	\$ 35,744	\$ 31,131	\$ 487,658	\$ 411,530	\$ 2,396,904
Local Sources	789,130											789,130
Total Revenues	11,048,591	123,660	250,530	9,245	997,096	4,091	38,533	35,744	31,131	487,658	411,530	13,445,495
EXPENDITURES:												
Instruction:												
Salaries of Teachers	\$ 1,181,108	\$ 40,058		\$ 593,392	\$ 2,813	\$ 33,600		\$ 33,204		\$ 22,598		\$ 1,906,773
Salaries of Other Professional Staff	535,066	94,512										629,578
Purchased Professional - Educational Services	372,237			130,590								502,827
Other Purchased Services (Including Tuition)	185,682										\$ 261,361	447,043
Rentals	3,118											3,118
Travel				348								348
General Supplies	233,464	34,313		1,950	1,063	2,363	\$ 7,686			21,760		302,599
Textbooks	135,449											135,449
Instructional Equipment	108,804											108,804
Other Objects	11,222											11,222
Total Instruction	2,766,150	168,883		726,280	3,876	35,963	7,686	33,204		44,358	261,361	4,047,761
Support Services:												
Salaries of Teachers		\$ 46,566	26,527	\$ 3,569	3,500				\$ 2,174			82,336
Salaries of Supervisors of Instruction	106,502											106,502
Salaries of Program Directors	131,071											131,071
Salaries of Other Professional Staff	272,955									74,722		347,677
Salaries of Secretarial & Clerical Assistants	140,942			1,000								141,942
Other Salaries	110,215		2,011									112,226
Salaries of Community Parent Involvement Specialists	55,050											55,050
Salaries of Master Teachers	237,494											237,494
Unused Vacation Payment to Terminated/Retired Staff	20,930											20,930
Personal Services - Employee Benefits	796,781	3,562	55,120	427	252,755	215	2,570	2,540	166	65,680		1,179,816
Purchased Education Services - Contracted Pre-K	5,438,221											5,438,221
Purchased Education Services - Head Start	488,358											488,358
Purchased Professional - Educational Services	620,887	63,615		3,063	2,970				28,791	124,709	4,957	848,992
Other Purchased Professional Services											145,212	145,212
Lead Testing of Drinking Water	136,233											136,233
Travel	1,635	3,200										4,835
Supplies and Materials	8,051	6,717		10,591						178,189		203,723
Instructional Equipment	21,337											21,337
Student Activities	493,114											493,114
Scholarships	454											454
Total Support Services	9,080,230	123,660	81,647	9,245	270,816	215	2,570	2,540	31,131	443,300	150,169	10,195,523
Facilities Acquisitions & Construction Services:												
Instructional Equipment	69,755											69,755
Noninstructional Equipment	49,619											49,619
Total Facilities Acquisitions & Construction Services	119,374											119,374
Total Expenditures	11,965,754	123,660	250,530	9,245	997,096	4,091	38,533	7,686	35,744	31,131	487,658	14,362,658
(Deficiency) of Revenues (Under) Expenditures	(917,163)											(917,163)
Other financing sources												
Transfers in	981,032											981,032
Total other financing sources	981,032											981,032
Fund Balance, July 1	273,086											273,086
Fund Balance, June 30	\$ 336,955	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 336,955

MORRIS SCHOOL DISTRICT
 SPECIAL REVENUE FUND
 COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS (CONT'D)
 YEAR ENDED JUNE 30, 2023

	Total Brought Forward (Ex. E-1c)	N.J. NP Auxiliary Services Ch. 192			N.J. NP Handicapped Services Ch. 193			Nonpublic Nursing	Nonpublic Technology	Nonpublic Textbooks	Nonpublic Security	Climate Change Education	Total Carried Forward
		Home Instruction	ESL	Compensatory Education	Supplemental Instruction	Examination & Classification	Corrective Speech						
REVENUES:													
State Sources	\$ 8,931,710	\$ 12,939	\$ 401	\$ 94,679	\$ 85,987	\$ 126,280	\$ 35,061	\$ 308,103	\$ 112,491	\$ 135,449	\$ 409,815	\$ 6,546	\$ 10,259,461
Federal Sources													
Local Sources	789,130												789,130
Total Revenues	9,720,840	12,939	401	94,679	85,987	126,280	35,061	308,103	112,491	135,449	409,815	6,546	11,048,591
EXPENDITURES:													
Instruction:													
Salaries of Teachers	\$ 1,181,108												\$ 1,181,108
Salaries of Other Professional Staff	535,066												535,066
Purchased Professional - Educational Services	69,492	\$ 12,939	\$ 401		\$ 85,987			\$ 1,543		\$ 201,875			372,237
Other Purchased Services (Including Tuition)	185,682												185,682
Rentals	3,118												3,118
General Supplies	127,372								64,712		34,834	\$ 6,546	233,464
Textbooks										\$ 135,449			135,449
Instructional Equipment	6,630										82,979		108,804
Other Objects	5,518									5,704			11,222
Total Instruction	2,113,986	12,939	401		85,987				91,154	135,449	319,688	6,546	2,766,150
Support Services:													
Salaries of Teachers													
Salaries of Supervisors of Instruction	106,502												106,502
Salaries of Program Directors	131,071												131,071
Salaries of Other Professional Staff	272,955												272,955
Salaries of Secretarial & Clerical Assistants	140,942												140,942
Other Salaries	72,775												72,775
Salaries of Community Parent Involvement Specialists	55,050										37,440		110,215
Salaries of Master Teachers	237,494												237,494
Unused Vacation Payment to Terminated/Retired Staff	20,930												20,930
Personal Services - Employee Benefits	793,713										3,068		796,781
Purchased Education Services - Contracted Pre-K	5,438,221												5,438,221
Purchased Education Services - Head Start	488,358												488,358
Purchased Professional - Educational Services	56,764			\$ 94,679		\$ 126,280	\$ 35,061	\$ 308,103					620,887
Lead Testing of Drinking Water	136,233												136,233
Travel	1,635												1,635
Supplies and Materials	8,051												8,051
Instructional Equipment									21,337				21,337
Student Activities	493,114												493,114
Scholarships	454												454
Total Support Services	8,454,262			94,679		126,280	35,061	308,103	21,337		40,508		9,080,230
Facilities Acquisitions & Construction Services:													
Instructional Equipment	69,755												69,755
Noninstructional Equipment											49,619		49,619
Total Facilities Acquisitions & Construction Services	69,755										49,619		119,374
Total Expenditures	10,638,003	12,939	401	94,679	85,987	126,280	35,061	308,103	112,491	135,449	409,815	6,546	11,965,754
(Deficiency) of Revenues (Under) Expenditures	(917,163)												(917,163)
Other financing sources													
Transfers in	981,032												981,032
Total other financing sources	981,032												981,032
Fund Balance, July 1	273,086												273,086
Fund Balance, June 30	\$ 336,955	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 336,955

MORRIS SCHOOL DISTRICT
 SPECIAL REVENUE FUND
 COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS (CONT'D)
 YEAR ENDED JUNE 30, 2023

	Rosina Santora Foundation	HSA Clubs	Preschool Education	SDA Emergent Needs Grant	Morris Education Foundation	Miscellaneous Grants	Scholarship Fund	Student Activity Fund	Total Carried Forward
REVENUES:									
State Sources			\$ 8,795,477	\$ 136,233					\$ 8,931,710
Federal Sources									
Local Sources	\$ 986	\$ 46,778			\$ 182,786	\$ 1,143	\$ 384	\$ 557,053	789,130
Total Revenues	986	46,778	8,795,477		182,786	1,143	384	557,053	9,720,840
EXPENDITURES:									
Instruction:									
Salaries of Teachers		\$ 43,245	\$ 1,133,663		\$ 4,200				\$ 1,181,108
Salaries of Other Professional Staff			535,066						535,066
Purchased Professional - Educational Services			12,797		56,095	\$ 600			69,492
Other Purchased Services (Including Tuition)			170,682		15,000				185,682
Rentals			3,118						3,118
General Supplies			31,486		95,343	543			127,372
Instructional Equipment					6,630				6,630
Other Objects					5,518				5,518
Total Instruction		43,245	1,886,812		182,786	1,143			2,113,986
Support Services:									
Salaries of Teachers									
Salaries of Supervisors of Instruction			106,502						106,502
Salaries of Program Directors			131,071						131,071
Salaries of Other Professional Staff			272,955						272,955
Salaries of Secretarial & Clerical Assistants			140,942						140,942
Other Salaries			72,775						72,775
Salaries of Community Parent Involvement Specialists			55,050						55,050
Salaries of Master Teachers			237,494						237,494
Unused Vacation Payment to Terminated/Retired Staff			20,930						20,930
Personal Services - Employee Benefits		3,533	790,180						793,713
Purchased Education Services - Contracted Pre-K			5,438,221						5,438,221
Purchased Education Services - Head Start			488,358						488,358
Purchased Professional - Educational Services			56,764						56,764
Lead Testing of Drinking Water				\$ 136,233					136,233
Travel			1,635						1,635
Supplies and Materials	\$ 986		7,065						8,051
Student Activities							\$ 493,114		493,114
Scholarships							454		454
Total Support Services	986	3,533	7,819,942	136,233			454	493,114	8,454,262
Facilities Acquisitions & Construction Services:									
Construction Services									
Instructional Equipment			69,755						69,755
Noninstructional Equipment									
Total Facilities Acquisitions & Construction Services			69,755						69,755
Total Expenditures	986	46,778	9,776,509		182,786	1,143	454	493,114	10,638,003
(Deficiency) Excess of Revenues (Under) Over Expenditures			(981,032)				(70)	63,939	(917,163)
			(981,032)				(70)	63,939	(917,163)
Other financing sources									
Transfers in			981,032						981,032
Total other financing sources			981,032						981,032
Fund Balance, July 1							88,835	184,251	273,086
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 88,765	\$ 248,190	\$ 336,955

MORRIS SCHOOL DISTRICT
 SPECIAL REVENUE FUND
 PRESCHOOL EDUCATION AID
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 BUDGETARY BASIS
YEAR ENDED JUNE 30, 2023

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<u>EXPENDITURES</u>			
Instruction:			
Salaries of Teachers	\$ 1,189,579	\$ 1,133,663	\$ 55,916
Other Salaries for Instruc.	552,046	535,066	16,980
Purchased Prof. Educational Services	13,171	12,797	374
Tuition to Other LEAs in State Regular	170,682	170,682	
Rentals	3,118	3,118	
General Supplies	31,489	31,486	3
Total Instruction	1,960,085	1,886,812	73,273
Support Services:			
Salaries of Supervisors of Instruction	106,502	106,502	
Salaries of Program Directors	131,072	131,071	1
Salaries of Other Professional Staff	279,266	272,955	6,311
Salaries of Secr. and Clerical Assistants	141,749	140,942	807
Other Salaries	74,885	72,775	2,110
Salaries of Community Parent Involvement Spec.	70,984	55,050	15,934
Salaries of Master Teachers	239,492	237,494	1,998
Unused Vacation Payment to Terminated/Retired Staff	20,930	20,930	
Personnel Services - Employee Benefits	790,180	790,180	
Purch. Prof. - Educ. Services - Contracted Pre-K	5,438,221	5,438,221	
Purch. Prof. - Educ. Services - Head Start	488,358	488,358	
Purch. Prof. - Educ. Services	57,131	56,764	367
Travel	2,636	1,635	1,001
General Supplies	7,091	7,065	26
Total Support Services	7,848,497	7,819,942	28,555
Facilities Acquis. & Const. Serv.:			
Instructional Equipment	69,755	69,755	
Total Facil. Acquis. & Const. Serv.	69,755	69,755	-
Total Expenditures	\$ 9,878,337	\$ 9,776,509	\$ 101,828
Total Revised 2022-2023 Preschool Education Aid Allocation			\$ 8,522,293
Actual Preschool Aid Carryover (June 30, 2022)			1,923,640
Budgeted Transfer From General Fund			981,032
Total Preschool Education Funds Available 2022-2023 Budget			11,426,965
Less: 2022-2023 Budgeted Preschool Education Aid (Incl. Prior Year Budgeted Carryover)			9,878,337
Available & Unbudgeted Preschool Education Funds as of June 30, 2023			1,548,628
Add: June 30, 2023 Unexpended Preschool Education Aid			101,828
2022-2023 Actual Carryover - Preschool Education Aid			<u>\$ 1,650,456</u>
2022-2023 Preschool Ed Aid Carryover Budgeted in 2023-2024			<u>\$ 1,650,456</u>

CAPITAL PROJECT FUND
SECTION - F

MORRIS SCHOOL DISTRICT
 SUMMARY SCHEDULE OF PROJECT EXPENDITURES
 CAPITAL PROJECTS FUND
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023

<u>PROJECT TITLE / ISSUE</u>	<u>APPROPRIATIONS</u>	<u>EXPENDITURES</u>		<u>TRANSFERS OUT</u>	<u>UNEXPENDED BALANCE</u>
		<u>PRIOR YEARS</u>	<u>CURRENT YEAR</u>		
<u>FY 2020</u>					
Electrical Upgrades	\$ 600,000				\$ 600,000
<u>FY 2021</u>					
Security Vestibules	644,000	\$ 54,781			589,219
<u>FY 2022</u>					
AH Field Improvements	2,120,000		\$ 822,646		1,297,354
MHS Turf Light and Scoreboard	1,624,461	56,353	870,171		697,937
WD Renovations	8,326,800	114,412	2,646,635		5,565,753
FMS Modular	611,000	592,787		\$ 18,213	
Totals	<u>\$ 15,794,602</u>	<u>\$ 2,686,674</u>	<u>\$ 4,339,452</u>	<u>\$ 18,213</u>	<u>\$ 8,750,263</u>

MORRIS SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGE IN FUND BALANCE - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2023

Revenues and Other Financing Sources	
Transfer from Capital Reserve	\$ 5,011,261
Total Revenues and Other Financing Sources	<u>5,011,261</u>
Expenditures and Other Financing Uses	
Purchased Professional and Technical Services	737,343
Construction Services	3,602,109
Transfer to Capital Reserve	18,213
Total Expenditures and Other Financing Uses	<u>4,357,665</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	653,596
Fund Balance - Beginning	8,096,667
Fund Balance - Ending	<u><u>\$ 8,750,263</u></u>

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, 2023

	<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 and Other Financing Sources	600,000	-	600,000	\$ 600,000
 Expenditures and Other Financing Uses				
Purchased Professional and Technical Services				
Land and Improvements				
Construction Services				
Equipment Purchases				
Transfer to Capital Reserve				
Total Expenditures and Other Financing Uses	-	-	-	
 Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ 600,000	\$ -	\$ 600,000	

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	-
Revised Authorized Cost	\$ 600,000
 Percentage Increase over Original Authorized Cost	 N/A
Percentage Completion	0%
Original Target Completion Date	Aug-22
Revised Target Completions Date	Dec-24

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, 2023

	<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 and Other Financing Sources	644,000	-	644,000	\$ 644,000
 Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	54,781		54,781	
Land and Improvements				
Construction Services				
Equipment Purchases				
Transfer to Capital Reserve				
Total Expenditures and Other Financing Uses	54,781	-	54,781	
 Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses				
	\$ 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	-			
Revised Authorized Cost	\$ 644,000			
 Percentage Increase over Original Authorized Cost				
	N/A			
Percentage Completion				
	9%			
Original Target Completion Date				
	Aug-21			
Revised Target Completions Date				
	Dec-24			

MORRIS SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS
 AH FIELD IMPROVEMENTS
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023

	<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	\$ 120,000	\$ 2,000,000	\$ 2,120,000	\$ 2,120,000
Transfer from Capital Outlay				
Total Revenues and Other Financing Sources	<u>120,000</u>	<u>2,000,000</u>	<u>2,120,000</u>	<u>\$ 2,120,000</u>
 Expenditures and Other Financing Uses				
Purchased Professional and Technical Services		309,049	309,049	
Land and Improvements				
Construction Services		513,597	513,597	
Equipment Purchases				
Transfer to Capital Reserve				
Total Expenditures and Other Financing Uses	<u>-</u>	<u>822,646</u>	<u>822,646</u>	
 Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	 <u>\$ 120,000</u>	 <u>\$ 1,177,354</u>	 <u>\$ 1,297,354</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	\$ 120,000			
Additional Authorized Cost	2,000,000			
Revised Authorized Cost	\$ 2,120,000			
 Percentage Increase over Original Authorized Cost	 1667%			
Percentage Completion	39%			
Original Target Completion Date	Aug-22			
Revised Target Completions Date	Dec-24			

MORRIS SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS
 MHS TURF LIGHT AND SCOREBOARD
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023

	<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	\$ 1,340,000	\$ 284,461	\$ 1,624,461	\$ 1,624,461
Transfer from Capital Outlay				
Total Revenues and Other Financing Sources	1,340,000	284,461	1,624,461	\$ 1,624,461
 Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	56,353	37,982	94,335	
Land and Improvements				
Construction Services		832,189	832,189	
Equipment Purchases				
Transfer to Capital Reserve				
Total Expenditures and Other Financing Uses	56,353	870,171	926,524	
 Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ 1,283,647	\$ (585,710)	\$ 697,937	
 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	\$ 1,340,000			
Additional Authorized Cost	284,461			
Revised Authorized Cost	\$ 1,624,461			
Percentage Increase over Original Authorized Cost	21%			
Percentage Completion	57%			
Original Target Completion Date	Aug-22			
Revised Target Completions Date	Dec-24			

MORRIS SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS
 WD RENOVATIONS
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023

	<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	\$ 5,600,000	\$ 2,726,800	\$ 8,326,800	\$ 8,326,800
Transfer from Capital Outlay				
Total Revenues and Other Financing Sources	<u>5,600,000</u>	<u>2,726,800</u>	<u>8,326,800</u>	<u>\$ 8,326,800</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	114,412	390,312	504,724	
Land and Improvements				
Construction Services		2,256,323	2,256,323	
Equipment Purchases				
Transfer to Capital Reserve				
Total Expenditures and Other Financing Uses	<u>114,412</u>	<u>2,646,635</u>	<u>2,761,047</u>	
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ 5,485,588</u>	<u>\$ 80,165</u>	<u>\$ 5,565,753</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	\$ 5,600,000			
Additional Authorized Cost	2,726,800			
Revised Authorized Cost	\$ 8,326,800			
Percentage Increase over Original Authorized Cost	49%			
Percentage Completion	33%			
Original Target Completion Date	Aug-22			
Revised Target Completions Date	Dec-24			

MORRIS SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS
 FMS MODULAR
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023

	<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	\$ 611,000		\$ 611,000		\$ 611,000
Transfer from Capital Outlay					
Total Revenues and Other Financing Sources	611,000	-	611,000		\$ 611,000
Expenditures and Other Financing Uses					
Purchased Professional and Technical Services	42,203		42,203		
Land and Improvements					
Construction Services	550,584		550,584		
Transfer to Capital Reserve		\$ 18,213	18,213		
Total Expenditures and Other Financing Uses	592,787	18,213	611,000		
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses					
	\$ 18,213	\$ (18,213)	\$ -		
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	\$ 611,000				
Additional Authorized Cost	-				
Revised Authorized Cost	\$ 611,000				
Percentage Increase over Original Authorized Cost					
		N/A			
Percentage Completion					
		100%			
Original Target Completion Date					
		Aug-22			
Revised Target Completions Date					
		Dec-22			

LONG-TERM DEBT
SECTION - I

MORRIS SCHOOL DISTRICT
 SCHEDULE OF FINANCED PURCHASES PAYABLE
 LONG-TERM DEBT
JUNE 30, 2023

PURPOSE	DATE OF LEASE	TERM OF LEASE	AMOUNT OF ORIGINAL LEASE		INTEREST RATE	BALANCE	ADDITIONS	RETIRED	BALANCE
			PRINCIPAL	INTEREST		JUNE 30, 2022			JUNE 30, 2023
Buses	04/01/17	6 Years	\$ 2,769,991	\$ 164,916	1.890%	\$ 815,534		\$ 815,534	
Copy Machines	09/17/17	5 Years	124,887	11,845	3.150%	4,564		4,564	
Copy Machines	09/01/18	5 Years	69,077	7,687	4.230%	16,118		13,815	\$ 2,303
Copy Machines	10/01/18	5 Years	40,713	5,973	5.520%	12,393		8,142	4,251
Buses	08/01/18	6 Years	108,000	10,394	3.220%	47,072		15,683	31,389
Dump Trucks & Copiers	07/15/19	5 Years	320,000	16,725	2.614%	129,587		63,958	65,629
Buses	07/15/19	6 Years	610,000	46,881	2.687%	351,185		85,340	265,845
Various Equipment	09/18/20	5 Years	142,000	10,907	1.000%	80,393		26,050	54,343
Buses	09/18/20	6 Years	1,395,000	30,825	1.000%	1,008,095		195,739	812,356
Copy Machines	08/20/21	4 Years	128,579	5,754	2.238%	101,712		24,590	77,122
Buses & Various Equipment	07/15/22	6 Years	3,853,111	320,128	3.020%		\$ 3,853,111	634,105	3,219,006
Total						\$ 2,566,653	\$ 3,853,111	\$ 1,887,520	\$ 4,532,244

**Statistical Section
Unaudited**

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the District's financial performance and well being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

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

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

	June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
							(Restated)			
Governmental Activities										
Net Investment in Capital Assets	\$ 32,902,621	\$ 34,762,605	\$ 43,696,718	\$ 44,935,291	\$ 49,610,975	\$ 51,308,245	\$ 52,065,708	\$ 51,476,541	\$ 53,787,682	\$ 57,161,574
Restricted	26,706,016	30,024,003	23,910,031	23,357,422	22,058,286	21,658,087	26,448,842	33,393,653	34,671,336	34,611,045
Unrestricted	(32,520,686)	(32,984,938)	(31,840,835)	(31,684,701)	(32,720,614)	(29,763,515)	(29,215,685)	(27,351,738)	(18,975,649)	(16,245,301)
Total Governmental Activities Net Position/Net Assets	\$ 27,087,951	\$ 31,801,670	\$ 35,765,914	\$ 36,608,012	\$ 38,948,647	\$ 43,202,817	\$ 49,298,865	\$ 57,518,456	\$ 69,483,369	\$ 75,527,318
Business-type Activities										
Investment in Capital Assets	\$ 107,935	\$ 74,299	\$ 95,157	\$ 117,324	\$ 173,851	\$ 207,799	\$ 225,659	\$ 224,498	\$ 226,284	\$ 207,126
Unrestricted	388,386	492,135	416,454	468,154	515,885	673,376	511,244	475,482	1,664,186	2,347,094
Total Business-type Activities Net Position/Net Assets	\$ 496,321	\$ 566,434	\$ 511,611	\$ 585,478	\$ 689,736	\$ 881,175	\$ 736,903	\$ 699,980	\$ 1,890,470	\$ 2,554,220
Government-wide										
Investment in Capital Assets	\$ 33,010,556	\$ 34,836,904	\$ 43,791,875	\$ 45,052,615	\$ 49,784,826	\$ 51,516,044	\$ 52,291,367	\$ 51,701,039	\$ 54,013,966	\$ 57,368,700
Restricted	26,706,016	30,024,003	23,910,031	23,357,422	22,058,286	21,658,087	26,448,842	33,393,653	34,671,336	34,611,045
Unrestricted	(32,132,300)	(32,492,803)	(31,424,381)	(31,216,547)	(32,204,729)	(29,090,139)	(28,704,441)	(26,876,256)	(17,311,463)	(13,898,207)
Total District Net Position/Net Assets	\$ 27,584,272	\$ 32,368,104	\$ 36,277,525	\$ 37,193,490	\$ 39,638,383	\$ 44,083,992	\$ 50,035,768	\$ 58,218,436	\$ 71,373,839	\$ 78,081,538

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, Last Ten Fiscal Years
Unaudited
(accrual basis of accounting)

	Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 28,269,563	\$ 28,387,065	\$ 29,237,127	\$ 31,710,468	\$ 32,297,670	\$ 35,374,952	\$ 34,895,344	\$ 37,313,269	\$ 37,641,978	\$ 48,769,071
Special Education	7,534,259	7,781,595	8,153,686	6,421,612	6,566,012	6,389,428	6,670,823	7,367,452	8,774,782	13,788,298
Other Special Education	1,508,020	1,496,083	1,894,853	1,953,758	2,166,629	2,338,259	3,165,913	3,236,607	2,919,552	4,685,944
Other Instruction	1,282,881	1,371,203	1,391,027	1,470,913	1,508,941	1,571,308	1,458,586	1,352,825	1,585,169	2,370,198
Support Services:										
Tuition	5,718,344	5,628,722	5,846,949	5,681,478	5,926,763	5,753,469	5,370,532	5,050,199	4,772,210	5,533,510
Student & Instruction Related Services	13,713,695	14,330,155	14,443,418	15,362,877	15,545,329	14,497,741	16,597,308	20,869,737	21,479,462	29,449,566
School Administrative Services	2,770,823	2,832,511	3,016,712	3,096,687	3,891,005	3,980,819	3,916,523	3,918,595	4,274,361	6,815,832
General Administrative Services	3,251,357	3,384,791	3,312,990	3,299,714	3,307,097	3,415,943	3,381,422	3,487,420	4,115,906	5,134,356
Plant Operations and Maintenance	7,393,248	7,784,633	7,443,979	7,703,340	8,040,375	9,165,015	9,492,529	8,679,155	10,009,081	12,104,876
Pupil Transportation	6,019,131	6,041,059	6,249,298	6,961,605	6,242,152	6,761,122	6,945,237	6,531,871	8,691,087	13,812,233
Unallocated Benefits	20,952,645	21,966,032	25,046,260	47,304,559	51,278,533	43,295,649	37,997,650	48,299,957	33,853,198	
Charter Schools									1,472,989	1,526,872
Interest on Long-term Debt	196,352	157,708	120,563	93,492	87,115	83,483	116,509	58,246	25,455	
Unallocated Depreciation	159,496	162,785	192,659	176,085	218,870	242,380	231,182	273,370		
Total Governmental Activities Expenses	98,769,814	101,324,342	106,349,521	131,236,588	137,076,491	132,869,568	130,239,558	146,438,703	139,615,230	143,990,756
Business-type Activities:										
Food Service	2,184,170	1,950,021	1,614,906	1,576,399	1,490,552	1,590,977	1,392,989	1,148,437	2,252,256	2,218,946
Community School	2,249,326	1,651,378	1,807,674	1,714,323	1,655,544	1,576,364	1,448,496	682,827	861,725	1,189,888
Total Business-type Activities Expense	4,433,496	3,601,399	3,422,580	3,290,722	3,146,096	3,167,341	2,841,485	1,831,264	3,113,981	3,408,834
Total District Expenses	\$ 103,203,310	\$ 104,925,741	\$ 109,772,101	\$ 134,527,310	\$ 140,222,587	\$ 136,036,909	\$ 133,081,043	\$ 148,269,967	\$ 142,729,211	\$ 147,399,590
Program Revenues										
Governmental Activities:										
Charges for Services:										
Student & Instruction Related Services									\$ 385,118	\$ 4,786,271
Operating Grants and Contributions	\$ 18,324,772	\$ 18,867,263	\$ 20,675,124	\$ 41,334,669	\$ 45,981,670	\$ 41,768,056	\$ 36,765,669	\$ 55,236,862	14,182,879	15,705,559
Total Governmental Activities Program Revenues	18,324,772	18,867,263	20,675,124	41,334,669	45,981,670	41,768,056	36,765,669	55,236,862	14,567,997	20,491,830
Business-type Activities:										
Charges for services										
Food Service	742,271	660,566	579,333	607,973	564,963	612,948	441,591	33,915	67,079	637,252
Community School	1,721,927	1,719,989	1,651,902	1,720,765	1,713,327	1,709,648	1,263,558	465,252	1,317,070	1,511,625
Operating Grants and Contributions	1,074,132	1,153,151	1,134,834	1,034,351	970,369	1,034,317	990,358	1,294,409	2,919,432	1,921,684
Total Business-type Activities Program Revenues	3,538,330	3,533,706	3,366,069	3,363,089	3,248,659	3,356,913	2,695,507	1,793,576	4,303,581	4,070,561
Total District Program Revenues	\$ 21,863,102	\$ 22,400,969	\$ 24,041,193	\$ 44,697,758	\$ 49,230,329	\$ 45,124,969	\$ 39,461,176	\$ 57,030,438	\$ 18,871,578	\$ 24,562,391
Net (Expense)/Revenue										
Governmental Activities	\$ (80,445,042)	\$ (82,457,079)	\$ (85,674,397)	\$ (89,901,919)	\$ (91,094,821)	\$ (91,101,512)	\$ (93,473,889)	\$ (91,201,841)	\$ (125,047,233)	\$ (123,498,926)
Business-type Activities	(895,166)	(67,693)	(56,511)	72,367	102,563	189,572	(145,978)	(37,688)	1,189,600	661,727
Total Government-wide Net Expense	\$ (81,340,208)	\$ (82,524,772)	\$ (85,730,908)	\$ (89,829,552)	\$ (90,992,258)	\$ (90,911,940)	\$ (93,619,867)	\$ (91,239,529)	\$ (123,857,633)	\$ (122,837,199)

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

	Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Revenues and Other Changes in Net Position/Net Assets										
Governmental Activities:										
Property Taxes Levied for General Purposes, net	\$ 82,423,847	\$ 83,248,085	\$ 85,246,039	\$ 86,834,961	\$ 88,571,660	\$ 91,073,093	\$ 92,894,555	\$ 95,309,814	\$ 97,216,010	\$ 98,829,832
Taxes Levied for Debt Service	863,548	685,270	664,905	576,274	551,007	529,509				
Unrestricted Grants and Contributions	153,828	296,780	609,684	279,622	222,276	122,683	150,727	182,060	34,873,564	29,120,515
Restricted Grants and Contributions					829,475	2,656				
Payments in Lieu of Taxes (Tuition)	4,362,470	3,962,529	4,029,709	4,148,439	4,261,293	4,432,790	4,674,766	4,814,832	4,443,752	
Investment Earnings	824,673	212,423	400,698	228,126	332,871	546,962	825,377	428,407	478,820	516,253
Bus Sale Proceeds										1,076,275
Disposal of Assets						(9,233)	(3,087)	(37,376)		
Transfers	(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	87,431,811	87,170,798	89,638,641	90,744,017	93,435,456	95,355,682	97,217,419	99,421,432	137,012,146	129,542,875
Business-type Activities:										
Investment Earnings	2,440	1,743	1,688	1,500	1,695	1,867	1,706	765	890	2,023
Miscellaneous Earnings										
Transfers	367,299	136,063								
Total Business-type Activities	369,739	137,806	1,688	1,500	1,695	1,867	1,706	765	890	2,023
Total Government-wide	\$ 87,801,550	\$ 87,308,604	\$ 89,640,329	\$ 90,745,517	\$ 93,437,151	\$ 95,357,549	\$ 97,219,125	\$ 99,422,197	\$ 137,013,036	\$ 129,544,898
Change in Net Position/Net Assets										
Governmental Activities	\$ 6,986,769	\$ 4,713,719	\$ 3,964,244	\$ 842,098	\$ 2,340,635	\$ 4,254,170	\$ 3,743,530	\$ 8,219,591	\$ 11,964,913	\$ 6,043,949
Business-type Activities	(525,427)	70,113	(54,823)	73,867	104,258	191,439	(144,272)	(36,923)	1,190,490	663,750
Total District	\$ 6,461,342	\$ 4,783,832	\$ 3,909,421	\$ 915,965	\$ 2,444,893	\$ 4,445,609	\$ 3,599,258	\$ 8,182,668	\$ 13,155,403	\$ 6,707,699

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)

	2014	2015	2016	2017	2018	2019	2020 (Restated)	2021	2022	2023
General Fund										
Restricted	\$ 23,506,957	\$ 19,674,349	\$ 21,691,324	\$ 22,330,679	\$ 21,539,525	\$ 20,982,749	\$ 24,497,038	\$ 26,887,228	\$ 26,301,583	\$ 25,523,827
Assigned	1,426,731	1,927,287	3,290,983	6,082,562	4,294,986	4,607,208	5,544,608	4,897,531	3,518,982	6,613,866
Unassigned	1,311,515	210,331	484,887	365,078	1,516,141	3,584,943	2,407,440	6,810,429	8,876,946	5,193,925
Total General Fund	<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>	<u>\$ 38,697,511</u>	<u>\$ 37,331,618</u>
All Other Governmental Funds										
Restricted	\$ 3,199,059	\$ 10,349,654	\$ 2,218,707	\$ 971,344	\$ 518,761	\$ 675,338	\$ 1,941,808	\$ 3,176,425	\$ 8,369,753	\$ 9,087,218
Committed										
Unassigned, reported in:										
Special Revenue Fund										
Capital Projects Fund										
Debt Service Fund	1	1	1							
Total All Other Governmental Funds	<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>	<u>\$ 8,369,753</u>	<u>\$ 9,087,218</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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Tax Levy	\$ 83,287,395	\$ 83,933,355	\$ 85,910,944	\$ 87,411,235	\$ 89,122,667	\$ 91,602,602	\$ 92,894,555	\$ 95,309,814	\$ 97,216,010	\$ 98,829,832
Tuition Charges	4,362,470	3,962,529	4,029,709	4,148,439	4,261,293	4,432,790	4,674,766	4,814,832	4,443,752	4,538,081
Miscellaneous	824,673	212,423	400,698	228,126	332,871	546,961	825,377	265,768	478,820	516,253
Local Sources	111,633	216,109	216,142	229,319	264,250	279,602	328,885	338,390	634,079	789,130
State Sources	15,852,446	16,887,795	18,479,127	20,561,821	23,554,058	28,056,633	28,307,681	37,381,849	45,185,711	47,823,770
Federal Sources	2,514,521	2,591,004	2,589,539	2,716,579	2,816,277	2,649,571	2,498,380	4,650,409	6,421,185	5,264,133
Total Revenues	106,953,138	107,803,215	111,626,159	115,295,519	120,351,416	127,568,159	129,529,644	142,761,062	154,379,557	157,761,199
Expenditures										
Instruction										
Regular Instruction	27,012,226	27,021,640	27,569,631	30,129,904	30,444,276	33,601,996	33,078,137	35,153,927	35,352,873	35,050,055
Special Education Instruction	7,534,259	7,781,595	8,153,686	6,421,612	6,566,012	6,389,428	6,670,823	7,367,452	8,774,782	9,128,119
Other Special Instruction	1,508,020	1,496,083	1,894,853	1,953,758	2,166,629	2,338,259	3,165,913	3,236,607	2,919,552	3,136,631
Other Instruction	1,282,881	1,371,203	1,391,027	1,470,913	1,508,941	1,571,308	1,458,586	1,352,825	1,585,169	1,707,218
Support Services:										
Tuition	5,718,344	5,628,722	5,846,949	5,681,478	5,926,763	5,753,469	5,370,532	5,050,199	4,772,210	5,390,595
Student & Instruction Related Services	13,713,695	14,330,155	14,443,418	15,362,877	15,545,329	14,497,741	16,597,308	20,869,737	21,479,462	23,667,844
Other Administrative Services	2,770,823	2,832,511	3,312,990	3,299,714	3,307,097	3,980,819	3,916,523	3,918,595	3,821,809	4,538,183
School Administrative Services	3,251,357	3,384,791	3,016,712	3,096,687	3,891,005	3,415,943	3,381,422	3,487,420	4,274,361	4,037,843
Plant Operations and Maintenance	7,456,233	7,858,377	7,520,053	7,797,969	8,095,258	9,367,324	9,728,660	8,935,912	10,149,657	10,873,168
Pupil Transportation	6,019,131	6,041,059	6,249,298	6,961,605	6,649,100	7,154,736	7,437,183	7,210,327	9,381,228	11,267,668
Unallocated Employee Benefits	21,050,299	22,638,339	24,538,580	26,707,566	30,400,226	33,000,335	33,020,740	36,526,460	40,998,450	44,489,969
Charter Schools									1,472,989	1,526,872
Capital Outlay	3,957,666	2,632,336	10,046,862	7,894,881	5,792,291	3,178,988	3,076,098	2,506,916	4,358,522	8,524,848
Debt service:										
Principal	855,000	740,000	750,000	670,000	670,000	675,000				
Interest and Other Charges	207,330	168,500	131,500	94,000	60,500	27,000				
Total Expenditures	102,337,264	103,925,311	114,865,559	117,542,964	121,023,427	124,952,346	126,901,925	135,616,377	149,341,064	163,339,013
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,615,874	3,877,904	(3,239,400)	(2,247,445)	(672,011)	2,615,813	2,627,719	7,144,685	5,038,493	(5,577,814)
Other Financing Sources (Uses)										
Financed Purchases Payable	62,985	73,744	76,074	2,864,620	124,887	707,790			128,579	3,853,111
Bus Sale Proceeds										1,076,275
Lease Purchase Agreement				2,769,991			885,338	1,512,339	128,579	
Transfers In	3,630,734	8,937,439	1,135,898	3,157,288	1,063,590	2,756,200	2,835,600	1,603,001	9,034,132	6,010,506
Transfers Out	(4,827,289)	(10,171,728)	(2,448,292)	(4,480,693)	(2,396,716)	(4,098,978)	(4,160,519)	(2,879,306)	(9,034,132)	(6,010,506)
Total Other Financing (Uses) Sources	(1,133,570)	(1,160,545)	(1,236,320)	4,311,206	(1,208,239)	(634,988)	(439,581)	236,034	257,158	4,929,386
Net Change in Fund Balances	\$ 3,482,304	\$ 2,717,359	\$ (4,475,720)	\$ 2,063,761	\$ (1,880,250)	\$ 1,980,825	\$ 2,188,138	\$ 7,380,719	\$ 5,295,651	\$ (648,428)
Debt Service as a Percentage of Noncapital Expenditures	1.1%	0.9%	0.8%	0.7%	0.6%	0.6%	0.0%	0.0%	0.0%	0.0%

Source: ACFR Schedule B-2

Note: Under Governmental Standards Board No. 87, a single model approach exists, meaning a distinction between operating and capital leases no longer exists. As a result, GASB 87 now requires all agreements meeting the definition of a lease to be classified as either a financed purchases payable or an obligation under lease.

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	Transportation Fees	Misc.	Total
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
2022	49,916			161,647	\$ 130,638	136,619	478,820
2023	62,681			210,027	122,141	121,404	516,253

Source: District Records

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

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)
2014	\$ 2,763,442,370 R	\$ 3,111,504,567 R	n/a	n/a	n/a	n/a	n/a	\$5,874,946,937 R	\$ 8,529	\$ 5,874,955,466 R	\$ 2.543 R	\$ 7,859,394,521 R
2015	2,769,065,270 R	3,123,447,767 R	n/a	n/a	n/a	n/a	n/a	5,892,513,037 R	8,529	5,892,521,566 R	2.550 R	7,759,749,747 R
2016	2,770,110,170 R	3,129,238,667 R	n/a	n/a	n/a	n/a	n/a	5,899,348,837 R	8,555	5,899,357,392 R	2.581 R	7,720,859,104 R
2017	3,424,205,800 R	4,092,368,100 R	n/a	n/a	n/a	n/a	n/a	7,516,573,900 R	8,555	7,516,582,455 R	2.231 R	7,823,533,777 R
2018	3,429,261,638 R	4,097,706,400 R	n/a	n/a	n/a	n/a	n/a	7,526,968,038 R	8,555	7,526,976,593 R	2.281 R	8,201,287,443 R
2019	3,430,902,438 R	4,104,701,500 R	n/a	n/a	n/a	n/a	n/a	7,535,603,938 R	8,555	7,535,612,493 R	2.329 R	8,490,038,294 R
2020	3,449,047,138 R	4,136,672,800 R	n/a	n/a	n/a	n/a	n/a	7,585,719,938 R	8,555	7,585,728,493 R	2.358 R	8,583,058,995 R
2021	3,443,701,038 R	4,218,857,800 R	n/a	n/a	n/a	n/a	n/a	7,662,558,838 R	8,555	7,662,567,393 R	2.373 R	8,826,525,851 R
2022	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
2023	3,442,395,088	4,283,987,100	n/a	n/a	n/a	n/a	n/a	7,726,382,188	55,063	7,726,437,251	2.421	8,821,641,725

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

R Revised

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						
2014	\$ 1.485 R	\$ 0.015 R	\$ 1.500 R	\$ 0.640 R	\$ 0.360 R	\$ 2.500 R
2015	1.506 R	0.012 R	1.518 R	0.646 R	0.339 R	2.503 R
2016	1.520 R	0.012 R	1.532 R	0.658 R	0.346 R	2.536 R
2017	1.063 R	0.008 R	1.071 R	0.461 R	0.241 R	1.773 R
2018	1.070 R	0.006 R	1.076 R	0.464 R	0.261 R	1.801 R
2019	1.089 R	0.006 R	1.095 R	0.455 R	0.263 R	1.813 R
2020	1.101 R	0.006	1.107 R	0.457 R	0.270 R	1.834 R
2021	1.128 R	0.000	1.128 R	0.457 R	0.277 R	1.862 R
2022	1.164	0.000	1.164	0.470	0.277	1.911
2023	1.189	0.000	1.189	0.486	0.277	1.952
Morristown						
2014	\$ 1.227 R	\$ 0.013 R	\$ 1.240 R	\$ 1.049 R	\$ 0.296 R	\$ 2.585 R
2015	1.237 R	0.008 R	1.245 R	1.052 R	0.299 R	2.596 R
2016	1.268 R	0.010 R	1.278 R	1.051 R	0.296 R	2.625 R
2017	1.328 R	0.008 R	1.336 R	1.034 R	0.319 R	2.689 R
2018	1.382 R	0.007 R	1.389 R	1.035 R	0.336 R	2.760 R
2019	1.429 R	0.006 R	1.435 R	1.052 R	0.358 R	2.845 R
2020	1.458 R	0.006	1.464 R	1.069 R	0.348 R	2.881 R
2021	1.458 R	0.000	1.458 R	1.070 R	0.354 R	2.882 R
2022	1.446	0.000	1.446	1.086	0.340	2.872
2023	1.449	0.000	1.449	1.108	0.331	2.888

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.

R Revised

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

Exhibit J-8

Taxpayer	2023			2014		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Morris Township						
340 Mt. Kemble Owner, LLC	\$ 53,335,500	1	0.98%			
H'Y2 Mt. Kemble, LLC	51,000,000	2	0.94%	\$ 42,054,000	2	1.14%
Morristown SG, LLC	37,208,000	3	0.69%			
Morristown MOB I, LLC	34,040,000	4	0.63%			
United States Fire Insurance	32,921,800	5	0.61%			
MCP II 44 Whippany LLC	30,000,000	6	0.55%			
Mount Kemble Corporate Center, LLC	29,620,000	7	0.55%			
Olde Forge East	28,373,000	8	0.52%			
Bayer Healthcare LLC	26,596,500	9	0.49%			
Morristown MOB III, LLC	25,930,000	10	0.48%			
Honeywell/Allied Signal Corporation				64,900,000	1	1.76%
AJ Morris c/o AT&T				40,843,800	3	1.11%
Morristown Southgate LLC				38,100,000	4	1.03%
Kemble Avenue, LLC				20,971,700	5	0.57%
Columbia Assoc./Advance Realty				19,205,000	6	0.52%
44 Whippany Rd./Rexcore				19,050,000	7	0.52%
Schindler Elevator				18,704,000	8	0.51%
Colgate Palmolive				18,591,700	9	0.50%
Morristown Realty				17,576,000	10	0.48%
Morristown						
AHS Hospital Corp	40,000,000	1	1.74%			
Parsons Village	27,300,000	2	1.19%			
PMI Morristown LLC	26,474,000	3	1.15%	27,300,000	1	1.23%
Epsteins B. Metro Rosewood	25,500,000	4	1.11%			
5th Roc Jersey Assoc	24,500,000	5	1.07%			
GAHC3 Morr NJ MOB LLC	23,900,000	6	1.04%	24,500,000	4	1.11%
AP Monroe TIC LLC	20,160,800	7	0.88%			
Memorial Inv. Corp.	19,300,000	8	0.84%			
2nd Roc Jersey Associates/North	18,115,200	9	0.79%			
Nights Vision 1776 LLC	18,100,000	10	0.79%	18,115,200	8	0.82%
Rosewood Lafayette Commons						
Epsteins B. Metrop				26,474,000	2	1.20%
Kadima Medical Properties				25,500,000	3	1.15%
AMLG-TTG on the Plaza LLC				23,900,000	5	1.08%
Memorial Investment / AHS Invest.				20,160,800	6	0.91%
The Green at Park Place				19,300,000	7	0.87%
Morr. Med. Investors				18,100,000	9	0.82%
				16,950,000	10	0.77%
Total	<u>\$592,374,800</u>		<u>17.02%</u>	<u>\$ 520,296,200</u>		<u>18.10%</u>

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	<u>Collected within the Fiscal Year of the Levy</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>
Morris Township			
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%
2022	64,022,734	64,022,734	100.00%
2023	65,004,221	65,004,221	100.00%
Morristown			
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%
2022	33,193,276	33,193,276	100.00%
2023	33,825,611	33,825,611	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 remit to the school district the entire property tax balance, on the amount voted upon or certified prior to the end of the school year.

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

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	Financed Purchases Payable	Financed Purchases Payable	Total District		
Morris Township						
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	0.08%	81
2021		2,200,287		2,200,287	0.09%	95
2022		1,688,187		1,688,187	N/A	73
2023		3,009,904		3,009,904	N/A	N/A
Morristown						
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	0.07%	63
2019		936,068		936,068	0.05%	49
2020		977,730		977,730	0.05%	51
2021		1,144,942		1,144,942	0.05%	56
2022		878,466		878,466	N/A	43
2023		1,522,340		1,522,340	N/A	N/A

Source: District ACFR 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.

b Under Governmental Standards Board No. 87, a single model approach exists, meaning a distinction between operating and capital leases no longer exists. As a result, GASB 87 now requires all agreements meeting the definition of a lease to be classified as either a financed purchases payable or an obligation under lease.

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		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
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%	
2022				0.00%	
2023				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
 June 30, 2023
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	\$ 26,929,120	100%	\$ 26,929,120
Morris Township	22,169,831	100%	22,169,831
Other debt			
Morris County - Morristown	258,442,992	2.933%	7,580,133
Morris County - Morris Township	258,442,992	5.800%	14,989,694
Subtotal, overlapping debt			71,668,777
Morris School District Direct Debt			
Morristown			-
Morris Township			-
Total direct and overlapping debt			<u>\$ 71,668,777</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

<u>Year</u>	<u>Morris Township Equal Valuation</u>	<u>Morristown Equal Valuation</u>
2022	\$ 6,050,563,204	\$ 2,944,551,688
2021	5,807,928,228	2,935,812,388
2020	5,744,520,909	2,944,551,688

Legal Debt Margin Calculation for Fiscal Year 2022

Total Equalized valuation basis	
2022	\$ 8,995,114,892
2021	8,743,740,616
2020	8,689,072,597
[A]	<u>\$ 26,427,928,105</u>

Average equalized valuation of taxable property

[A/3] \$ 8,809,309,368

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

[B] 264,279,281 **a**
[C] -
[B-C] **\$ 264,279,281**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2022</u>
Debt limit	\$ 238,195,198	\$ 232,335,133	\$ 230,336,706	\$ 234,866,986	\$ 243,707,679	\$ 250,538,864	\$ 256,094,094	\$ 258,671,763	\$ 261,300,795	\$ 264,279,281
Total net debt applicable to limit	<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>\$ 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>	<u>\$ 261,300,795</u>	<u>\$ 264,279,281</u>
Total net debt applicable to the limit as a percentage of debt limit	1.47%	1.19%	0.87%	0.57%	0.28%	NA	NA	NA	NA	NA

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

NA Not applicable.

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

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

Exhibit J-14

Fiscal Year	Population ^a	Personal Income (thousands of dollars) ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
Morris Township				
2014	22,313	\$ 1,880,695,831 R	\$ 84,287 R	4.2%
2015	22,376	1,975,756,048 R	88,298 R	3.5%
2016	22,378	2,042,037,256 R	91,252 R	3.3%
2017	22,261	2,082,382,984 R	93,544 R	3.2%
2018	22,166	2,155,510,504 R	97,244 R	2.6%
2019	22,152	2,196,149,280 R	99,140 R	2.5%
2020	22,352	2,284,977,904 R	102,227 R	6.2%
2021	23,237	2,504,181,779 R	107,767 R	4.1%
2022	23,268	N/A	N/A	2.7%
2023	N/A	N/A	N/A	N/A
Morristown				
2014	18,497	\$ 1,559,056,639 R	\$ 84,287 R	4.3%
2015	18,490	1,632,630,020 R	88,298 R	3.8%
2016	18,896	1,724,297,792 R	91,252 R	3.6%
2017	18,821	1,760,591,624 R	93,544 R	3.1%
2018	19,101	1,857,457,644 R	97,244 R	2.8%
2019	19,249	1,908,345,860 R	99,140 R	2.5%
2020	19,229	1,965,722,983 R	102,227 R	7.1%
2021	20,276	2,185,083,692 R	107,767 R	4.3%
2022	20,339	N/A	N/A	2.6%
2023	N/A	N/A	N/A	N/A

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

N/A - Information not available as of the report date

R - Revised

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

Employer	2023			2014		
	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

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

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Instruction										
Regular	344	347	356	359	360	363	368	400	360	361
Special education	94	96	107	106	98	101	107	131	143	152
Other special education	21	22	25	27	29	33	45	53	43	43
Other instruction	3	3	3	3	3	3	3	3	3	3
Support Services:										
Student & instruction related services	166	172	168	170	165	158	160	152	148	145
General administrative services	2	2	2	2	2	2	2	2	2	2
School administrative services	33.5	34.5	35	35	38	38	39	42	42	43
Business administrative services	18	18	18	18	16	16	16	16	19	17
Plant operations and maintenance	85	86	85	86	85	89	87	88	87	90
Pupil transportation	33.1	32	34	38	62	68	68	91	102	120
Food Service	23	22			1	1	1	1	1	2
Total	823	835	833	844	859	872	896	979	950	978

Source: District Personnel Records

Morris School District
 Operating Statistics
 Last Ten Fiscal Years
Unaudited

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
2014	5,187	R \$ 97,317,268	\$ 18,762	R -1.12%	R 529	9.6:1	9.5:1	10.1:1	5,111	4,889	2.30%	95.66%
2015	5,317	R 100,384,475	18,880	R 0.63%	R 544	9.7:1	9.1:1	9.8:1	5,239	5,012	2.50%	95.67%
2016	5,315	R 103,937,197	19,555	R 3.58%	R 557	9.9:1	9.0:1	10.1:1	5,249	5,002	0.19%	95.29%
2017	5,309	R 108,884,083	20,509	R 4.88%	R 548	10.2:1	9.8:1	11.2:1	5,198	4,925	-0.97%	94.75%
2018	5,163	R 114,500,636	22,177	R 8.13%	R 536	10.1:1	9.7:1	11.2:1	5,057	4,776	-2.71%	94.44%
2019	5,203	R 121,071,358	23,270	R 4.93%	R 538	9.0:1	8.6:1	10.9:1	5,117	4,852	1.19%	94.82%
2020	5,451	R 123,825,827	22,716	R -2.38%	R 545	9.1:1	9.0:1	10.7:1	5,205	5,005	1.72%	96.16%
2021	5,414	120,839,387	22,320	-1.74%	593	7.7:1	8.6:1	10.1:1	5,020	4,720	-3.55%	94.02%
2022	5,474	144,982,542	26,486	18.66%	555	10.5:1	8.4:1	10.0:1	5,077	4,702	1.14%	92.61%
2023	5,665	154,814,165	27,328	3.18%	555	10.6:1	8.5:1	10.8:1	5,243	4,863	3.27%	92.75%

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

Note: Enrollment based on annual October District count.

a Operating expenditures equal total expenditures less debt service and capital outlay;

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

c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

R Revised

Morris School District
 School Building Information
 Last Ten Fiscal Years
Unaudited

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
District Building										
Early Learning Center										
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										
Elementary										
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										
Middle School										
Frelinghuysen (1965)										
Square Feet	227,837	227,837	227,837	227,837	227,837	227,837	227,837	227,837	234,186	234,186
Capacity (students)	1,553	1,553	1,553	1,553	1,553	1,553	1,553	1,553	1,703	1,703
Enrollment										
High School										
Morristown (1928)										
Square Feet	415,631	415,631	439,631	439,631	439,631	439,631	439,631	439,631	439,631	439,631
Capacity (students)	2,629	2,629	2,952	2,952	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, 2023										
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	Project # (s)	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Morristown High	N/A	\$ 673,623	\$ 539,573	\$ 586,073	\$ 707,702	\$ 941,350	\$ 875,691	\$ 687,569	\$ 525,289	\$ 756,167	\$ 565,937
Alexander Hamilton	N/A	624,733	223,949	70,039	80,062	152,618	153,872	159,529	179,087	120,916	129,662
Alfred Vail	N/A	75,155	271,624	208,766	119,320	92,060	130,772	90,029	153,754	141,462	75,124
Frelinghuysen	N/A	264,906	301,140	269,135	799,739	296,423	262,244	253,709	428,258	309,925	231,782
Lafayette Learning Center	N/A	120,760	185,958	73,428	155,339	83,381	170,310	120,715	117,114	85,746	84,516
Hillcrest	N/A	151,383	88,206	154,718	133,326	110,199	92,657	128,949	91,097	145,466	196,806
Normandy Park	N/A	137,183	197,312	92,669	154,950	89,274	68,039	74,802	78,049	121,527	104,759
Sussex Avenue	N/A	100,483	121,439	132,722	224,277	97,241	79,568	110,597	70,432	87,518	74,489
Thomas Jefferson	N/A	112,684	221,631	233,795	150,079	81,118	132,744	77,014	69,863	121,654	104,528
Woodland Avenue	N/A	285,935	105,966	146,798	118,525	102,689	53,161	118,030	122,037	96,666	78,257
Total School Facilities		\$ 2,546,845	\$ 2,256,798	\$ 1,968,143	\$ 2,643,319	\$ 2,046,353	\$ 2,019,058	\$ 1,820,943	\$ 1,834,980	\$ 1,987,047	\$ 1,645,860

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

MORRIS SCHOOL DISTRICT
 INSURANCE SCHEDULE
 YEAR ENDED JUNE 30, 2023
UNAUDITED

Company	Type of Coverage	Coverage	Deductible
School Alliance Insurance Fund	School Package Policy	\$500,000,000	
	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 Excludes mold/fungi/fungus/legionala	1,000,000/25,000,000 Fund Agg.	10,000
Crime Coverage	50,000 Inside/Outside	1,000	
Blanket Dishonesty Bond	500,000	1,000	
Boiler & Machinery	100,000,000	2,500	
Excess Liability (Liability)	10,000,000 / Ex 10,000,000		
Excess Liability (SLPL)	15,000,000 / Ex 5,000,000		
Cyber Liability	750,000 per Occurrence/Agg.		
NJ School Insurance Group	Workmen's Compensation	Statutory	
	Employer's Liability	2,000,000	
	Supplemental Indemnity	Statutory	
Bollinger Specialty Group	Student Accident Insurance (Includes Athletes)	(Excess of Parents coverage) 6,000,000 all students and athletes	
School Alliance Insurance Fund	School Board Legal Liability including Employment Practices Liability Liability Limit/aggregate limit Claims Made basis	5,000,000 / 5,000,000	10,000
NJ School Insurance Group	Blanket/Public Official Fidelity Bond		
	Board Sec/Business Administrator	500,000	
	Assist Board Sec/Asst Business Administrator	200,000	
Fireman's Fund Indemnity Corp	Excess Catastrophe Coverage Occurrence Limit (BI & PD)	50,000,000 (shared limits with three Districts) with underlying liability of 20,000,000	
National Flood Program Selective Insurance	Flood Coverage-Alexander Hamilton		
	Building	500,000	1,250
	Contents	500,000	1,250
	Flood Coverage-Woodland		
	Building	500,000	1,250
	Contents	500,000	1,250
	Flood Coverage-Frelinghuysen Middle School		
	Building	500,000	1,250
	Contents	500,000	1,250
	Flood Coverage-Maintenance Building at Frelinghuysen		
	Building	200,000	1,250
	Contents	150,000	1,250

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; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States ("*Government Auditing Standards*"), the financial statements of the governmental activities, the business-type activities and each major fund of the Morris School District, in the County of Morris, New Jersey (the "District") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 1, 2023.

Report on 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 or significant deficiencies may exist that were not identified.

PKF O'CONNOR DAVIES, LLP
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**Honorable President and Members
of the Board of Education
Morris School District**

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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 the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

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
December 1, 2023

Robert E. Provost

Robert Provost, CPA
Licensed Public School Accountant, No. 2486

**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

Opinion on Each Major Federal and State Program

We have audited the Morris School District's, in the 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, 2023. 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.

In our opinion, the District complied, in all material respects, with the 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, 2023.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"), the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and New Jersey OMB Circular 15-08 *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Our responsibilities under those standards, the Uniform Guidance and New Jersey OMB Circular 15-08 are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

**Honorable President and Members
of the Board of Education
Morris School District**

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Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal and state programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey OMB Circular 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Non-compliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey OMB Circular 15-08, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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.

**Honorable President and Members
of the Board of Education
Morris School District**

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A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

PKF O'Connor Davies, LLP

Cranford, New Jersey
December 1, 2023

Robert E. Provost

Robert Provost, CPA
Licensed Public School Accountant, No. 2486

MORRIS SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL ASSISTANCE LISTING NUMBER	FEDERAL FAIN NUMBER	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE JUNE 30, 2022		CASH RECEIVED	BUDGETARY EXPENDITURES	AMOUNTS PROVIDED TO SUBRECIPIENTS	BALANCE JUNE 30, 2023		
						UNEARNED REVENUE/ (ACCTS. REC.)	DUE TO GRANTOR				ACCOUNTS RECEIVABLE	DUE TO GRANTOR	UNEARNED REVENUE
U.S. Department of Education													
Passed-through NJDOE:													
General Fund:													
Medical Assistance Program:													
Special Education Medical Initiative (SEMI)	93.778	2005NJMAP	N/A	07/01/21-06/30/22	\$ 139,083	\$ (33,537)		\$ 33,537					
Special Education Medical Initiative (SEMI)	93.778	2005NJMAP	N/A	07/01/22-06/30/23	168,482			168,482	\$ (168,482)				
Medicaid Administrative Claiming (MAC)	93.778	2005NJMAP	N/A	07/01/22-06/30/23	51,451			60,711	(51,451)				
Total Medical Assistance Program						(9,260)		262,730	(219,933)				
						(42,797)							
U.S. Department of Labor and Workforce Development													
Passed-through NJDOL:													
American Rescue Plan Act (ARPA) Unemployment Reimbursement (NC)	17.000	N/A	N/A	07/01/20-06/30/23	139,042			139,042	(139,042)				
Total General Fund						(42,797)		401,772	(358,975)				
U.S. Department of Education													
Passed-through NJDOE:													
Special Revenue Fund													
Title I Cluster:													
Title I, Part A	84.010	S010A230030	ESEA-23	07/01/22-09/30/23	784,264			387,102	(693,949)		\$ (306,847)		
Title I, Part A	84.010	S010A220030	ESEA-22	07/01/21-09/30/22	773,214	(250,292)		259,292					
Title I, School Improvement (SIA)	84.010	S010A230030	ESEA-23	07/01/22-09/30/23	10,400								
Title I, Part D	84.013	S013A230030	ESEA-23	07/01/22-09/30/23	56,771			27,278	(49,805)		(22,527)		
Title I, Part D	84.013	S013A220030	ESEA-22	07/01/21-09/30/22	66,129	(23,834)		23,834					
Total Title I Cluster						(283,836)		697,506	(743,754)		(329,374)		
Special Education Cluster:													
COVID-19 - I.D.E.A. Part B, Full-time ARP Program	84.027X	H027X230100	IDEA-23	07/01/22-09/30/23	19,648				(19,648)		(19,648)		
COVID-19 - I.D.E.A. Part B, Full-time ARP Program	84.027X	H027X220100	IDEA-22	07/01/21-09/30/22	347,122	(23,476)		23,476					
I.D.E.A. Part B, Full-time	84.027A	H027A230100	IDEA-23	07/01/22-09/30/23	1,745,114			1,516,579	(1,681,545)		(175,180)	\$ 10,214	
I.D.E.A. Part B, Preschool	84.173A	H173A230114	IDEA-23	07/01/22-09/30/23	1,686,935	(83,173)		83,173					
I.D.E.A. Part B, Preschool	84.173A	H173A230114	IDEA-23	07/01/22-09/30/23	63,307			63,307	(63,307)				
I.D.E.A. Part B, Preschool	84.173A	H173A220114	IDEA-22	07/01/21-09/30/22	54,518	(1,284)		1,284					
Total Special Education Cluster						(107,933)		1,687,819	(1,764,500)		(194,828)	10,214	
Title II Part A													
Title II Part A	84.367	S367A230029	ESEA-23	07/01/22-09/30/23	255,156			85,612	(123,660)		(38,048)		
Title II Part A	84.367	S367A220029	ESEA-22	07/01/21-09/30/22	226,943	(846)		846					
Total Title II						(846)		86,458	(123,660)		(38,048)		
Title III													
Title III	84.365	S365A230030	ESEA-23	07/01/22-09/30/23	329,334			204,980	(250,530)		(45,550)		
Title III	84.365	S365A220030	ESEA-22	07/01/21-09/30/22	396,096	(143,078)		143,078			(45,550)		
Total Title III						(143,078)		348,058	(250,530)		(45,550)		
Title IV Part A													
Title IV Part A	84.424	S424A230031	ESEA-23	07/01/22-09/30/23	79,574			3,877	(9,245)		(5,368)		
Title IV Part A	84.424	S424A220031	ESEA-22	07/01/21-09/30/22	95,760	(5,600)		5,600					
Total Title IV Part A						(5,600)		9,477	(9,245)		(5,368)		
Education Stabilization Fund (ESF):													
COVID-19 CARES Act Education Stabilization Fund	84.425D	S425D210027	21-5120-513	03/13/20-09/30/23	570,958	(18,087)		18,087					
COVID-19 CARES Emergency Relief Grant (ESSER II Fund)	84.425D	S425D210027	22-5120-513	03/13/20-09/30/23	1,772,849	(217,312)		651,021	(487,658)		(53,949)		
COVID-19 Supplemental Appropriations Act (CRRSA)	84.425D	S425D210027	22-5120-513	03/13/20-09/30/23	113,773	11,920		20,916	(35,744)		(2,908)		
Learning Acceleration Grant Program	84.425D	S425D210027	22-5120-513	03/13/20-09/30/23	45,000			24,416	(31,131)		(6,715)		
COVID-19 Supplemental Appropriations Act (CRRSA)	84.425U	S425U210027	22-5120-513	03/13/20-09/30/24	3,984,364	(292,507)		921,890	(997,096)		(367,713)		
COVID-19 ARP Grant Program - Evidence-Based Comprehensive	84.425U	S425U210027	22-5120-513	03/13/20-09/30/24	40,000	(2,251)		5,167	(4,091)		(1,175)		
Beyond the School Day Activities Grant	84.425U	S425U210027	22-5120-513	03/13/20-09/30/24	470,031			7,686	(7,686)				
COVID-19 ARP Grant Program - Accelerated Learning Coaching and Educator Support Grant	84.425W	S425W210027	22-5120-513	03/13/20-09/30/24	40,000	(1,467)		35,067	(38,533)		(4,933)		
COVID-19 ARP Grant Program - Evidence-Based Summer Learning and Enrichment Activities Grant	84.425W	S425W210027	22-5120-513	04/23/21-09/30/23	19,423	(19,423)		19,423					
COVID-19 ARP Grant Program Homeless Children and Youth II	84.425W	S425W210027	22-5120-513	04/23/21-09/30/23	19,423	(539,127)		1,703,673	(1,601,939)		(437,393)		
Total Education Stabilization Fund Cluster						(539,127)		1,703,673	(1,601,939)		(437,393)		
COVID-19 ARP State and Local Fiscal Recovery Fund DOE Special Education Services	21.027	SLFRFDOEISES	N/A	03/03/22-12/31/24	411,530				(411,530)		(411,530)		
COVID-19 ARP State and Local Fiscal Recovery Fund DOE Special Education Services	21.027	SLFRFDOEISES	N/A	03/03/21-12/31/23	331,141	(331,141)	\$ 93,243	331,141				93,243	
Total ARP State and Local Fiscal Recovery Fund DOE Special Education Services						(331,141)	93,243	331,141	(411,530)		(411,530)	93,243	
Total Special Revenue Fund						(1,410,851)	93,243	4,864,132	(4,905,158)		(1,462,091)	103,457	

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

MORRIS SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL ASSISTANCE LISTING NUMBER	FEDERAL FAIN NUMBER	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE JUNE 30, 2022		CASH RECEIVED	BUDGETARY EXPENDITURES	AMOUNTS PROVIDED TO SUBRECIPIENTS	BALANCE JUNE 30, 2023		
						UNEARNED REVENUE/ (ACCTS. REC.)	DUE TO GRANTOR				ACCOUNTS RECEIVABLE	DUE TO GRANTOR	UNEARNED REVENUE
U.S. Department of Agriculture													
Passed-through State Department of Agriculture:													
Enterprise Fund:													
Child Nutrition Program Cluster:													
Food Distribution Program	10.555	231NJ304N1199	N/A	07/01/22-06/30/23	\$ 175,772			\$ 175,772	\$ (175,772)				
School Breakfast Program	10.553	231NJ304N1199	N/A	07/01/22-06/30/23	327,715			306,555	(327,715)		\$ (21,160)		
School Breakfast Program	10.553	221NJ304N1099	N/A	07/01/21-06/30/22	532,982	\$ (47,557)		47,557					
National School Lunch Program	10.555	231NJ304N1199	N/A	07/01/22-06/30/23	1,063,562			1,003,032	(1,063,562)		(60,530)		
National School Lunch Program	10.555	221NJ304N1099	N/A	07/01/21-06/30/22	2,008,711	(153,952)		153,952					
National Snack Program	10.555	221NJ304N1099	N/A	07/01/21-06/30/22	30,973	(2,445)		2,445					
Supply Chain Assistance Funding (Round 1 and 2)	10.555	221NJ344N8903	N/A	07/01/22-06/30/23	236,490			236,490	(236,490)				
Supply Chain Assistance Funding (Round 3)	10.555	231NJ344N8903	N/A	07/01/22-06/30/23	53,564			53,564	(53,564)				
Total Child Nutrition Program Cluster						(203,954)		1,979,367	(1,857,103)		(81,690)		
P-EBT Administrative Cost Reimbursement	10.649	231NJ30459009	N/A	07/01/22-06/30/23	3,256				(3,256)		(3,256)		
U.S. Department of Health and Human Services													
Passed-through NJDCF:													
Child Care and Development Fund (CCDF) Cluster:													
Child Care and Development Block Grant	93.575	N/A	N/A	07/01/22-06/30/23	35,541			35,541	(35,541)				
COVID-19 ARP Child Care Stabilization Grant	93.575	N/A	N/A	09/01/21-12/31/23	735,000			415,000	(264,313)			\$ 150,687	
Total Child Care and Development Fund (CCDF) Cluster								450,541	(299,854)			150,687	
Total Enterprise Fund						(203,954)		2,429,908	(2,160,213)		(84,946)	150,687	
Total Expenditures of Federal Awards						\$ (1,657,602)	\$ 93,243	\$ 7,695,812	\$ (7,424,346)	\$ -	\$ (1,547,037)	\$ 103,457	\$ 150,687

N/A - Not Available

(NC) - Non cash expenditures

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

MORRIS SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2023

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Schedule - B
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STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE AT JUNE 30, 2022			CASH RECEIVED	BUDGETARY EXPEND.	ADJUSTMENT/ REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2023			MEMO	CUMULATIVE TOTAL EXPENDITURES
				(ACCOUNTS RECEIVABLE) UNEARNED REVENUE	CARRYOVER AMOUNT	DUE TO GRANTOR				(ACCOUNTS RECEIVABLE) UNEARNED REVENUE	DUE TO GRANTOR	BUDGETARY RECEIVABLE		
State Department of Education:														
General Fund:														
Categorical Transportation Aid	23-495-034-5120-014	7/1/22-6/30/23	\$ 1,736,086				\$ 1,388,898	\$ (1,736,086)				\$ (347,188)	\$ (1,736,086)	
Categorical Transportation Aid	22-495-034-5120-014	7/1/21-6/30/22	1,736,086	\$ (348,536)			348,536							
Categorical Special Education Aid	23-495-034-5120-089	7/1/22-6/30/23	4,844,218				3,875,456	(4,844,218)				(968,762)	(4,844,218)	
Categorical Special Education Aid	22-495-034-5120-089	7/1/21-6/30/22	4,229,932	(849,200)			849,200							
Categorical Security Aid	23-495-034-5120-084	7/1/22-6/30/23	994,301				795,458	(994,301)				(198,843)	(994,301)	
Categorical Security Aid	22-495-034-5120-084	7/1/21-6/30/22	994,301	(199,616)			199,616							
School Choice Aid	23-495-034-5120-068	7/1/22-6/30/23	245,115				196,096	(245,115)				(49,019)	(245,115)	
School Choice Aid	22-495-034-5120-068	7/1/21-6/30/22	387,919	(77,878)			77,878							
Adjustment Aid	23-495-034-5120-085	7/1/22-6/30/23	218,451				174,764	(218,451)				(43,687)	(218,451)	
Adjustment Aid	22-495-034-5120-085	7/1/21-6/30/22	218,451	(43,856)			43,856							
Non-public Transportation Aid	23-495-034-5120-014	7/1/22-6/30/23	105,097					(105,097)		\$ (105,097)			(105,097)	
Non-public Transportation Aid	22-495-034-5120-014	7/1/21-6/30/22	93,995	(93,995)			93,995							
Payment for Institutionalized Children Unknown District of Residence	23-495-034-5120-005	7/1/22-6/30/23	89,252					(89,252)			(89,252)		(89,252)	
Payment for Institutionalized Children Unknown District of Residence	22-495-034-5120-005	7/1/21-6/30/22	25,809	(25,809)			25,809							
Maintenance of Equity (MOEQ)	22-495-034-5120-128	7/1/21-6/30/22	1,860,004	(1,860,004)			1,860,004							
Lead Testing for Schools	23-495-034-5120-104	7/1/22-6/30/23	5,450				5,450	(5,450)					(5,450)	
Extraordinary Aid	23-495-034-5120-044	7/1/22-6/30/23	4,308,326					(4,308,326)			(4,308,326)		(4,308,326)	
Extraordinary Aid	22-495-034-5120-044	7/1/21-6/30/22	3,811,768	(3,811,768)			3,811,768							
T.P.A.F. Social Security Aid	23-495-034-5094-003	7/1/22-6/30/23	3,448,707				3,277,414	(3,448,707)			(171,293)		(3,448,707)	
T.P.A.F. Social Security Aid	22-495-034-5094-003	7/1/21-6/30/22	3,407,635	(165,240)			165,240							
On-behalf T.P.A.F. Pension Contribution	23-495-034-5094-002	7/1/22-6/30/23	16,846,866				16,846,866	(16,846,866)					(16,846,866)	
On-behalf T.P.A.F. Non-Contributory Insurance - LTDI	23-495-034-5120-004	7/1/22-6/30/23	7,511				7,511	(7,511)					(7,511)	
On-behalf T.P.A.F. Post Retirement Medical Contribution	23-495-034-5120-001	7/1/22-6/30/23	4,425,631				4,425,631	(4,425,631)					(4,425,631)	
Total General Fund				(7,475,902)			38,469,446	(37,275,011)			(4,673,968)	(1,607,499)	(37,275,011)	
Special Revenue Fund:														
N.J. Nonpublic Aid:														
Textbook Aid	23-100-034-5120-064	7/1/22-6/30/23	138,666				138,666	(135,449)			\$ 3,217		(135,449)	
Textbook Aid	22-100-034-5120-064	7/1/21-6/30/22	121,841			\$ 1,487			\$ (1,487)					
Auxiliary Services:														
Compensatory	23-100-034-5120-067	7/1/22-6/30/23	94,680				94,680	(94,679)			1		(94,679)	
Compensatory	22-100-034-5120-067	7/1/21-6/30/22	85,997			20,066			(20,066)					
ESL	23-100-034-5120-067	7/1/22-6/30/23	4,009				4,009	(401)			3,608		(401)	
Home Instruction	23-100-034-5120-067	7/1/22-6/30/23						(12,939)		\$ (12,939)			(12,939)	
Home Instruction	22-100-034-5120-067	7/1/21-6/30/22	7,042	(7,042)			7,042							
Handicapped Services:														
Supplementary Instruction	23-100-034-5120-066	7/1/22-6/30/23	91,190				91,190	(85,987)			5,203		(85,987)	
Supplementary Instruction	22-100-034-5120-066	7/1/21-6/30/22	75,744			12,638			(12,638)					
Examination & Classification	23-100-034-5120-066	7/1/22-6/30/23	139,171				139,171	(126,280)			12,891		(126,280)	
Examination & Classification	22-100-034-5120-066	7/1/21-6/30/22	111,483			4,553			(4,553)					
Corrective Speech	23-100-034-5120-066	7/1/22-6/30/23	42,780				42,780	(35,061)			7,719		(35,061)	
Corrective Speech	22-100-034-5120-066	7/1/21-6/30/22	51,150			19,158			(19,158)					
Nursing Services	23-100-034-5120-070	7/1/22-6/30/23	308,224				308,224	(308,103)			121		(308,103)	
Nursing Services	22-100-034-5120-070	7/1/21-6/30/22	296,240			3,090			(3,090)					
Technology Initiative Aid	23-100-034-5120-373	7/1/22-6/30/23	114,072				114,072	(112,491)			1,581		(112,491)	
Technology Initiative Aid	22-100-034-5120-373	7/1/21-6/30/22	110,292			10,211			(10,211)					
Security Aid	23-100-034-5120-509	7/1/22-6/30/23	564,160				564,160	(409,815)			154,345		(409,815)	
Security Aid	22-100-034-5120-509	7/1/21-6/30/22	462,875			271,620			(271,620)					
Preschool Aid	23-495-034-5120-086	7/1/22-6/30/23	7,743,160				8,522,293	(8,795,477)			1,650,456		(8,795,477)	
Preschool Aid	22-495-034-5120-086	7/1/21-6/30/22	6,684,430	1,923,640		\$ 1,923,640								
SDA Emergent Needs	N/A	7/1/22-6/30/23	136,233				136,233	(136,233)					(136,233)	
Climate Change Education Grant	23-100-034-5063-359	7/1/22-6/30/23	6,546				6,546	(6,546)					(6,546)	
Total Special Revenue Fund				1,916,598		342,823	10,169,066	(10,259,461)		(342,823)	1,637,517	188,686	(10,259,461)	

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

MORRIS SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2023

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE AT JUNE 30, 2022			CASH RECEIVED	BUDGETARY EXPEND.	ADJUSTMENT/ REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2023			MEMO
				(ACCOUNTS RECEIVABLE) UNEARNED REVENUE	CARRYOVER AMOUNT	DUE TO GRANTOR				(ACCOUNTS RECEIVABLE) UNEARNED REVENUE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	
Enterprise Fund:													
National School													
Lunch Program (State Share)	23-100-010-3350-023	7/1/22-6/30/23	\$ 41,912				\$ 39,533	\$ (41,912)		\$ (2,379)			\$ (41,912)
Lunch Program (State Share)	22-100-010-3350-023	7/1/21-6/30/22	47,199	\$ (3,543)			3,543						
Breakfast Program (State Share)	23-100-010-3350-023	7/1/22-6/30/23	19,413				18,163	(19,413)		(1,250)			(19,413)
Total Enterprise Fund				<u>(3,543)</u>			<u>61,239</u>	<u>(61,325)</u>		<u>(3,629)</u>			<u>(61,325)</u>
Total State Financial Assistance				<u>\$ (5,562,847)</u>	<u>\$ -</u>	<u>\$ 342,823</u>	<u>\$ 48,699,751</u>	<u>\$ (47,595,797)</u>	<u>\$ (342,823)</u>	<u>\$ (3,040,080)</u>	<u>\$ 188,686</u>	<u>\$ (1,607,499)</u>	<u>\$ (47,595,797)</u>
Less: State Financial Assistance Not Subject to Single Audit Determination													
On-behalf T.P.A.F. Pension Contribution							\$ 16,846,866						
On-behalf T.P.A.F. Non-Contributory Insurance - LTDI							7,511						
On-behalf T.P.A.F. Post Retirement Medical Contribution							4,425,631						
State Financial Assistance Subject to Single Audit Determination							<u>\$ (26,315,789)</u>						

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
YEAR ENDED JUNE 30, 2023

NOTE 1. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of Morris School District (the "District"). The District is defined in Note 1 to the District's 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 District'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
YEAR ENDED JUNE 30, 2023

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(88,413) 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 District's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 358,975	\$ 37,564,309	\$ 37,923,284
Special Revenue Fund	4,905,158	10,259,461	15,164,619
Enterprise Fund	<u>2,160,213</u>	<u>61,325</u>	<u>2,221,538</u>
Total Financial Awards Revenue	<u>\$ 7,424,346</u>	<u>\$ 47,885,095</u>	<u>\$ 55,309,441</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. TPAF Social Security Contributions represent the amounts reimbursed by the State for the employer's share of social security for TPAF members for the year ended June 30, 2023.

The post retirement pension, medical, and long-term disability benefits received on-behalf of the District for the year ended June 30, 2023 amounted to \$21,280,008. Since on-behalf post retirement pension, medical, and long-term disability benefits are paid by the State directly, these expenditures are not subject to a single audit in accordance with New Jersey OMB Circular 15-08; however, they are reported on the Schedule of Expenditures of State Financial Assistance, as directed by the funding agency.

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
JUNE 30, 2023

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 No

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

Noncompliance material to basic financial statements noted?

_____ Yes No

Federal Awards

Internal Control over major federal programs:

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

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

Identification of major federal programs:

AL Number(s)	FAIN Numbers	Name of Federal Program or Cluster
21.027	SLFRFDOE1SES	COVID -19 ARP State and Local Fiscal Recovery Fund DOE Special Education Services
84.425D	S425D210027	<u>Education Stabilization Fund (ESF):</u> COVID-19 CARES Elementary and Secondary School Emergency Relief Fund (ESSER II)
84.425D	S425D210027	COVID-19 CRSSA Learning Acceleration
84.425D	S425U210027	COVID-19 CRSSA Mental Health
84.425U	S425U210027	COVID-19 ARP Grant Program (ESSER III)
84.425U	S425U210027	COVID-19 ARP Grant Program Accelerated Learning Coaching and Educator Support
84.425U	S425U210027	COVID-19 ARP Grant Program Evidence-Based Summer Learning and Enrichment Activities

Dollar threshold used to distinguish between Type A and B programs:

\$750,000

Auditee qualified as low-risk auditee?

Yes _____ No

MORRIS SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2023

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.