

MORRIS SCHOOL DISTRICT

COUNTY OF MORRIS
MORRISTOWN, NEW JERSEY



ANNUAL COMPREHENSIVE FINANCIAL REPORT

YEAR ENDED JUNE 30, 2025

ANNUAL COMPREHENSIVE FINANCIAL REPORT

of the

Morris School District

Morristown, New Jersey

Year Ended June 30, 2025

Prepared by:

Morris School District

Business Office

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

JUNE 30, 2025

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INTRODUCTORY SECTION



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December 4, 2025

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

Dear President Cole and Board Members:

The Annual Comprehensive Financial Report of the Morris School District (the "District") as of and for the fiscal year ended June 30, 2025 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 of the 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 basic financial statements and schedules, as well as the auditors' 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 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 2024-25 fiscal year with an average daily enrollment of 5,104 students, which represented a decrease of 25 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>
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
2023-24	5,129	(2.17%)	4,855
2024-25	5,104	(0.48%)	4,833

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 over the last 10 years has shown a cumulative decrease in the amount of (2.8%).

The estimated population in the Township has increased from 22,376 in 2015 to 23,727 in 2024, or a cumulative increase of 6.04% over ten years. The Town's population has increased from 18,490 in 2015 to 20,732 in 2024 or a cumulative increase of 12.1% over ten years.

The tax levy saw a shift of 7.1546 percentage points for the 2024-25 school year due to a decrease in Morris Township's equalized value and an increase for Morristown. The total tax base of the District was allocated 60.0332% to the Township and 39.9668% 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 remains committed to continuously enhancing educational opportunities to meet the diverse needs of its students. The 2024-2025 school year saw significant

progress across three primary goals, underscoring our dedication to academic rigor, social-emotional development, and optimal learning environments.

The Morris School District's efforts during the 2024-2025 school year demonstrate a commitment to fostering academic excellence, promoting equity and inclusion, and enhancing facilities to support holistic student development. As we continue to build on these successes, our students and staff remain at the heart of all we do, striving for a future that reflects the strength and diversity of our community.

Pre-Kindergarten (PreK) Level Initiatives

1. Social Emotional & Programs

- PreK conducted a variety of parent workshops between October 2024 and May 2025.
- Workshop topics included positive parenting, transition to kindergarten, and several book clubs to support social-emotional guidance.

Elementary School (K-5) Level Initiatives

1. Academic Rigor & Achievement (K-5 Focus)

• Kindergarten Readiness Cycle (K-2):

- A new Kindergarten Readiness Assessment was created and implemented.
- The assessment data will be collected and reviewed by all K-2 schools
- Administration established expectations for Kindergarten teachers on how to use the data collected in daily instruction, and midpoint benchmark goals will be established at the school level.
- The assessment was re-administered in May 2025 to determine student growth.

• Instructional Support and Benchmarking (K-2):

- Introduced a **reading specialist** at the K-2 schools to provide targeted, data-driven intervention.
- Established a standardized benchmark assessment to measure students' early literacy skills in grades K-2.
- Ongoing support provided to K-2 teachers for the implementation of CKLA and an understanding of the Science of Reading through coaching, professional development, and school visits.

• Targeted Intervention Specialists (3-5):

- Introduced a **math specialist and reading specialist** at the 3-5 elementary schools to provide targeted intervention.

• Bilingual Literacy Assessment:

- Expanded the use of standardized benchmark assessments (DIBELS) to all K-5 Bilingual classes.

• Interventions and Assessment Review:

- Evaluated the DRA3 as a secondary measure to assess student progress in reading comprehension, accuracy, and fluency.
- Evaluated and established a consistent building schedule that maximizes instructional time and student time on task.

2. Social Emotional & Programs (Elementary Focus)

• SEL Curriculum:

- Piloted a social and emotional curriculum for students in grades K through 5 and evaluate its effectiveness.

• Community and Support:

- K-5 schools will continue providing **Friendship groups** from October to June 2025 to encourage students to interact with peers and establish a sense of community.
- Expanded the **therapy dog program** in grades K-5.

- **Parent Education (3-5):**

- The Director of Mental Health Services offered parent education workshops in the late Fall/early Winter focused on homework strategies and positive behavioral supports for families with children in grades 3-5.

Secondary School (6-12) Level Initiatives

1. Academic Rigor & Achievement (Secondary Focus)

- **AP Program Focus (MHS):**

- The AP Core was established in August 2024, uniting MHS AP teachers in the goal to increase student participation and performance.
- AP teachers participated in a Canvas course starting September 2024 to become proficient in integrating Albert.io, AP Classroom, and AP Central resources.
- Through the AP PLC, teachers exchanged best practices, assisted in promoting student exam registration, and developed rigorous, exam-aligned formative and summative assessments.
- The AP Peer Tutoring Program was implemented starting October 2024, where successful Juniors and Seniors offered tutoring during lunch and after school.
- The MHS Guidance budget was reviewed in December 2024 to ensure it reflected expenditures supporting AP program goals.
- AP teachers offered exam review sessions in April–May 2025 to target areas where students needed additional support.
- Ongoing efforts were made to increase participation in AP exams and provide multiple avenues of academic support for students.

- **Standards and Rigor:**

- What rigorous instruction looked like at each grade level/department was defined (e.g., in math, focusing on the process and reasoning).
- The master schedule in grades 6-12 was reviewed and revised to align with bilingual/ESL code and WIDA standards.

- **Instructional Planning and Assessment:**

- Assessments with at least 5 questions per standard were developed and utilized in November 2024 to evaluate student mastery and adjust instruction.
- Instructional planning meetings across grade levels were scheduled to promote standard-aligned instruction in non-tested areas such as social studies, world language, and science.

2. Social Emotional & Programs (Secondary Focus)

- A new model for Guidance and Counseling Services was launched in September 2024 to better address and monitor SEL counseling interventions and enhance college and career planning and support for all students.
- The district partnered with families to implement the “Wait Until 8th” initiative or a similar program to delay the introduction of personal internet-based devices before 9th grade.
- This initiative was supported by educational materials and workshops for parents, such as the Bark Workshop and discussions focused on *The Anxious Generation*.
- The district and community enacted changes to promote healthy and appropriate technology use, using *The Anxious Generation* as an anchor text.

General District-Wide Initiatives (Affecting All Levels)

Instructional Alignment & Intervention Infrastructure

- An intervention services schedule and action plan for all students performing significantly below grade level were established by September 30, 2024.
- The NJSLA Student Performance Data was reviewed in August 2024, and achievement goals were established for all subgroups in each grade span for the April 2024 NJSLA administration.

- Student performance data from tools such as iReady and NJSLA assessments were used to evaluate the effectiveness of interventions.
- Public presentation of spring 2024 NJSLA, Access, and NJGPA student achievement data occurred in October 2024.
- Targeted professional development sessions were offered focused on standards alignment, effective lesson planning, and assessment techniques.
- A contract with Fairleigh Dickinson was finalized, and 12 teachers were invited to participate in an Orton Gillingham Certification cohort.
- A new Teaching Rubric to support rigorous instructional goals was adopted by September 1, 2024.
- New hiring practices were adopted by July 2025 to ensure highly qualified teachers were attracted and retained.

Safety, Wellness, and Technology Management

- Needed revisions to cell phone and acceptable use of technology policies were identified in July 2024.
- Beyond Bias training was required for all new faculty in August 2024.
- Staff were trained, and new procedures/protocols on how to perform proper **risk assessments** were distributed in September 2024.
- Training for reflective and intentional technology use in classrooms was provided, and a blended instruction model was promoted.
- A standardized time, such as 8:00 PM, was considered to limit Chromebook access at home, and parents were provided with guidelines for managing technology use.
- Up to three Monday Meetings were utilized by July 2025 to engage teachers in Culturally Responsive Teaching practices.
- Programs that promoted acceptance and appreciation of differences were implemented.

Facilities and Planning

- The new Director of Buildings and Grounds was onboarded in July 2024 and interviewed custodial and B&G staff members to gather their thoughts on emergent buildings and grounds needs.
- Central Office and high school administration met with the district architect in July 2024 to establish space and storage needs, and the pool usage and maintenance fees were reviewed.
- The architect was charged with creating proposals that considered repurposing the pool space compared to the expense of replacing the pool.
- A proposal from Statistical Forecasting for a demographic study was completed in February 2025 to better inform Referendum planning.
- The necessity and viability of a referendum were determined in December 2024.
- An RFP was conducted between December 2024 and February 2025 to contract with a “Program Ally” of JCP&L and PSE&G for improvements using State grants for the replacement of lighting and specific HVAC equipment.
- A stakeholder group was created in March 2025 to gather public input on refurbishment of the pool.
- The District is working on developing a plan to introduce a Bond Referendum to address needed building improvements.

4. 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 the 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.

5. 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, 2025.

6. 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.

7. 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, 2025 and the amount and percentage of increases/decreases in relation to prior year revenues.

<u>Revenue</u>	<u>2025</u>	<u>2024</u>	<u>Increase (Decrease)</u>	<u>Increase (Decrease)</u>
Local Sources	\$ 110,945,826	\$ 107,901,303	\$ 3,044,523	2.82%
State Sources	50,699,724	49,041,039	1,658,685	3.38%
Federal Sources	4,116,341	6,276,308	(2,159,967)	-34.41%
Total	<u>\$ 165,761,891</u>	<u>\$ 163,218,650</u>	<u>\$ 2,543,241</u>	<u>1.56%</u>

The following schedule presents a summary of the general fund and special revenue fund expenditures for the fiscal year ended June 30, 2025 and the amount and percentage of decreases/increases in relation to prior year expenditures.

<u>Expenditures</u>	<u>2025</u>	<u>2024</u>	<u>Increase (Decrease)</u>	<u>Increase (Decrease)</u>
Instruction	\$ 47,823,910	\$ 45,054,762	\$ 2,769,148	6.15%
Undistributed	99,590,436	94,630,120	4,960,316	5.24%
Charter Schools	1,361,703	1,543,620	(181,917)	-11.79%
Capital Outlay	3,229,940	1,254,677	1,975,263	157.43%
Special Revenue	17,397,636	18,439,826	(1,042,190)	-5.65%
Total	<u>\$ 169,403,625</u>	<u>\$ 160,923,005</u>	<u>\$ 8,480,620</u>	<u>5.27%</u>

8. DEBT ADMINISTRATION: The District has no outstanding bonded debt at June 30, 2025.

9. 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.

10. 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.

11. 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. 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 basic 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.

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

Respectfully submitted,

A handwritten signature in blue ink that reads "Anne Mucci, EdD". The signature is written in a cursive style.

Dr. Anne Mucci
Superintendent

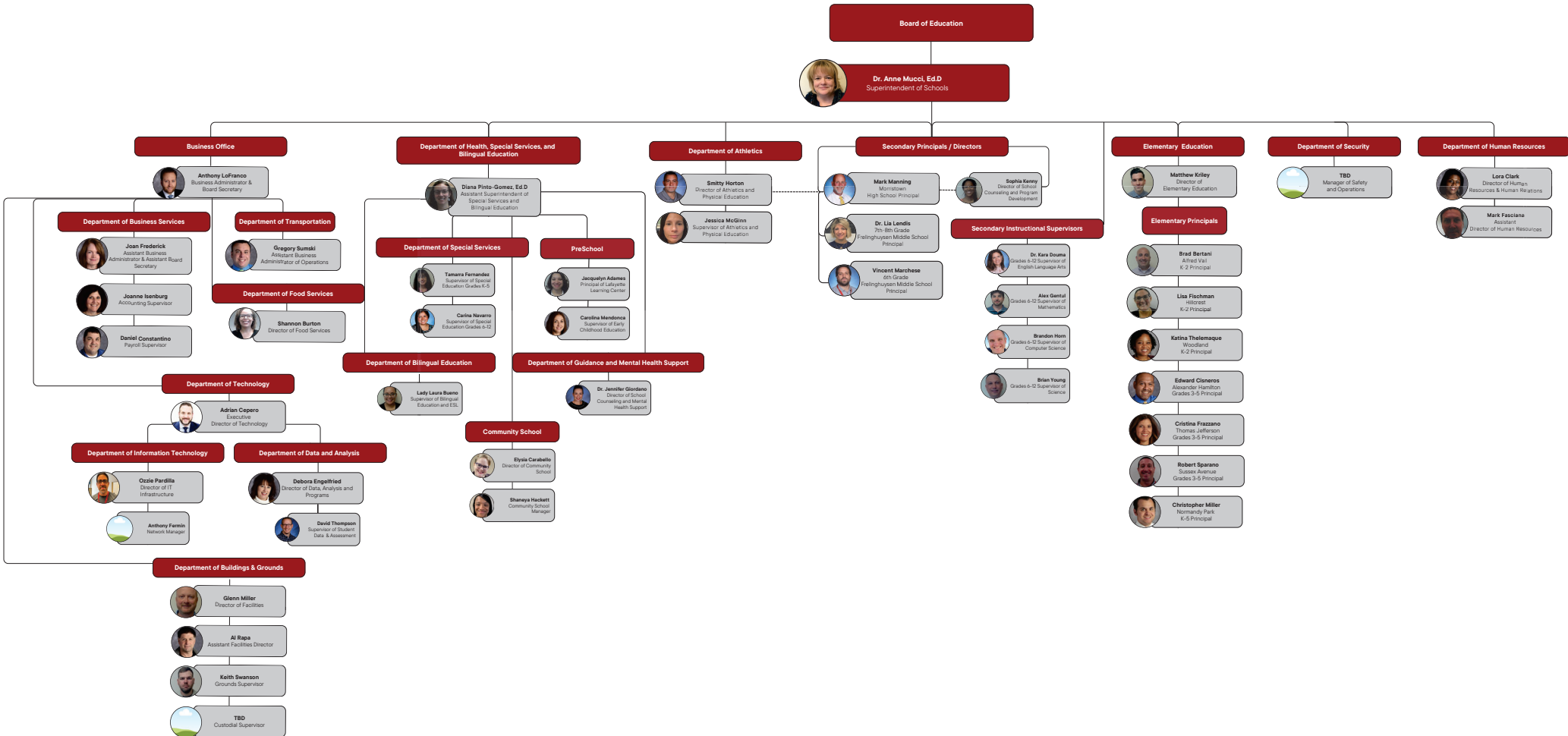
A handwritten signature in blue ink that reads "Anthony LoFranco". The signature is written in a cursive style.

Anthony LoFranco
Business Administrator/Board Secretary

Morris School District



Organizational Chart 2024-2025



MORRIS SCHOOL DISTRICT
BOARD OF EDUCATION
MORRIS COUNTY, NEW JERSEY

ROSTER OF OFFICIALS
JUNE 30, 2025

PRESIDENT

Mrs. Kathleen (Katie) Cole 2027

VICE-PRESIDENT

Ms. Meredith Davidson 2026

MEMBERS

Mr. Cary Lloyd 2025

Ms. Linda K. Murphy 2027

Mrs. Susan Pedalino 2025

Dr. Vivian Rodriguez 2027

Mr. Alan Smith 2026

Mrs. Melissa Spiotta 2025

Mrs. Elisabeth (Beth) Wall 2026

Ms. Christina (Tina) Perry (Morris Plains Rep.)

OTHER OFFICIALS

Dr. Anne Mucci, Superintendent

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

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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, County of Morris, New Jersey (the "District") as of and for the year ended June 30, 2025, 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, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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.

Change in Accounting Policy

We draw attention to Note 23 in the notes to the financial statements which disclose the effects of the District's adoption of the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 101, "*Compensated Absences*". Our opinion is not modified with respect to this matter.

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

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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.

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
of the Board of Education
Morris School District**

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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, 2025. 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
of the Board of Education
Morris School District**

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Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2025 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 4, 2025

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, 2025

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, 2025. 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 (2024-2025) and the prior fiscal year (2023-2024) 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 Exhibit A-1 and Exhibit A-2 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 Exhibit B-1 and Exhibit B-2 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 Exhibit B-4 and Exhibit B-5 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 42-75 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 105-111 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, 2025 and 2024:

Morris School District Net Position

	June 30, 2025			June 30, 2024		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Assets:						
Current and other assets	\$ 46,503,780	\$ 1,875,261	\$ 48,379,041	\$ 51,307,079	\$ 2,625,458	\$ 53,932,537
Capital assets, net	71,970,484	736,360	72,706,844	64,168,022	321,940	64,489,962
Total assets	118,474,264	2,611,621	121,085,885	115,475,101	2,947,398	118,422,499
Deferred outflows of resources	4,005,908		4,005,908	3,812,118		3,812,118
Liabilities:						
Current liabilities	12,633,313	483,248	13,116,561	9,456,536	425,646	9,882,182
Net pension liabilities	21,445,932		21,445,932	22,242,180		22,242,180
Long-term liabilities outstanding	15,804,107	5,100	15,809,207	7,027,694	20,872	7,048,566
Total liabilities	49,883,352	488,348	50,371,700	38,726,410	446,518	39,172,928
Deferred inflow of resources	1,353,290		1,353,290	1,547,841		1,547,841
Net position:						
Net investment in capital assets	64,811,768	736,360	65,548,128	60,028,079	321,940	60,350,019
Restricted	31,902,382		31,902,382	36,270,280		36,270,280
Unrestricted	(25,470,620)	1,386,913	(24,083,707)	(17,285,391)	2,178,940	(15,106,451)
Total net position	\$ 71,243,530	\$ 2,123,273	\$ 73,366,803	\$ 79,012,968	\$ 2,500,880	\$ 81,513,848

GASB Statement No. 101 "*Compensated Absences*" was implemented during the 2025 fiscal year, which required a retroactive adjustment of beginning net position in the amount of (\$8,216,813). This amount is not reflected in the June 30, 2024 net position shown above.

Governmental Activities

Current and other assets decreased from the prior year by approximately \$4,800,000, primarily due to a reduction of approximately \$3,990,000 in the cash balance. This decrease was largely attributable to higher support services expenses, driven by increases in plant operations and maintenance expenses of approximately \$1,600,000, pupil transportation expenses of approximately \$1,400,000, and other support services expenses of approximately \$561,000.

Current liabilities increased from the prior year by approximately \$2,000,000 primarily due to an increase of approximately \$2,000,000 in the capital project fund accounts payable balance. The increase in accounts payable reflects the timing of payments to vendors and service providers, as well as higher operating expenditures incurred near year-end.

Capital assets increased approximately \$7,800,000 from the prior year as a direct result of the current year addition of approximately \$11,070,000 in construction in progress, licensed vehicles, technology equipment, buildings and building improvements net of current year depreciation of approximately \$3,270,000.

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 2025 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, 2023 and rolled forward to 2024. The net pension liability associated with the District's governmental activities at June 30, 2025 amounted to \$21,445,932, which was a decrease of approximately \$796,000 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, \$64,811,768 (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 \$31,902,382 is comprised of amounts restricted for maintenance reserve in the amount of \$4,466,028, amounts restricted for capital reserve in the amount of \$3,467,946, amounts restricted for unemployment compensation in the amount of \$2,100,360, amounts restricted for scholarships in the amount of \$89,032, amounts restricted for student activities in the amount of \$287,290, amounts restricted for future capital related projects in the amount of \$8,852,707 and excess surplus in the amount of \$12,773,746 that is restricted to be utilized in the District's 2026 and 2027 fiscal year budgets.

The remaining deficit balance, (\$25,470,620) of unrestricted net position reflects long-term obligations, such as compensated absences and the net pension liability and the accrued pension contributions which are offset by year-end encumbrances in the amount of \$1,556,874 and amounts designated for subsequent year's expenditures approved in the budget in the amount of \$2,321,499.

Business-Type Activities

There was a decrease from the prior year of approximately \$378,000 in net position reported in connection with the District's business-type activities as a result of the expenses exceeding the revenues in the current year. This was driven primarily from an increase in operating expenses of approximately \$732,000 partially offset by an increase in program revenues of approximately \$427,000.

District activities. The key elements of the District's changes in net position for the years ended June 30, 2025 and 2024 are as follows:

Morris School District
Changes In Net Position

	Year Ended June 30, 2025			Year Ended June 30, 2024		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 4,757,356	\$ 2,266,977	\$ 7,024,333	\$ 4,522,942	\$ 1,952,065	\$ 6,475,007
Operating and capital grants and contributions	17,580,405	2,080,189	19,660,594	17,410,224	1,968,296	19,378,520
General revenues:						
Property taxes	103,822,558		103,822,558	100,806,429		100,806,429
Federal and state sources, unrestricted	25,417,442		25,417,442	28,343,887		28,343,887
Interest income	1,654,486		1,654,486	1,092,825		1,092,825
Other restricted miscellaneous revenues	3,392		3,392	3,454		3,454
Miscellaneous	398,680	3,501	402,181	829,374	2,186	831,560
Total revenues	153,634,319	4,350,667	157,984,986	153,009,135	3,922,547	156,931,682
Expenses:						
Instructional services	73,743,240	1,645,577	75,388,817	73,354,767	1,443,947	74,798,714
Support services	79,464,487	3,061,914	82,526,401	76,168,718	2,531,940	78,700,658
Total expenses	153,207,727	4,707,491	157,915,218	149,523,485	3,975,887	153,499,372
Change in net position	426,592	(356,824)	69,768	3,485,650	(53,340)	3,432,310
Net position - beginning, as reported	79,012,968	2,500,880	81,513,848	75,527,318	2,554,220	78,081,538
Cumulative effect of change in accounting principle	(8,196,030)	(20,783)	(8,216,813)			
Net position - beginning, as restated	70,816,938	2,480,097	73,297,035			
Net position - ending	\$ 71,243,530	\$ 2,123,273	\$ 73,366,803	\$ 79,012,968	\$ 2,500,880	\$ 81,513,848

Governmental Activities

The total general fund tax levy in 2025 was \$103,822,558. That is an increase of approximately \$3,016,129 over the 2024 general fund tax levy of \$100,806,429. The tax levy increase was in line with the state limit, including allowable cap adjustments for factors such as rising health benefit costs, pension obligations, and enrollment growth.

The federal and state sources revenues decreased approximately by \$2,900,000 compared to the prior year. This decrease was primarily attributable to higher Pension and On-Behalf Teachers' Pension and Annuity Fund contributions recognized in the current year, which reduced the level of federal and state revenue reported.

Total governmental expenses increased by approximately \$3,700,000 as a direct result of an increase in regular and support student and instruction related services.

The current year impacts of Governmental Accounting Standards Board (GASB) Statement No. 75 "OPEB" and Statement No. 68 "Accounting and Financial Reporting for Pensions" contributed primarily to the changes to the 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

Business-type expenses increased by approximately \$730,000 compared to the prior year. This increase is directly related to an increase in cost of sales, salaries, employee benefits and cafeteria staffing services.

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, 2025, and the changes in relation to the prior year.

Revenue	Amount	Percent of Total	Increase (Decrease) from 2024	Percent of Increase (Decrease)
Local Sources	\$110,945,826	66.93%	\$3,044,523	2.82%
State Sources	50,699,724	30.59%	1,658,685	3.38%
Federal Sources	4,116,341	2.47%	(2,159,966)	-34.41%
Total	<u>\$165,761,891</u>	<u>100.00%</u>	<u>\$2,543,242</u>	<u>1.56%</u>

The increase in local sources is mainly attributable to the general fund tax levy increase. As mentioned previously, the increase is in line with State guidelines.

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 related to the completion of the ARP education stabilization funds, which resulted in lower revenue recognition in current year.

The following schedule presents a summary of the General Fund and the Special Revenue Fund expenditures for the fiscal year ended June 30, 2025 and the changes related to the prior year:

Expenditures	Amount	Percent of Total	Increase from 2024	Percent of Increase
Current expenditures:				
Instruction	\$52,381,137	30.92%	\$1,381,051	2.71%
Undistributed expenditures	113,792,548	67.17%	5,216,925	4.80%
Capital outlay	3,229,940	1.91%	1,882,645	139.74%
Total	<u>\$169,403,625</u>	<u>100.00%</u>	<u>\$8,480,621</u>	<u>5.27%</u>

The large increases in instruction and undistributed expenditures are primarily related to the following conditions. First, there was a large increase of approximately \$3,500,000 in salaries, which resulted from contractual salary increases and new special education programs provided by the District. Next, the health benefits increased approximately \$1,100,000 due to the rising rates of health care costs. Finally, on-behalf pension contributions increased approximately \$520,000. The increase in capital outlay expenditures is mainly attributable to new projects related to improvements of the District's security systems.

General Fund

The fund balance decreased by approximately \$3,700,000 during the 2025 fiscal year primarily the result of an increase in expenditures. As of June 30, 2025, the District has an unassigned fund balance of \$3,422,167 and excess surplus generated in the current year in the amount of \$5,522,298. The District designated \$7,251,448 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 \$3,467,946 for future capital improvements, as well as a maintenance reserve restricted fund balance in the amount of \$4,466,028 for future maintenance projects. \$2,100,360 is restricted for unemployment compensation. \$1,556,874 is recorded in encumbrances and assigned for other purposes and \$2,321,499 is assigned to fund balance designated for subsequent year's expenditures.

Special Revenue Fund

The fund balance in the special revenue fund increased approximately \$41,000 as a direct result of the District's various student club's activities for the year ended June 30, 2025.

Capital Projects Fund

As of June 30, 2025, the District's capital project's fund balance was \$8,852,707, 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 and building improvements, machinery, equipment and vehicles noted as follows at June 30, 2025 and 2024:

For more detailed information, please refer to Note 3 to the basic financial statements.

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 3,331,700	\$ 3,331,700			\$ 3,331,700	\$ 3,331,700
Construction in process	8,689,578	4,103,217			8,689,578	4,103,217
Buildings and building improvements	86,565,064	82,461,847			86,565,064	82,461,847
Machinery, equipment and vehicles	20,912,201	19,169,063	\$ 1,309,216	\$ 931,476	22,221,417	20,100,539
Total capital assets	119,498,543	109,065,827	1,309,216	931,476	120,807,759	109,997,303
Less:						
Accumulated Depreciation	47,528,059	44,897,805	572,856	609,536	48,100,915	45,507,341
Capital Assets - Net	<u>\$ 71,970,484</u>	<u>\$ 64,168,022</u>	<u>\$ 736,360</u>	<u>\$ 321,940</u>	<u>\$ 72,706,844</u>	<u>\$ 64,489,962</u>

Debt Administration. The District's long-term liabilities, excluding the net pension liability, are as follows for the governmental activities at June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Financed purchases payable	\$7,158,716	\$4,139,943
Compensated absences	11,691,240	12,190,638
Total long-term liabilities	<u>\$18,849,956</u>	<u>\$16,330,581</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, 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%.
- Extraordinary aid awarded is not known at the time of the budget and therefore the actual amount received exceeds the final budget by 100%.
- The District is in the process of upgrading its computer systems across all schools, which resulted in an increase in undistributed instruction programs.
- The District increased its budget for tuition payments to other local education agencies within the state to reflect an increase in the total number of students placed or sent to out of the District.
- The District encumbered funds at year end for the purchase of new school buses through cooperative purchasing agreements.

Economic Factors and Next Year's Budget

- A significant element is the continued change and demographic makeup of our student population throughout the district. Overall enrollment has decreased 2.8% over the last 10 years.
- The Board is in the beginning phase of starting a Bond Referendum. The Board has worked with all buildings and architects to prioritize projects and identify items that will be included. Through early Fall 2025 the Board has held various public input meetings to gather information on what they see as needs for the building to ensure we are incorporating information from various stakeholders.
- Another particularly significant element is the restriction of the District's budget increase of 2% of its statutory tax levy, with certain exceptions permitted under the tax cap law. This cap along with increasing expenses continues to exert pressure on the District's budget.
- Employment contracts are set to expire on June 30, 2026. The Board will begin negotiations with all bargaining units in the fall/winter of 2026.

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, 2025

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 40,763,777	\$ 1,554,686	\$ 42,318,463
Receivables, Net	5,710,003	276,912	5,986,915
Prepaid Expenses		26,313	26,313
Inventory		17,350	17,350
Deposits	30,000		30,000
Capital Assets, Non-Depreciable	12,021,278		12,021,278
Capital Assets, Net of Depreciation and Amortization	59,949,206	736,360	60,685,566
Total Assets	118,474,264	2,611,621	121,085,885
Deferred Outflows of Resources:			
Pension Deferrals	4,005,908		4,005,908
Liabilities:			
Accounts Payable	7,081,703	172,995	7,254,698
Accrued Salaries	325,611	33,643	359,254
Accrued Interest Payable	220,573		220,573
Payroll Deductions and Withholdings Payable	753,450		753,450
Unemployment Compensation Claims Payable	134,727		134,727
Payable to Federal Government		69,616	69,616
Payable to State Government	283,650		283,650
Unearned Revenue	787,750	206,994	994,744
Noncurrent Liabilities:			
Due within One Year	3,045,849		3,045,849
Due beyond One Year	15,804,107	5,100	15,809,207
Net Pension Liability	21,445,932		21,445,932
Total Liabilities	49,883,352	488,348	50,371,700
Deferred Inflows of Resources:			
Pension Deferrals	1,353,290		1,353,290
Net Position:			
Net Investment in Capital Assets	64,811,768	736,360	65,548,128
Restricted for:			
Capital Projects	8,852,707		8,852,707
Capital Reserve Account	3,467,946		3,467,946
Maintenance Reserve Account	4,466,028		4,466,028
Excess Surplus - Designated for Subsequent Years'			
Expenditures	7,251,448		7,251,448
Reserve for Excess Surplus	5,522,298		5,522,298
Unemployment Reserve	2,100,360		2,100,360
Student Activities	287,290		287,290
Scholarships	89,032		89,032
Unrestricted(Deficit)	(25,605,347)	1,386,913	(24,218,434)
Total Net Position	\$ 71,243,530	\$ 2,123,273	\$ 73,366,803

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

MORRIS SCHOOL DISTRICT STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2025							
Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 50,971,317	\$ 3,746,071			\$ (47,225,246)		\$ (47,225,246)
Special Education	15,598,822		\$ 4,557,227		(11,041,595)		(11,041,595)
Other Special Instruction	4,398,852				(4,398,852)		(4,398,852)
Other Instruction	2,774,249				(2,774,249)		(2,774,249)
Support Services:							
Tuition	5,879,156		1,915,859		(3,963,297)		(3,963,297)
Student and Instruction Related Services	31,521,320	287,290	9,788,282		(21,445,748)		(21,445,748)
School Administrative Services	6,779,472				(6,779,472)		(6,779,472)
General and Business Administrative Services	5,743,967				(5,743,967)		(5,743,967)
Plant Operations and Maintenance	14,197,820			\$ 1,319,037	(12,878,783)		(12,878,783)
Pupil Transportation	13,981,049	723,995			(13,257,054)		(13,257,054)
Charter Schools	1,361,703				(1,361,703)		(1,361,703)
Total Governmental Activities	153,207,727	4,757,356	16,261,368	1,319,037	(130,869,966)		(130,869,966)
Business-type Activities:							
Food Service	3,061,914	801,867	2,080,189			\$ (179,858)	(179,858)
Community School	1,645,577	1,461,633				(183,944)	(183,944)
MHS Print Shop		3,477				3,477	3,477
Total Business-type Activities	4,707,491	2,266,977	2,080,189	-	-	(360,325)	(360,325)
Total Primary Government	\$ 157,915,218	\$ 7,024,333	\$ 18,341,557	\$ 1,319,037	(130,869,966)	(360,325)	(131,230,291)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes					103,822,558		103,822,558
Federal and State Aid not Restricted					25,417,442		25,417,442
Miscellaneous Income					247,578		247,578
Interest Income					1,654,486	3,501	1,657,987
Proceeds from Sale of Assets					151,102		151,102
Other Restricted Miscellaneous Revenues					3,392		3,392
Total General Revenues					131,296,558	3,501	131,300,059
Change in Net Position					426,592	(356,824)	69,768
Net Position—Beginning, as Reported					79,012,968	2,500,880	81,513,848
Cumulative Effect of Change in Accounting Principle					(8,196,030)	(20,783)	(8,216,813)
Net Position—Beginning, as Restated					70,816,938	2,480,097	73,297,035
Net Position—Ending					\$ 71,243,530	\$ 2,123,273	\$ 73,366,803

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, 2025

Exhibit B-1
Page 1 of 2

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 29,068,282	\$ 1,486,167	\$ 10,209,328	\$ 40,763,777
Accounts Receivable:				
Due from Federal Government	606	419,787		420,393
Due from State Government	3,053,445	6,160	1,319,037	4,378,642
Other Accounts Receivable	891,730	19,238		910,968
Deposits	30,000			30,000
Total Assets	<u>\$ 33,044,063</u>	<u>\$ 1,931,352</u>	<u>\$ 11,528,365</u>	<u>\$ 46,503,780</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	\$ 1,729,246	\$ 476,039	\$ 2,675,658	\$ 4,880,943
Accrued Salaries	318,020	7,591		325,611
Due to State Government		283,650		283,650
Payroll Deductions and Withholdings Payable	753,450			753,450
Unemployment Compensation Claims Payable	134,727			134,727
Unearned Revenue		787,750		787,750
Total Liabilities	<u>2,935,443</u>	<u>1,555,030</u>	<u>2,675,658</u>	<u>7,166,131</u>
Fund Balances:				
Restricted Fund Balance:				
Capital Reserve Account	3,467,946			3,467,946
Maintenance Reserve Account	4,466,028			4,466,028
Excess Surplus - Designated for Subsequent Year's Expenditures	7,251,448			7,251,448
Reserve for Excess Surplus	5,522,298			5,522,298
Capital Projects			8,852,707	8,852,707
Unemployment Reserve	2,100,360			2,100,360
Student Activities		287,290		287,290
Scholarships		89,032		89,032
Assigned Fund Balance:				
Year-end Encumbrances	1,556,874			1,556,874
Designated for Subsequent Year's Expenditures	2,321,499			2,321,499
Unassigned Fund Balance	3,422,167			3,422,167
Total Fund Balances	<u>30,108,620</u>	<u>376,322</u>	<u>8,852,707</u>	<u>39,337,649</u>
Total Liabilities and Fund Balances	<u>\$ 33,044,063</u>	<u>\$ 1,931,352</u>	<u>\$ 11,528,365</u>	<u>\$ 46,503,780</u>

MORRIS SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

Exhibit B-1
Page 2 of 2

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

Total governmental funds fund balance		\$ 39,337,649
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$119,498,543 and the accumulated depreciation is \$47,528,059.		71,970,484
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.		(18,849,956)
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.		(220,573)
Deferred pension costs in governmental activities are not financial resources and are therefore not reported in the funds:		
Deferred outflows of resources	\$ 4,005,908	
Deferred inflows of resources	<u>(1,353,290)</u>	
		2,652,618
Accrued pension contributions for the June 30, 2025 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.		(2,200,760)
Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds.		<u>(21,445,932)</u>
Net position of governmental activities		<u><u>\$ 71,243,530</u></u>

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

MORRIS SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
Revenues:				
Local Tax Levy	\$ 103,822,558			\$ 103,822,558
Tuition Charges	3,746,071			3,746,071
Transportation Fees from Other LEAs	723,995			723,995
Interest Income	1,581,468		\$ 73,018	1,654,486
Miscellaneous	247,578			247,578
Other Restricted Miscellaneous Revenues	3,392			3,392
Local Sources		\$ 820,764		820,764
State Sources	38,656,243	12,043,481	1,319,037	52,018,761
Federal Sources	431,928	3,684,413		4,116,341
Total Revenues	<u>149,213,233</u>	<u>16,548,658</u>	<u>1,392,055</u>	<u>167,153,946</u>
Expenditures:				
Current:				
Regular Instruction	32,234,309	4,557,227		36,791,536
Special Education Instruction	10,584,743			10,584,743
Other Special Instruction	2,998,239			2,998,239
Other Instruction	2,006,619			2,006,619
Support Services and Undistributed Costs:				
Tuition	5,718,529			5,718,529
Student & Instruction Related Services	12,969,095	12,840,409		25,809,504
School Administrative Services	4,619,317			4,619,317
Other Administrative Services	4,621,698			4,621,698
Plant Operations and Maintenance	12,132,943			12,132,943
Pupil Transportation	11,140,296			11,140,296
Unallocated Benefits	48,388,558			48,388,558
Charter Schools	1,361,703			1,361,703
Capital Outlay	3,229,940		8,689,577	11,919,517
Total Expenditures	<u>152,005,989</u>	<u>17,397,636</u>	<u>8,689,577</u>	<u>178,093,202</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>(2,792,756)</u>	<u>(848,978)</u>	<u>(7,297,522)</u>	<u>(10,939,256)</u>
Other Financing Sources (Uses):				
Proceeds from Sale of Assets	151,102			151,102
Financed Purchase Agreement	2,924,413		2,000,000	4,924,413
Transfers In		890,301	3,101,060	3,991,361
Transfers Out	(3,991,361)			(3,991,361)
Total Other Financing Sources (Uses)	<u>(915,846)</u>	<u>890,301</u>	<u>5,101,060</u>	<u>5,075,515</u>
Net Change in Fund Balances	(3,708,602)	41,323	(2,196,462)	(5,863,741)
Fund Balance—July 1	33,817,222	334,999	11,049,169	45,201,390
Fund Balance—June 30	<u>\$ 30,108,620</u>	<u>\$ 376,322</u>	<u>\$ 8,852,707</u>	<u>\$ 39,337,649</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, 2025

Total net change in fund balances - governmental funds (from B-2) \$ (5,863,741)

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	\$ (3,270,203)	
Capital outlays	11,072,893	
Loss on disposal of assets	<u>(228)</u>	7,802,462

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. 1,905,640

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	(4,924,413)
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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. (124,223)

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 (+). 499,398

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.

1,131,469

Change in net position of governmental activities (A-2)	<u><u>\$ 426,592</u></u>
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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, 2025

	Business Type Activities - Enterprise Funds			
	Major Funds			
	Food Service	Community School	MHS Print Shop	Totals
Assets:				
Current Assets:				
Cash and Cash Equivalents	\$ 548,666	\$ 1,002,543	\$ 3,477	\$ 1,554,686
Receivables from Other Governments:				
State	5,406			5,406
Federal	78,788			78,788
Accounts Receivable	173,921	18,797		192,718
Prepaid Expenses		26,313		26,313
Inventories	17,350			17,350
Total Current Assets	<u>824,131</u>	<u>1,047,653</u>	<u>3,477</u>	<u>1,875,261</u>
Noncurrent Assets:				
Furniture, Machinery & Equipment	1,318,727	23,892		1,342,619
Less Accumulated Depreciation	(589,988)	(16,271)		(606,259)
Total Noncurrent Assets	<u>728,739</u>	<u>7,621</u>	<u>-</u>	<u>736,360</u>
Total Assets	<u>\$ 1,552,870</u>	<u>\$ 1,055,274</u>	<u>\$ 3,477</u>	<u>\$ 2,611,621</u>
Liabilities:				
Current Liabilities:				
Accounts Payable	\$ 151,434	\$ 21,561		\$ 172,995
Due to Federal Government		69,616		69,616
Accrued Salaries		33,643		33,643
Unearned Revenue	29,548	177,446		206,994
Total Current Liabilities	<u>180,982</u>	<u>302,266</u>	<u>-</u>	<u>483,248</u>
Noncurrent Liabilities:				
Compensated Absences		5,100		5,100
Total Noncurrent Liabilities	<u>-</u>	<u>5,100</u>	<u>-</u>	<u>5,100</u>
Total Liabilities	<u>180,982</u>	<u>307,366</u>	<u>-</u>	<u>488,348</u>
Net Position:				
Investment in Capital Assets	728,739	7,621		736,360
Unrestricted	643,149	740,287	\$ 3,477	1,386,913
Total Net Position	<u>\$ 1,371,888</u>	<u>\$ 747,908</u>	<u>\$ 3,477</u>	<u>\$ 2,123,273</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, 2025

	Business Type Activities - Enterprise Fund			
	Major Funds			Total Enterprise Fund
	Food Service	Community School	MHS Print Shop	
Operating Revenues:				
Charges for Services:				
Daily Sales - Reimbursable Programs	\$ 655,325			\$ 655,325
Daily Sales - Non-Reimbursable Programs	146,542			146,542
Program Fees		\$ 1,461,633		1,461,633
Print Shop Sales			\$ 3,477	3,477
Total Operating Revenues	801,867	1,461,633	3,477	2,266,977
Operating Expenses:				
Cost of Sales - Program	1,369,649			1,369,649
Cost of Sales - Nonprogram	169,901			169,901
Salaries	75,401	1,115,918		1,191,319
Employee Benefits	32,704	98,589		131,293
Purchased Professional Services	15,840	79,227		95,067
Purchased Property Services	32,684	131,680		164,364
Other Purchased Services	1,061,287	22,460		1,083,747
Supplies and Materials	82,223	162,772		244,995
Other Expenses	142,245	31,476		173,721
Depreciation	78,003	3,232		81,235
Total Operating Expenses	3,059,937	1,645,354	-	4,705,291
Operating (Loss) Income	(2,258,070)	(183,721)	3,477	(2,438,314)
Nonoperating Revenues (Expenses):				
State Sources:				
State School Lunch Program	64,529			64,529
State School Breakfast Program	25,577			25,577
Summer EBT Administrative Cost Reimbursement	1,501			1,501
Federal Sources:				
National School Lunch Program	1,282,122			1,282,122
School Breakfast Program	496,424			496,424
Food Distribution Program	192,959			192,959
Local Food for Schools Cooperative Grant	15,576			15,576
Summer EBT Administrative Cost Reimbursement	1,501			1,501
Interest and Investment Revenue	1,575	1,926		3,501
Loss on Disposal of Fixed Assets	(1,977)	(223)		(2,200)
Total Nonoperating Revenues	2,079,787	1,703	-	2,081,490
Change in Net Position	(178,283)	(182,018)	3,477	(356,824)
Total Net Position—Beginning, as Reported	1,550,171	950,709		2,500,880
Cumulative Effect of Change in Accounting Principle		(20,783)		(20,783)
Total Net Position—Beginning, as Restated	1,550,171	929,926	-	2,480,097
Total Net Position—Ending	\$ 1,371,888	\$ 747,908	\$ 3,477	\$ 2,123,273

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, 2025

	Business Type Activities - Enterprise Fund			
	Major Funds			
	Food Service Fund	Community School	MHS Print Shop	Totals
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 782,055	\$ 1,445,132	\$ 3,477	\$ 2,230,664
Payments to Suppliers	(2,827,178)	(429,707)		(3,256,885)
Payments to Employees	(75,401)	(1,122,461)		(1,197,862)
Payments for Employee Benefits	(32,704)	(135,144)		(167,848)
Net Cash (Used in) Provided by Operating Activities	<u>(2,153,228)</u>	<u>(242,180)</u>	<u>3,477</u>	<u>(2,391,931)</u>
Cash Flows From Noncapital Finance Activities:				
Federal and State Sources	2,270,143			2,270,143
Net Cash Provided by Noncapital Finance Activities	<u>2,270,143</u>	<u>-</u>	<u>-</u>	<u>2,270,143</u>
Cash Flows From Capital and Related Financing Activities:				
Purchases of Capital Assets	(491,672)	(6,183)		(497,855)
Net Cash (Used in) Capital and Related Financing Activities	<u>(491,672)</u>	<u>(6,183)</u>	<u>-</u>	<u>(497,855)</u>
Cash Flows from Investing Activities:				
Interest and Dividends	1,575	1,926		3,501
Net Cash Provided by Investing Activities	<u>1,575</u>	<u>1,926</u>	<u>-</u>	<u>3,501</u>
Net (Decrease) Increase in Cash and Cash Equivalents	(373,182)	(246,437)	3,477	(616,142)
Balances—Beginning of Year	921,848	1,248,980		2,170,828
Balances—End of Year	<u>\$ 548,666</u>	<u>\$ 1,002,543</u>	<u>\$ 3,477</u>	<u>\$ 1,554,686</u>
Reconciliation of Operating (Loss) Income to Net Cash (Used in) Provided by Operating Activities:				
Operating (Loss) Income	\$ (2,258,070)	\$ (183,721)	\$ 3,477	\$ (2,438,314)
Adjustments to Reconcile Operating (Loss) Income to Net Cash (Used in) Provided by Operating Activities:				
Depreciation	78,003	3,232		81,235
(Increase) in Accounts Receivable, net	(19,812)	(1,399)		(21,211)
(Increase) in Inventory	(17,350)			(17,350)
(Increase) in Prepaid Expenses		(17,338)		(17,338)
(Decrease) in Compensated Absences		(36,555)		(36,555)
Increase in Accounts Payable	65,942	15,246		81,188
(Decrease) in Accrued Salaries		(6,543)		(6,543)
(Decrease) in Unearned Revenue	(1,941)	(15,102)		(17,043)
Total Adjustments	<u>104,842</u>	<u>(58,459)</u>	<u>-</u>	<u>46,383</u>
Net Cash (Used in) Provided by Operating Activities	<u>\$ (2,153,228)</u>	<u>\$ (242,180)</u>	<u>\$ 3,477</u>	<u>\$ (2,391,931)</u>

Noncash Noncapital Related Financing Activities:

The District received \$192,959 of food commodities from the U.S. Department of Agriculture for the year ended June 30, 2025.

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, 2025**

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, 2025 of 5,104 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, 2025**

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. Separate statements for each category – governmental and proprietary – 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, 2025**

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, 2025. 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, the Community School Fund, and the MHS Print Shop Fund. During the 2025 fiscal year, the District established new Enterprise Fund, the MHS Print Shop Fund, to segregate and track the financial activity associated with the print shop services.

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 or 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, 2025**

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, 2025**

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 Statement 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, 2025**

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 2023-2024 and 2024-2025 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 2024-2025 school year based upon the certification of 2023-2024 rates.

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

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, 2025 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, 2025**

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 Statement No. 101, "*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

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 \$60,000 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, 2025.

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, 2025**

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, 2025**

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

T. Recently Issued Accounting Pronouncements (cont'd)

The GASB issued Statement No. 100, “*Accounting Changes and Error Corrections*” in June 2022. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. See Note 23.

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. See Note 23.

The GASB issued Statement No. 102, “*Certain Risk Disclosures*” in January 2024. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for periods beginning after June 15, 2024, all reporting periods thereafter. Management has reviewed the Statement and determined it did not have any impact on the financial statements.

The GASB issued Statement No. 103, “*Financial Reporting Model Improvements*” in April 2024. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. The requirements of this Statement are effective for periods beginning after June 15, 2025, and all reporting periods thereafter. Management has not yet determined the impact of the Statement on the financial statements.

The GASB issued Statement No. 104, “*Disclosures of Certain Capital Assets*” in September 2024. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets including lease assets, intangible right-to-use assets, subscription assets, other intangible assets and assets held for sale. The requirements of this Statement are effective for periods beginning after June 15, 2025, and all reporting periods thereafter. Management has not yet 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.

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

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

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. The District's MHS Print Shop Fund reports operating revenues earned from print shop sales, and operating expenses include the costs resulting from operating the print shop. Revenues earned through the District's participation in the National School Lunch Program are classified as nonoperating revenues, notwithstanding the limitations on the pricing of Type A student lunches that is required for program participation.

W. Accrued Salaries and Wages

The District has accrued at June 30, 2025 \$325,611 and \$33,643 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 2025 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, 2025**

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and equivalents - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts and certificates of deposit with original maturities of less than three months.

Investments are stated at fair value in accordance with Governmental Accounting Standards Board (GASB) Statement No. 72, *"Fair Value Measurement and Application"*. The Board classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments and 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. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. 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 the governmental units.

Deposits - 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, 2025, the book value of the District's cash, cash equivalents and investments is \$42,318,463.

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

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

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	\$ 500,000
Insured - NJGUDPA (N.J.S.A. 17:9-41)	13,706,741
Uninsured	<u>812,251</u>
Total Deposits	<u><u>\$ 15,018,992</u></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, 2025, \$812,251 of the District's bank balance of \$15,018,992 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.

Credit Risk – GASB Statement No. 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.

Investments – New Jersey Statutes permit the District to purchase the following types of securities:

- a. Bonds and other obligations of the United States or obligations guaranteed by the United States
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank, which have a maturity date not greater than twelve months from the date of purchase.
- c. New Jersey Cash Management Fund, New Jersey Asset and Rebate Management Fund and MBIA.

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

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

New Jersey Asset and Rebate Management Fund and New Jersey Cash Management Fund

In order to maximize liquidity, the District utilizes the New Jersey Asset and Rebate Management Fund ("NJARM") and New Jersey Cash Management Fund ("NJCMF").

The NJARM is considered a cash equivalent and is managed by Public Financial Management Company. NJARM allows governments within the state to pool their funds for investment purposes and the Security and Exchange Commission (SEC) does not restrict the pool. Earnings are allocated to all participants based upon shares held in the pool and distributed on the last day of each month. In addition, the fair value of the District's portion of the pool is the same as the value of its shares. Agencies that participate in the NJARM typically earn returns that mirror short-term investments rates. Monies can be freely added or withdrawn from the NJARM on a daily basis without penalty. At June 30, 2025, the District's balance was \$29,632,060.

The NJCMF is considered a cash equivalent and is administered by the State of New Jersey, Department of the Treasury and issues a separate report that can be obtained directly from the Department of the Treasury. It invests pooled monies from various State and non-State agencies in primarily short-term investments. The pooled shares are equal to the value of the District's shares. These investments include: U.S. Treasuries, short-term Commercial Paper, U.S. Agency Bonds, Corporate Bonds, and Certificates of Deposit. Agencies that participate in the NJCMF typically earn returns that mirror short-term investments rates. Monies can be freely added or withdrawn from the NJCMF on a daily basis without penalty. At June 30, 2025, the District had no funds on deposit with the New Jersey Cash Management Fund. All investments in the NJCMF are governed by the regulations of the Investment Council, which prescribes specific standards designed to ensure 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 this 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.

Custodial Credit Risk: Pursuant to GASB Statement No. 40, the NJARM and NJCMF, which is a pooled investment, is exempt from custodial credit risk exposure. The District does not have a policy for custodial credit risk.

Credit Risk: The District does not have an investment policy regarding the management of credit risk. GASB Statement No. 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 investments guaranteed by the U.S. government. The NJARM and NJCMF is not rated by a rating agency.

Concentration of Credit Risk: The District places no limit on the amount the District may invest in any one issuer.

Interest Rate Risk: The District does not have a policy to limit interest rate risk. The average maturity of the District's investments in the NJARM and NJCMF are less than one year and therefore are considered cash equivalents.

All of the District's investments are classified as cash equivalents at June 30, 2025.

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

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, 2025 was as follows:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Governmental Activities:					
Capital Assets That Are Not Being Depreciated:					
Land	\$ 3,331,700				\$ 3,331,700
Construction in Progress	4,103,217	\$ 8,689,578		\$ (4,103,217)	8,689,578
Total Capital Assets Not Being Depreciated	7,434,917	8,689,578	-	(4,103,217)	12,021,278
Capital Assets Being Depreciated:					
Buildings and Building Improvements	82,461,847			4,103,217	86,565,064
Machinery, Equipment, Furniture & Vehicles	19,169,063	2,383,315	\$ (640,177)		20,912,201
Totals at Historical Cost	101,630,910	2,383,315	(640,177)	4,103,217	107,477,265
Less Accumulated Depreciation For:					
Buildings and Building Improvements	(33,692,416)	(1,547,907)			(35,240,323)
Equipment, Furniture, and Vehicles	(11,205,389)	(1,722,296)	639,949		(12,287,736)
Total Accumulated Depreciation	(44,897,805)	(3,270,203)	639,949	-	(47,528,059)
Total Capital Assets Being Depreciated (Net of Accumulated Depreciation)	56,733,105	(886,888)	(228)	4,103,217	59,949,206
Governmental Activities Capital Assets, Net	\$ 64,168,022	\$ 7,802,690	\$ (228)	\$ -	\$ 71,970,484
Business-type Activities					
Equipment	\$ 931,476	\$ 464,453	\$ (86,713)		\$ 1,309,216
Less Accumulated Depreciation for:					
Equipment	(609,536)	(47,833)	84,513		(572,856)
Business-type Activities Capital Assets, Net	\$ 321,940	\$ 416,620	\$ (2,200)	\$ -	\$ 736,360

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 2,910,481
General and Business Administrative Services	359,722
Total Depreciation Expense	<u>\$ 3,270,203</u>

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

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, 2025 was as follows:

	Beginning Balance	Cumulative Effect of Change in Accounting Principle*	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:						
Other Liabilities:						
Financed Purchases Payable	\$ 4,139,943		\$ 4,924,413	\$ 1,905,640	\$ 7,158,716	\$ 1,876,725
Compensated Absences Payable	3,994,608	\$ 8,196,030		499,398	11,691,240	1,169,124
Total Other Liabilities	8,134,551	8,196,030	4,924,413	2,405,038	18,849,956	3,045,849
Subtotal	8,134,551	8,196,030	4,924,413	2,405,038	18,849,956	3,045,849
Net Pension Liability (PERS)	22,242,180			796,248	21,445,932	
Total Liabilities	\$ 30,376,731	\$ 8,196,030	\$ 4,924,413	\$ 3,201,286	\$ 40,295,888	\$ 3,045,849
Business-type Activities						
Enterprise Fund:						
Compensated Absences Payable	\$ 20,872	\$ 20,783		\$ 36,555	\$ 5,100	
Total Liabilities	\$ 20,872	\$ 20,783	\$ -	\$ 36,555	\$ 5,100	\$ -

*See Note 23.

The change in compensated absences is presented as a net change.

For the governmental activities, the liability for financed purchases payable, compensated absences, and the net pension liability are generally liquidated in the general fund.

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, 2025, the District had no bonds outstanding.

B. Bonds Authorized But Not Issued -- As of June 30, 2025, the District had no bonds authorized but not issued.

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 4. LONG TERM LIABILITIES (CONT'D)

C. Financed Purchases Payable –The District has entered into financed purchase agreements with a remaining balance of \$7,158,716 beginning on July 15, 2019. 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, 2025.

Year Ending June 30,	Principal	Interest	Total
2026	\$ 1,876,724	\$ 241,734	\$ 2,118,458
2027	1,690,218	202,220	1,892,438
2028	2,093,869	136,147	2,230,016
2029	1,191,019	62,142	1,253,161
2030	306,886	12,459	319,345
Total	<u>\$ 7,158,716</u>	<u>\$ 654,702</u>	<u>\$ 7,813,418</u>

NOTE 5. PENSION PLANS

Description of Systems – 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. Members are fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on contributions. In the case of death before retirement, members beneficiaries are entitled to full interest credited to the members' accounts.

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

Public Employees' Retirement System - The Public Employees' Retirement System (PERS) was established in January 1955 and the contribution policy, vesting and benefit provisions are set by 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 of New Jersey or any county, municipality, school board or public agency, provided the employee is not a member of another State-administered retirement system or other state pension fund or local jurisdiction's pension fund.

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 5. PENSION PLANS (CONT'D)

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

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. Employee contribution rates for TPAF and PERS are 7.5% of employees' 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 noncontributory death benefits and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

During the year ended June 30, 2025, the State of New Jersey contributed \$22,047,422 to the TPAF for on-behalf pension and post-retirement medical 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 \$3,795,973 during the year ended June 30, 2025 for the employer's share of social security contributions for TPAF members as calculated on their base salaries.

The District's actuarially determined contributions to PERS for each of the years ended June 30, 2025, 2024 and 2023 were \$2,115,479, \$2,137,458, and \$1,989,810, respectively.

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, 2025, the District reported a liability of \$21,445,932 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2023, which was rolled forward to June 30, 2024. 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, 2024, the District's proportion was 0.1578294033%, which was an increase of 0.0042695723% from its proportion measured as of June 30, 2023.

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 5. PENSION PLANS (CONT'D)

For the year ended June 30, 2025, the District recognized full accrual pension benefit of \$1,131,469 in the government-wide financial statements. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Difference between expected and actual experience	\$ 429,602	\$ 57,095
Change in assumptions	26,643	244,005
Net difference between projected and actual investment earnings on pension plan investments		994,389
Change in proportion	1,348,903	57,801
District contributions subsequent to the measurement date	<u>2,200,760</u>	
Total	<u>\$ 4,005,908</u>	<u>\$ 1,353,290</u>

\$2,200,760 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.

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>	
2026	\$ (432,220)
2027	1,067,602
2028	(115,036)
2029	(85,240)
2030	<u>16,752</u>
	<u>\$ 451,858</u>

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 5. PENSION PLANS (CONT'D)

Additional Information

Actuarial Assumptions

The collective total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. 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%

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

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 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

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, 2024) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 5. PENSION PLANS (CONT'D)

Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2024 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	28.00%	8.63%
Non-U.S. Developed Market Equity	12.75%	8.85%
International Small Cap Equity	1.25%	8.85%
Emerging Market Equity	5.50%	10.66%
Private Equity	13.00%	12.40%
Real Estate	8.00%	10.95%
Real Assets	3.00%	8.20%
High Yield	4.50%	6.74%
Private Credit	8.00%	8.90%
Investment Grade Credit	7.00%	5.37%
Cash Equivalents	2.00%	3.57%
U.S. Treasuries	4.00%	3.57%
Risk Mitigation Strategies	3.00%	7.10%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liabilities of PERS was 7.00% as of June 30, 2024. 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.

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, 2023, 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:

	<u>At 1% decrease (6.00%)</u>	<u>At current discount rate (7.00%)</u>	<u>At 1% increase (8.00%)</u>
District's proportionate share of the net pension liability (Local)	\$ 28,496,370	\$ 21,445,932	\$ 15,446,047

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 5. PENSION PLANS (CONT'D)

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, 2024 are as follows:

Deferred outflows of resources	\$ 1,079,580,780
Deferred inflows of resources	1,611,322,898
Net pension liability	13,702,423,985
District's proportion	0.1578294033%

Collective pension benefit for the local group for the measurement period ended June 30, 2024 is \$79,181,803.

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 July 1, 2024, 2023, 2022, 2021, 2020 and 2019 is 5.08, 5.08, 5.04, 5.13, 5.16 and 5.21 years, respectively.

Special Funding Situation

A special funding situation exists for certain local participating employers in the PERS. The State of New Jersey, a non-employer contributing entity, is required to pay the additional costs incurred by local employers under Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001. The June 30, 2024 State special funding situation net pension liability amount of \$114.3 million is the accumulated difference between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The special funding situation for Chapter 133, P.L. 2001 is due to the State paying the additional normal cost related to benefit improvements from Chapter 133.

Previously, this additional normal cost was paid from the Benefit Enhancement Fund (BEF). As of June 30, 2024, there was no net pension liability associated with this special funding situation there was no accumulated difference between the annual additional normal cost under the special funding situation and the actual State contribution through the valuation date. The State special funding situation pension expense of \$53.7 million, for the fiscal year ending June 30, 2024, is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2024. The pension expense is deemed to be a State administrative expense due to the special funding situation.

The District's expense and related revenue pertaining to the special funding situation is \$69,142.

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

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 non-employer 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 non-employer 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, 2024 was \$195,385,078. The District's proportionate share was \$0. For fiscal year 2024, the State's pension contribution was more than the actuarial determined amount.

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. 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 relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2024, the State's proportionate share of the TPAF net pension liability associated with the District was 0.3953154411 percent, which was a decrease of 0.0111446416 from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the District recognized on-behalf pension benefit and revenue in the government-wide financial statements of \$712,735 for contributions incurred by the State.

Actuarial Assumptions

The total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. 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, 2025**

NOTE 5. PENSION PLANS (CONT'D)

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

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, 2024) 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, 2024 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	28.00%	8.63%
Non-U.S. Developed Market Equity	12.75%	8.85%
International Small Cap Equity	1.25%	8.85%
Emerging Market Equity	5.50%	10.66%
Private Equity	13.00%	12.40%
Real Estate	8.00%	10.95%
Real Assets	3.00%	8.20%
High Yield	4.50%	6.74%
Private Credit	8.00%	8.90%
Investment Grade Credit	7.00%	5.37%
Cash Equivalents	2.00%	3.57%
U.S. Treasuries	4.00%	3.57%
Risk Mitigation Strategies	3.00%	7.10%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. 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, 2025**

NOTE 5. PENSION PLANS (CONT'D)

Sensitivity of the State's proportionate share of the net pension liability associated with the District to changes in the discount rate

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2024 calculated using the discount rate as disclosed above as well as what the State's proportionate share of the net pension liability associated with the District would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	At 1% decrease (6.00%)	At current discount rate (7.00%)	At 1% increase (8.00%)
District's proportionate share of the net pension liability	\$ 232,242,825	\$ 195,385,078	\$ 164,343,887

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, 2024 are as follows:

Deferred outflows of resources	\$ 1,178,433,819
Deferred inflows of resources	10,615,423,132
Net pension liability	49,492,072,325
District's proportion	0.3953154411%

Collective pension benefit for the plan for the measurement period ended June 30, 2024 is \$148,167,647.

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 July 1, 2024, 2023, 2022, 2021, 2020, 2019, 2018 and 2017 is 7.84, 7.93, 7.83, 7.93, 8.04, 8.29, 8.29 and 8.23 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.

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, 2025**

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, 2025, the District's total payroll for all employees was \$78,299,353. Total DCRP covered payroll was \$2,735,167. 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, 2025 were \$82,055 and \$150,434.

NOTE 6. POST-RETIREMENT BENEFITS

General Information about the OPEB Plan

State Health Benefit State Retired Employee Plan

The State Health Benefits Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. Accordingly, per N.J.S.A. 52:14-17-32.f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 or more years of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for post medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage 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.

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 required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. The Fiscal Year 2022 State OPEB liability to provide these benefits was \$88.9 billion, a decrease of \$12.7 billion, or 12.5 percent from the \$101.6 billion liability recorded in Fiscal Year 2021. Additional information on Pensions and OPEB can be accessed on the Division of Pensions & Benefits Financial Reports webpage: <http://www.state.nj.us/treasury/pensions/financialreports.shtml>.

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

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

Employees covered by benefit terms

The following employees were covered by the benefit terms:

<u>Local Education</u>	June 30, <u>2024</u>
Active Plan Members	219,185
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	153,556
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	<u>-</u>
Total Plan Members	<u>372,741</u>

Actuarial Assumptions and Other Inputs:

The total non-employer OPEB liability as of June 30, 2024 was determined by an actuarial valuation as of June 30, 2023 that was rolled forward to June 30, 2024. 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:

	<u>TPAF</u>	<u>PERS</u>
Salary Increases:	2.75-5.65%	2.75-6.55%
	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.

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of the actual experience studies for the periods July 1, 2018 to June 30, 2021. 100% of active members are considered to participate in the Plan upon retirement.

Discount Rate:

The discount rate used to measure the total OPEB liability was 3.93%. 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.

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

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

Healthcare Trend Assumptions:

For pre-Medicare medical benefits, the trend rate is initially 7.50% and decreases to a 4.50% long-term trend rate after seven years. For post-65 medical benefits PPO, the trend is increasing to 19.36% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For HMO, the trend is increasing to 22.80% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For prescription drug benefits, the initial trend rate is 12.25% and decreases to a 4.50% long-term trend rate after nine years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

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, 2024 were as follows:

	<u>District Allocation</u>
Non-employer OPEB Liability Balance - June 30, 2023	\$ 203,057,457
Changes During the Current Year:	
Service Cost	8,450,808
Interest on the Total OPEB Liability	7,718,574
Difference between Expected and Actual Experiences	3,405,248
Changes in Assumption	17,542,332
Gross Benefit Payments	(5,894,800)
Employee Contributions	<u>201,844</u>
Net Changes	<u>31,424,006</u>
Non-employer OPEB Liability Balance - June 30, 2024	<u>\$ 234,481,463</u>

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, 2024, 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>(2.93%)</u>	At Discount Rate <u>(3.93%)</u>	1% Increase <u>(4.93%)</u>
Total Non-employer OPEB Liability (New Jersey LEA Retirees)	\$ 69,863,663,542	\$ 59,650,630,530	\$ 51,437,232,141
District's proportionate share of the OPEB liability	\$ 274,628,011	\$ 234,481,463	\$ 202,195,305

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

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

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

The following presents the total non-employer OPEB liability as of June 30, 2024 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:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Total Non-employer OPEB Liability (New Jersey LEA Retirees)	\$ 49,689,409,509	\$ 59,650,630,530	\$ 72,625,778,279
District's proportionate share of the OPEB liability	\$ 195,324,766	\$ 234,481,463	\$ 285,485,645

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

For the year ended June 30, 2024, the District recognized on-behalf OPEB expense and revenue in the government-wide financial statements of \$9,080,935 for OPEB expenses incurred by the State.

Additional Information:

Collective balances of the SHBLEREP at June 30, 2024 were as follows:

Deferred Outflows of Resources	\$ 18,640,445,786
Deferred Inflows of Resources	25,058,850,175
State's Total Non-employer OPEB Liability	1,999,742,665

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 liability for compensated absences represents the vacation and sick time ("leave"/"leave days") and salary related payments which have been earned for services previously rendered by employees in accordance with the District's various collective bargaining agreements, accumulates, is allowed to be carried over to subsequent year(s) and is deemed more likely than not (by management) to be used for time off or otherwise paid/settled in the future. The liability is calculated based on each employee's rate of pay and the number of unused leave days accumulated as of year-end, management's assumption that likelihood of future use (either by use during employment or settlement/payment upon separation from service) is probable, and the salary-related payments that are directly and incrementally associated with payments for the leave. The District utilizes historical data of past usage patterns to estimate the expected usage and payment of compensated absences. The liability for compensated absences is reflected in the government-wide financial statements as current and long-term liabilities. In the governmental fund financial statements, only the compensated absences liability that has matured through employee resignation or retirement and is expected to be payable from expendable available financial resources is reported. The liability for compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. The financial reporting of these amounts are presented in accordance with provisions of GASB Statement No. 101, "Compensated Absences".

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 7. COMPENSATED ABSENCES (CONT'D)

As of June 30, 2025, a liability existed for compensated absences in the government-wide financial statements in the amount of \$11,691,240 and a liability in the proprietary fund types in the amount of \$5,100.

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

NOTE 9. RESERVE ACCOUNTS

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, 2024 to June 30, 2025 fiscal year is as follows:

Beginning balance, July 1, 2024	\$ 6,251,631
Board Resolution	1,000,000
Interest Earnings	<u>116,158</u>
Total Deposits	<u>1,116,158</u>
Withdrawal	
Transferred to Capital Projects Fund	3,101,060
Capital Outlay - Withdrawal	<u>798,783</u>
Total Withdrawals	<u>3,899,843</u>
Ending balance, June 30, 2025	<u>\$ 3,467,946</u>

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 9. RESERVE ACCOUNTS (CONT'D)

The June 30, 2025 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.

Maintenance Reserve Account

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, 2024 to June 30, 2025 fiscal year is as follows:

Beginning balance, July 1, 2024	\$ 5,221,629
Interest Earnings	<u>244,399</u>
	5,466,028
Withdrawal	<u>1,000,000</u>
Ending balance, June 30, 2025	<u>\$ 4,466,028</u>

Unemployment Reserve Account

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, 2024 to June 30, 2025 fiscal year is as follows:

Beginning balance, July 1, 2024	\$ 2,096,968
Interest Earnings	<u>3,392</u>
Ending balance, June 30, 2025	<u>\$ 2,100,360</u>

NOTE 10. TRANSFERS

During the year ending June 30, 2025, the District transferred \$3,101,060 to the Capital Projects Fund. There were \$399,679 of MHS Roof project, \$329,400 of FMS HVAC project, \$2,137,983 of MHS Culinary Arts Lab improvement, \$73,200 of Harter Road Turf project, \$547,100 of FMS Elevator Replacement, \$436,044 of NP Fire Alarm Upgrade, and \$573,830 of AV Fire Alarm Upgrade. There were refunds of unspent amounts for \$1,396,176. The District transferred \$890,301 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, 2025, 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, 2025, 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, 2025**

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. The District's withholdings are recorded in the Unemployment Compensation Reserve in the General Fund.

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

There were no interfund balances remaining on the balance sheet at June 30, 2025.

NOTE 14. INVENTORY

Inventory in the Food Service Fund at June 30, 2025 consisted of the following:

Food	\$ 10,942
Supplies	<u>6,408</u>
Total	<u>\$ 17,350</u>

NOTE 15. FUND BALANCE APPROPRIATED

General Fund (B-1) - Of the \$30,108,620 General Fund balance at June 30, 2025, \$12,773,746 is restricted as excess surplus in accordance with N.J.S.A. 18A:7F-7, \$3,467,946 has been restricted in the Capital Reserve Account; \$4,466,028 is restricted for the Maintenance Reserve Account; \$2,100,360 is restricted for Unemployment Reserve Account; \$2,321,499 has been assigned and included as anticipated revenue for the year ending June 30, 2026; \$3,422,167 is unassigned and \$1,556,874 has been assigned as Reserve for Encumbrances.

Special Revenue Fund (B-1) – Of the \$376,322 Special Revenue Fund balance at June 30, 2025, \$287,290 is restricted for student activities and \$89,032 is restricted for scholarships.

Capital Projects Fund (B-1) - The fund balance at June 30, 2025 is \$8,852,707. The entire amount of \$8,852,707 is restricted for future capital projects.

NOTE 16. DEFICIT FUND BALANCES

The District did not have any deficit fund balances at June 30, 2025 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.

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

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, 2025 is \$12,773,746. Of this amount, \$7,251,448 has been appropriated in the 2025-26 budget and the remaining \$5,522,298 is required to be appropriated in the 2026-27 budget.

NOTE 19. 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 2025 User Friendly Budget for Morris Township recognized revenue of \$10,000 from the annual service charge in lieu of payment of taxes in 2024 and taxes in 2024 that otherwise would have been due on these long-term tax exemptions amounted to \$677,105, based upon the assessed valuations of the long-term tax exemptions properties. A portion of the \$677,105 abatement would have been allocated to the District. The 2025 User Friendly Budget for the Town of Morristown recognized revenue of \$2,499,998 from the annual service charge in lieu of payment of taxes in 2024 and taxes in 2024 that otherwise would have been due on these long-term tax exemptions amounted to \$3,849,674, based upon the assessed valuations of the long-term tax exemptions properties.

NOTE 20. 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.

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 21. COMMITMENTS

The District has contractual commitments at June 30, 2025 to various vendors, which are recorded in the General Fund as fund balance assigned to other purposes in the amount of \$1,556,874 and in the Capital Projects Fund as restricted for capital projects in the amount of \$7,445,329.

NOTE 22. NET POSITION – NET INVESTMENT IN CAPITAL ASSETS

Net investment in capital assets, Governmental Activities, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. The net investment in capital assets of \$64,811,769 indicated as part of the Governmental Activities net position is calculated as follows:

Capital Assets, Net of Depreciation	\$ 71,970,484
Financed Purchases Payable	<u>(7,158,716)</u>
Total Net Investment in Capital Assets	<u>\$ 64,811,768</u>

NOTE 23. CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION

Effective for the year ended June 30, 2025, the District implemented the provisions of GASB Statement No. 101, “*Compensated Absences*”. This statement establishes new recognition and measurement criteria for compensated absences, requiring governments to recognize a liability for certain types of compensated absences when the leave is earned, rather than when it is paid.

In accordance with GASB Statement No. 100, “*Accounting Changes and Error Corrections*”, the provisions of GASB Statement No. 101 were adopted effective July 1, 2024. As a result, the compensated absences liability was restated as of June 30, 2024, and the cumulative effect of the change of (\$8,196,030) and (\$20,783) were recognized in the 2024 governmental activities and business-type activities change in net position, respectively.

NOTE 24. SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2025 and December 4, 2025, the date the financial statements were available for issuance. The effect of those events and transactions that provide additional pertinent information about conditions that existed at the balance sheet and statement of net position date, have been recognized in the accompanying financial statements.

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, 2025

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	\$ 103,822,558		\$ 103,822,558	\$ 103,822,558	
Tuition from Other LEAs within the State	4,043,126		4,043,126	3,746,071	\$ (297,055)
Transportation Fees from Other LEAs	412,363		412,363	723,995	311,632
Maintenance Reserve Interest	18,000		18,000	244,399	226,399
Capital Reserve Interest	100,000		100,000	116,158	16,158
Interest Income	750,000		750,000	1,220,911	470,911
Miscellaneous	120,500		120,500	247,578	127,078
Other Restricted Miscellaneous Revenues				3,392	3,392
Total - Local Sources	<u>109,266,547</u>	<u>-</u>	<u>109,266,547</u>	<u>110,125,062</u>	<u>858,515</u>
State Sources:					
School Choice Aid	267,568		267,568	267,568	
Categorical Special Education Aid	5,913,590		5,913,590	5,913,590	
Categorical Security Aid	1,683,122		1,683,122	1,683,122	
Adjustment Aid	218,451		218,451	218,451	
Categorical Transportation Aid	2,091,300		2,091,300	2,091,300	
Extraordinary Aid				2,674,646	2,674,646
Nonpublic School Transportation Aid				178,709	178,709
State Reimbursement for Lead Testing of Drinking Water				2,617	2,617
State Reimbursement for Menstrual Products				11,964	11,964
On-Behalf TPAF Pension					
Contributions - Not Budgeted				17,055,344	17,055,344
On-Behalf Post Retirement Medical					
Contributions - Not Budgeted				4,983,585	4,983,585
On-Behalf Long-Term Disability Insurance					
Contributions - Not Budgeted				8,493	8,493
On-Behalf TPAF Social Security					
Contributions - Not Budgeted				3,795,973	3,795,973
Total - State Sources	<u>10,174,031</u>	<u>-</u>	<u>10,174,031</u>	<u>38,885,362</u>	<u>28,711,331</u>
Federal Sources:					
Medical Reimbursements	191,999		191,999	59,733	(132,266)
E Rate Reimbursement	450,000		450,000	372,195	(77,805)
Total - Federal Sources	<u>641,999</u>	<u>-</u>	<u>641,999</u>	<u>431,928</u>	<u>(210,071)</u>
Total Revenues	<u>120,082,577</u>	<u>-</u>	<u>120,082,577</u>	<u>149,442,352</u>	<u>29,359,775</u>

MORRIS SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
BUDGETARY BASIS
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	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FINAL TO ACTUAL</u>
EXPENDITURES:					
Current Expense:					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool/Kindergarten	\$ 1,562,168	\$ 171,036	\$ 1,733,204	\$ 1,712,213	\$ 20,991
Grades 1 - 5	10,248,222	(125,454)	10,122,768	10,084,286	38,482
Grades 6 - 8	7,139,687	(394,480)	6,745,207	6,698,680	46,527
Grades 9 -12	9,717,959	161,668	9,879,627	9,834,370	45,257
Home Instruction - Regular Programs					
Salaries of Teachers	110,000	(86,623)	23,377	17,349	6,028
Other Salaries for Instruction	10,000	(6,329)	3,671		3,671
Purchased Professional/Educational Services	162,000	58,783	220,783	185,240	35,543
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	416,995	90,117	507,112	496,695	10,417
Purchased Professional/Educational Services	192,710	25,624	218,334	218,086	248
Purchased Technical Services	68,057	(7,536)	60,521	57,083	3,438
Other Purchased Services	1,018,987	13,845	1,032,832	950,691	82,141
General Supplies	1,538,267	2,330,747	3,869,014	1,796,615	2,072,399
Textbooks	115,200	70,432	185,632	182,231	3,401
Other Objects	11,750	(10,355)	1,395	770	625
Total Instruction - Regular Programs	<u>32,312,002</u>	<u>2,291,475</u>	<u>34,603,477</u>	<u>32,234,309</u>	<u>2,369,168</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.):					
Current Expense (Cont'd.):					
Special Education					
Learning and/or Language Disabilities - Mild/Moderate					
Salaries of Teachers	\$ 346,690	\$ (2,873)	\$ 343,817	\$ 340,176	\$ 3,641
Other Salaries for Instruction	296,940	(67,434)	229,506	214,712	14,794
General Supplies	6,000	(200)	5,800	3,332	2,468
Total Learning and/or Language Disabilities - Mild/Moderate	649,630	(70,507)	579,123	558,220	20,903
Learning and/or Language Disabilities - Severe					
Salaries of Teachers	264,470	(66,572)	197,898	197,724	174
Other Salaries for Instruction	355,539	(165,796)	189,743	184,017	5,726
General Supplies	3,000		3,000	975	2,025
Total Learning and/or Language Disabilities - Severe	623,009	(232,368)	390,641	382,716	7,925
Multiple Disabilities					
Salaries of Teachers	704,191	138,656	842,847	839,260	3,587
Other Salaries for Instruction	1,276,126	68,935	1,345,061	1,311,968	33,093
General Supplies	23,300	17,344	40,644	23,326	17,318
Other Objects		2,656	2,656	2,647	9
Total Multiple Disabilities	2,003,617	227,591	2,231,208	2,177,201	54,007
Resource Room/Resource Center					
Salaries of Teachers	5,482,961	235,451	5,718,412	5,702,666	15,746
Other Salaries for Instruction	520	(520)			
General Supplies	30,303	(778)	29,525	10,583	18,942
Total Resource Room/Resource Center	5,513,784	234,153	5,747,937	5,713,249	34,688
Autism					
Salaries of Teachers	469,055	28,924	497,979	469,046	28,933
Other Salaries for Instruction	799,256	(135,035)	664,221	655,105	9,116
General Supplies	9,500		9,500	8,854	646
Total Autism	1,277,811	(106,111)	1,171,700	1,133,005	38,695
Preschool Disabilities-Full Time					
Salaries of Teachers	164,740	37,334	202,074	200,100	1,974
Other Salaries for Instruction	433,747	(19,567)	414,180	412,810	1,370
Purchased Professional Educational Services	1,400		1,400		1,400
Purchased Technical Services	900		900		900
Other Purchased Services	1,000		1,000		1,000
General Supplies	10,000		10,000	6,018	3,982
Other Objects	3,850		3,850	1,424	2,426
Total Preschool Disabilities-Full Time	615,637	17,767	633,404	620,352	13,052
Total Special Education	10,683,488	70,525	10,754,013	10,584,743	169,270

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	\$ 305,207	\$ 3,754	\$ 308,961	\$ 307,209	\$ 1,752
General Supplies	1,125		1,125	961	164
Total Basic Skills/Remedial	306,332	3,754	310,086	308,170	1,916
Bilingual Education					
Salaries of Teachers	2,630,620	(40,933)	2,589,687	2,581,017	8,670
Purchased Professional-Educational Services	6,100	(943)	5,157	1,663	3,494
Purchased Technical Services	57,600	8,288	65,888	65,888	
Other Purchased Services	2,000	(500)	1,500		1,500
General Supplies	79,283	(19,390)	59,893	40,796	19,097
Other Objects	500	205	705	705	
Total Bilingual Education	2,776,103	(53,273)	2,722,830	2,690,069	32,761
School-Sponsored Cocurricular/Extra Activities					
Salaries	359,176	8,228	367,404	364,847	2,557
Purchased Services	11,800	9,281	21,081	21,081	
Supplies and Materials	16,700	33,949	50,649	9,025	41,624
Other Objects	11,050	2,530	13,580	13,580	
Total School-Sponsored Cocurricular/Extra Activities	398,726	53,988	452,714	408,533	44,181
School-Sponsored Athletics					
Salaries	1,148,311	43,842	1,192,153	1,180,064	12,089
Purchased Services	138,471	44,416	182,887	180,907	1,980
Supplies and Materials	147,350	(19,575)	127,775	124,673	3,102
Other Objects	96,050	754	96,804	96,804	
Total School-Sponsored Athletics	1,530,182	69,437	1,599,619	1,582,448	17,171
Before/After School Programs					
Salaries of Teachers	61,936	(30,000)	31,936	15,638	16,298
Total Before/After School Programs	61,936	(30,000)	31,936	15,638	16,298
Total Instruction	48,068,769	2,405,906	50,474,675	47,823,910	2,650,765

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.):					
Undistributed Expenditures:					
Instruction					
Tuition to Other LEA's Within the State-Regular	\$ 16,000		\$ 16,000	\$ 3,502	\$ 12,498
Tuition to Other LEA's Within the State-Special	1,267,352	\$ (20,000)	1,247,352	546,951	700,401
Tuition to County Vocational School Regular	454,210		454,210	421,235	32,975
Tuition to County Vocational School - Special	22,317		22,317	7,107	15,210
Tuition to CSSD and Reg Day Schools	295,705	50,899	346,604	264,618	81,986
Tuition to Private School Disabled Within the State	4,763,748	(105,786)	4,657,962	4,236,217	421,745
Tuition to Private School Disabled Other LEAs-Special	66,000		66,000	66,000	
Tuition - State Facilities	83,794		83,794	83,794	
Tuition - Other	135,548		135,548	89,105	46,443
Total Undistributed Expenditures - Instruction	7,104,674	(74,887)	7,029,787	5,718,529	1,311,258
Attendance and Social Work					
Salaries	99,635	392	100,027	100,027	
Total Attendance and Social Work	99,635	392	100,027	100,027	-
Health Services					
Salaries	1,159,475	(54,482)	1,104,993	1,074,920	30,073
Purchased Professional/Technical Services	339,524	100	339,624	259,112	80,512
Other Purchased Services	1,345	934	2,279	974	1,305
Supplies and Materials	25,858	(5,081)	20,777	12,349	8,428
Supplies - Menstrual Products		11,964	11,964	11,964	
Total Health Services	1,526,202	(46,565)	1,479,637	1,359,319	120,318
Speech, OT, PT and Related Services					
Salaries	1,537,426	(63,360)	1,474,066	1,433,122	40,944
Purchased Professional - Educational Services	1,001,847	5,848	1,007,695	749,352	258,343
Supplies and Materials	81,912	(6,498)	75,414	50,854	24,560
Total Speech, OT, PT and Related Services	2,621,185	(64,010)	2,557,175	2,233,328	323,847

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.):					
Other Support Services Student-Extra Services					
Salaries	\$ 557,846	\$ (4,156)	\$ 553,690	\$ 485,179	\$ 68,511
Total Other Support Services Student - Extra Services	557,846	(4,156)	553,690	485,179	68,511
Undistributed Expenditures - Guidance					
Salaries of Other Professional Staff	2,456,201	(61,071)	2,395,130	2,318,537	76,593
Salaries of Secretarial and Clerical Assistants	222,070	(47,497)	174,573	173,425	1,148
Clerical Vacation Pay		7,599	7,599	7,599	
Purchased Professional - Educational Services	202,512	188	202,700	189,457	13,243
Other Purchased Professional and Technical Services	15,045	1,450	16,495	16,384	111
Travel	1,950	(1,758)	192	192	
Supplies and Materials	16,600	20,637	37,237	17,605	19,632
Other Objects	350	(20)	330	330	
Total Guidance	2,914,728	(80,472)	2,834,256	2,723,529	110,727
Undistributed Expenditures - Child Study Teams					
Salaries of Other Professional Staff	2,682,529	31,976	2,714,505	2,688,695	25,810
Salaries of Secretarial and Clerical Assistants	272,869	(54,507)	218,362	206,316	12,046
Unused Vacation Payment to Terminated/Retired Staff		8,936	8,936	8,936	
Other Purchased Professional and Technical Services	169,616	15,000	184,616	113,415	71,201
Other Purchased Services	10,022		10,022	1,668	8,354
Supplies and Materials	47,482	2,750	50,232	36,830	13,402
Other Objects	5,250	5,277	10,527	7,846	2,681
Total Child Study Teams	3,187,768	9,432	3,197,200	3,063,706	133,494

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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	\$ 682,802	\$ 94,838	\$ 777,640	\$ 766,208	\$ 11,432
Salaries of Secretarial and Clerical Staff	44,088	(239)	43,849	43,849	
Purchased Professional - Educational Services	2,900	33,312	36,212	36,141	71
Other Purchased Professional and Technical Services	180,501	197,573	378,074	377,952	122
Other Purchased Services	10,392	(4,275)	6,117	3,374	2,743
Supplies and Materials	34,000	(32,500)	1,500	1,191	309
Other Objects	6,000	(1,430)	4,570	3,899	671
Total Improvement of Instruction Services	<u>960,683</u>	<u>287,279</u>	<u>1,247,962</u>	<u>1,232,614</u>	<u>15,348</u>
Undistributed Expenditures:					
Educational Media Services/School Library					
Salaries	1,100,321	(141,520)	958,801	927,897	30,904
Salaries of Technology Coordinators	728,553	(34,000)	694,553	680,570	13,983
Unused Vacation Payment to Terminated/Retired Staff		21,400	21,400	21,400	
Purchased Professional/Technical Services	61,613	447	62,060	38,288	23,772
Other Purchased Services	3,034	(1,925)	1,109	1,009	100
Supplies and Materials	47,400	(5,004)	42,396	39,051	3,345
Other Objects	2,000	348	2,348	2,348	
Total Educational Media Services/School Library	<u>1,942,921</u>	<u>(160,254)</u>	<u>1,782,667</u>	<u>1,710,563</u>	<u>72,104</u>
Instructional Staff Training Services					
Salaries of Other Professional Staff	60,000	(32,000)	28,000	28,000	
Salaries of Secretarial and Clerical Staff	14,523	94	14,617	14,617	
Purchased Professional/Educational Services	28,070	(5,926)	22,144	17,860	4,284
Other Purchased Services		225	225	225	
Supplies and Materials	6,000	(5,225)	775	128	647
Total Instructional Staff Training Services	<u>108,593</u>	<u>(42,832)</u>	<u>65,761</u>	<u>60,830</u>	<u>4,931</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	\$ 355,356	\$ 956	\$ 356,312	\$ 356,311	\$ 1
Legal Services	281,000	(10,000)	271,000	210,244	60,756
Audit Fees	50,300	1,334	51,634	51,634	
Other Purchased Professional Services	111,250	59,959	171,209	133,196	38,013
Purchased Technical Services	21,000	18,605	39,605	23,870	15,735
Communications/Telephone	920,178	(66,493)	853,685	810,613	43,072
BOE Other Purchased Services	3,500		3,500	937	2,563
Miscellaneous Purchased Services	287,031	(10,290)	276,741	264,632	12,109
General Supplies	20,000	1,564	21,564	21,449	115
BOE In-House Training/Meeting Supplies	10,500	5,226	15,726	14,852	874
Miscellaneous Expenditures	11,460	(2,214)	9,246	9,051	195
BOE Membership Dues and Fees	32,500		32,500	27,739	4,761
Total Support Services General Administration	<u>2,104,075</u>	<u>(1,353)</u>	<u>2,102,722</u>	<u>1,924,528</u>	<u>178,194</u>
Support Services School Administration					
Salaries of Principals/Assistant Principals	3,020,309	92,930	3,113,239	3,100,136	13,103
Salaries of Other Professional Staff	472,666	36,727	509,393	507,540	1,853
Salaries of Secretarial and Clerical Assistants	866,940	(19,822)	847,118	847,115	3
Unused Vacation Payment to Terminated/Retired Staff		74,574	74,574	74,574	
Purchased Professional Technical Services	21,663	10,220	31,883	29,919	1,964
Other Purchased Services	43,304	(17,542)	25,762	8,336	17,426
Supplies and Materials	42,752	14,770	57,522	37,594	19,928
Other Objects	14,498	2,994	17,492	14,103	3,389
Total Support Services School Administration	<u>4,482,132</u>	<u>194,851</u>	<u>4,676,983</u>	<u>4,619,317</u>	<u>57,666</u>
Central Services					
Salaries	1,566,747	(22,505)	1,544,242	1,541,122	3,120
Unused Vacation Payment to Terminated/Retired Staff		33,138	33,138	33,138	
Purchased Professional Services	31,075	2,135	33,210	23,965	9,245
Purchased Technical Services	50,082	66,927	117,009	96,725	20,284
Miscellaneous Purchased Services	312,806	(14,630)	298,176	288,300	9,876
Supplies and Materials	21,000	28,940	49,940	49,520	420
Interest on Lease Purchase Agreements	166,500	(113,000)	53,500	3,867	49,633
Miscellaneous Expenditures	20,325	565	20,890	18,726	2,164
Total Central Services	<u>2,168,535</u>	<u>(18,430)</u>	<u>2,150,105</u>	<u>2,055,363</u>	<u>94,742</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:					
Administrative Information Technology					
Salaries	\$ 255,564	\$ 24,483	\$ 280,047	\$ 280,046	\$ 1
Purchased Professional Services	11,450	5,627	17,077	17,077	
Purchased Technical Services	258,340	94,309	352,649	339,796	12,853
Other Purchased Services	13,000	(12,322)	678	362	316
Supplies and Materials	15,000	(11,926)	3,074	2,424	650
Other Objects	2,700	(598)	2,102	2,102	
Total Administrative Information Technology	<u>556,054</u>	<u>99,573</u>	<u>655,627</u>	<u>641,807</u>	<u>13,820</u>
Required Maintenance For School Facilities					
Salaries	644,565	152,719	797,284	794,170	3,114
Cleaning, Repair and Maintenance Services	1,958,803	64,744	2,023,547	1,757,569	265,978
General Supplies	360,900	24,369	385,269	356,219	29,050
Other Objects	12,440	(2,775)	9,665	8,520	1,145
Total Required Maintenance For School Facilities	<u>2,976,708</u>	<u>239,057</u>	<u>3,215,765</u>	<u>2,916,478</u>	<u>299,287</u>
Custodial Services					
Salaries	3,225,358	(178,575)	3,046,783	2,988,276	58,507
Salaries of Non-Instructional Aides	337,837	30,000	367,837	336,215	31,622
Unused Vacation Payment to Terminated/Retired Staff		776	776	776	
Purchased Professional and Technical Services	226,629	39,521	266,150	255,092	11,058
Cleaning, Repair and Maintenance Services	227,500	(2,200)	225,300	222,915	2,385
Other Purchased Property Services	264,000	(10,322)	253,678	241,768	11,910
Insurance	706,314	19,785	726,099	709,055	17,044
Miscellaneous Purchased Services	4,000	(2,000)	2,000	1,536	464
General Supplies	403,760	52,591	456,351	455,494	857
Energy (Natural Gas)	657,000	(148,824)	508,176	456,554	51,622
Energy (Electricity)	1,038,000	(112,460)	925,540	897,114	28,426
Energy (Gasoline)	34,000	(2,985)	31,015	24,996	6,019
Other Objects	30,400	3,125	33,525	33,312	213
Total Custodial Services	<u>7,154,798</u>	<u>(311,568)</u>	<u>6,843,230</u>	<u>6,623,103</u>	<u>220,127</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.):					
Care and Upkeep of Grounds					
Salaries	\$ 559,646	\$ 59,741	\$ 619,387	\$ 618,411	\$ 976
Unused Vacation Payment to Terminated/Retired Staff		7,867	7,867	7,867	
Cleaning, Repair and Maintenance Services	92,784	65,050	157,834	157,709	125
General Supplies	67,780	7,474	75,254	74,457	797
Total Care and Upkeep of Grounds	720,210	140,132	860,342	858,444	1,898
Security					
Salaries	905,293	25,600	930,893	917,282	13,611
Unused Vacation Payment to Terminated/Retired Staff		13,626	13,626	13,626	
Purchased Professional and Technical Services	608,000	165,423	773,423	765,011	8,412
Cleaning, Repair and Maintenance Services					
Travel	1,500		1,500		1,500
General Supplies	56,500	(3,448)	53,052	38,924	14,128
Other Objects		75	75	75	
Total Security	1,571,293	201,276	1,772,569	1,734,918	37,651
Total Maintenance and Custodial Services	12,423,009	268,897	12,691,906	12,132,943	558,963
Student Transportation Services					
Salaries for Pupil Transportation					
(Between Home and School) - Regular	3,218,841	126,703	3,345,544	3,345,544	
Salaries for Pupil Transportation					
(Between Home and School) - Special	1,283,734	(60,961)	1,222,773	1,209,948	12,825
Salaries for Pupil Transportation					
(Other than Between Home and School)	507,750	482,931	990,681	990,681	
Unused Vacation Payment to Terminated/Retired Staff		3,361	3,361	3,361	
Management Fee - ESC Transportation Program	157,400		157,400	134,635	22,765
Other Purchased Professional/Technical Services	51,006	134,515	185,521	58,453	127,068
Cleaning, Repair, and Maintenance Services	82,418	22,726	105,144	90,653	14,491
Lease Purchase Payments - School Buses	1,089,968		1,089,968	1,089,968	
Contracted Services - Aid in Lieu of Payments	400,000		400,000	325,058	74,942
Contracted Services (Between Home and School) - Vendors		20,271	20,271	18,521	1,750
Contracted Services (Other than Between Home and School) - Vendors	86,000	(1,200)	84,800		84,800
Contracted Services (Special Education Students) - Vendors	84,721		84,721	60,908	23,813
Contracted Services (Regular Students) ESCs	322,000	224,500	546,500	528,999	17,501
Contracted Services (Special Education Students) ESCs	3,366,000	(384,974)	2,981,026	2,608,994	372,032
Miscellaneous Purchased Services - Transportation	25,925		25,925	25,141	784
General Supplies	803,000	(68,012)	734,988	596,324	138,664
Miscellaneous Expenditures	28,200	31,714	59,914	53,108	6,806
Total Student Transportation Services	11,506,963	531,574	12,038,537	11,140,296	898,241

MORRIS SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
BUDGETARY BASIS
GENERAL FUND
YEAR ENDED JUNE 30, 2025

Exhibit C-1
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	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
EXPENDITURES (CONT'D.):					
Unallocated Benefits - Employee Benefits					
Group Insurance	\$ 65,000		\$ 65,000	\$ 57,012	\$ 7,988
Social Security Contributions	1,960,100		1,960,100	1,723,953	236,147
Other Retirement Contributions - PERS	2,706,500	\$ (298,360)	2,408,140	2,115,479	292,661
Workmen's Compensation	725,735	55,687	781,422	750,955	30,467
Health Benefits	16,878,187	32,500	16,910,687	16,775,490	135,197
Tuition Reimbursements	223,000		223,000	162,315	60,685
Other Employee Benefits	730,000	64,370	794,370	761,746	32,624
Unused Sick Payments to Terminated/Retired Staff	201,000	6,500	207,500	198,213	9,287
	<u>23,489,522</u>	<u>(139,303)</u>	<u>23,350,219</u>	<u>22,545,163</u>	<u>805,056</u>
On-Behalf TPAF Pension					
Contributions - Not Budgeted				17,055,344	(17,055,344)
On-Behalf Post Retirement Medical					
Contributions - Not Budgeted				4,983,585	(4,983,585)
On-Behalf Long-Term Disability Insurance					
Contributions - Not Budgeted				8,493	(8,493)
On-Behalf TPAF Social Security					
Contributions - Not Budgeted				3,795,973	(3,795,973)
	<u>77,754,525</u>	<u>759,736</u>	<u>78,514,261</u>	<u>99,590,436</u>	<u>(21,076,175)</u>
Total Undistributed Expenditures					
Interest Deposit to Maintenance Reserve	18,000		18,000		18,000
	<u>125,841,294</u>	<u>3,165,642</u>	<u>129,006,936</u>	<u>147,414,346</u>	<u>(18,407,410)</u>
Total Expenditures - Current Expense					

MORRIS SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
BUDGETARY BASIS
GENERAL FUND
YEAR ENDED JUNE 30, 2025

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		\$ 77,079	\$ 77,079	\$ 35,649	\$ 41,430
Grades 6-8		18,050	18,050		18,050
Grades 9-12		105,359	105,359	75,100	30,259
School-Sponsored and Other Instructional Program	\$ 30,000	35,056	65,056	24,056	41,000
Administration Information Technology		32,633	32,633	31,908	725
Required Maintenance for School Facilities	150,463	155,209	305,672	80,658	225,014
Custodial Services	25,400	(11,571)	13,829	11,229	2,600
Care and Upkeep of Grounds	12,200	(6,700)	5,500	5,500	
Security		1,652,191	1,652,191	1,625,241	26,950
Student Transportation - Non-Instructional Equipment	5,000		5,000		5,000
School Buses - Regular		1,140,521	1,140,521	504,078	636,443
Total Equipment	223,063	3,197,827	3,420,890	2,393,419	1,027,471
Facilities Acquisitions and Construction Services					
Lease Purchase Agreements - Principal	676,329	122,454	798,783	798,783	
Assessment for Debt Service on SDA Funding	37,738		37,738	37,738	
Total Facilities Acquisitions and Construction Services	714,067	122,454	836,521	836,521	-
Increase in Capital Reserve	700,000		700,000		700,000
Interest Deposit to Capital Reserve	100,000		100,000		100,000
Total Capital Outlay	1,737,130	3,320,281	5,057,411	3,229,940	1,827,471

MORRIS SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
BUDGETARY BASIS
GENERAL FUND
YEAR ENDED JUNE 30, 2025

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	\$ 1,521,388		\$ 1,521,388	\$ 1,361,703	\$ 159,685
Total Expenditures	<u>129,099,812</u>	<u>\$ 6,485,923</u>	<u>135,585,735</u>	<u>152,005,989</u>	<u>(16,420,254)</u>
(Deficiency)/Excess of Revenues (Under)/Over Expenditures	<u>(9,017,235)</u>	<u>(6,485,923)</u>	<u>(15,503,158)</u>	<u>(2,563,637)</u>	<u>12,939,521</u>
Other Financing (Uses) Sources					
Capital Reserve Transfer to Capital Projects	(3,509,000)		(3,509,000)	(3,101,060)	407,940
Proceeds from Sale of Assets				151,102	151,102
Financed Purchase Agreement		4,924,889	4,924,889	2,924,413	
Operating Transfers Out - Special Revenue Fund	<u>(890,301)</u>		<u>(890,301)</u>	<u>(890,301)</u>	<u>(2,000,476)</u>
Total Other Financing (Uses) Sources	<u>(4,399,301)</u>	<u>4,924,889</u>	<u>525,588</u>	<u>(915,846)</u>	<u>(1,441,434)</u>
(Deficiency) of Revenues (Under) Expenditures and Other Financing Uses	(13,416,536)	(1,561,034)	(14,977,570)	(3,479,483)	11,498,087
Fund Balances, July 1	<u>35,563,882</u>		<u>35,563,882</u>	<u>35,563,882</u>	
Fund Balances, June 30	<u>\$ 22,147,346</u>	<u>\$ (1,561,034)</u>	<u>\$ 20,586,312</u>	<u>\$ 32,084,399</u>	<u>\$ 11,498,087</u>

MORRIS SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
BUDGETARY BASIS
GENERAL FUND
YEAR ENDED JUNE 30, 2025

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>
Recapitulation of (Deficiency) <u>of Revenues (Under) Expenditures:</u>					
Budgeted Fund Balance	\$ (8,231,207)	\$ (1,000,000)	\$ (9,231,207)	\$ 1,858,940	\$ 11,090,147
Budgeted Withdrawal from Capital Reserve, Net	(4,185,329)	(122,454)	(4,307,783)	(3,899,843)	407,940
Budgeted Withdrawal from Maintenance Reserve	(1,000,000)		(1,000,000)	(1,000,000)	
Adjustment for Prior Year Encumbrances		(438,580)	(438,580)	(438,580)	
Total	<u>\$ (13,416,536)</u>	<u>\$ (1,561,034)</u>	<u>\$ (14,977,570)</u>	<u>\$ (3,479,483)</u>	<u>\$ 11,498,087</u>
Recapitulation of Fund Balance:					
Restricted Fund Balance:					
Reserved Excess Surplus - Designated for Subsequent Years Expenditures				\$ 7,251,448	
Reserve for Excess Surplus				5,522,298	
Maintenance Reserve				4,466,028	
Capital Reserve				3,467,946	
Unemployment Compensation				2,100,360	
Assigned Fund Balance:					
Year-end Encumbrances				1,556,874	
Designated for Subsequent Years' Expenditures				2,321,499	
Unassigned Fund Balance				<u>5,397,946</u>	
Budgetary Fund Balance				32,084,399	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payments not Recognized on GAAP Basis				<u>(1,975,779)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 30,108,620</u>	

MORRIS SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Other Sources	\$ 440,076	\$ 2,704	\$ 442,780	\$ 820,764	\$ 377,984
State Sources	11,962,550	868,645	12,831,195	12,043,481	(787,714)
Federal Sources	3,226,186	1,324,663	4,550,849	3,684,413	(866,436)
Total Revenues	15,628,812	2,196,012	17,824,824	16,548,658	(1,276,166)
EXPENDITURES:					
Instruction					
Salaries of Teachers	2,085,581	(633,540)	1,452,041	1,109,625	342,416
Salaries of Other Professional Staff	261,538	161,538	423,390	423,390	
Purchased Professional Services	615,471	81,891	697,362	455,419	241,943
Purchased Technical Services		2,752	2,752	1,392	1,360
Other Purchased Services (Including Tuition)	1,817,000	106,265	1,923,265	1,923,265	
Rentals		2,823	2,823	2,823	
Travel		812	812		812
General Supplies	315,297	231,342	546,639	446,753	99,886
Textbooks	99,156	41,939	141,095	106,303	34,792
Instructional Equipment		81,692	81,692	81,499	193
Other Objects		6,758	6,758	6,758	
Total Instruction	5,194,357	84,272	5,278,629	4,557,227	721,402
Support Services					
Salaries of Teachers		218,603	218,603	152,333	66,270
Salaries of Supervisors of Instruction	113,867		113,867	113,867	
Salaries of Program Directors	120,000	10,370	130,370	130,370	
Salaries of Other Professional Staff	509,833	178,538	688,371	622,684	65,687
Salaries of Secretarial and Clerical Assistants	155,286	4,979	160,265	156,665	3,600
Other Salaries	92,546	50,918	143,464	140,826	2,638
Salaries of Community Parent Involvement Specialists	69,244		69,244	39,075	30,169
Salaries of Master Teachers	386,360	2,500	388,860	336,900	51,960
Unused Vacation Payment to Terminated					
Personal Services - Employee Benefits	876,239	429,359	1,305,598	1,191,344	114,254
Purchased Education Services - Contracted Pre-K	7,648,800	239,025	7,887,825	7,572,022	315,803
Purchased Education Services - Head Start	591,480		591,480	591,480	
Purchased Education Services	13,000		13,000	6,210	6,790
Purchased Professional Services	521,758	626,426	1,148,184	922,767	225,417
Travel	4,000	192,107	196,107	155,753	40,354
Supplies & Materials	20,200	157,214	177,414	152,387	25,027
Student Activities	186,143		186,143	555,476	(369,333) Note 1
Scholarships	16,000		16,000	250	15,750 Note 1
Total Support Services	11,324,756	2,110,039	13,434,795	12,840,409	594,386

MORRIS SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONT'D.):					
Facilities Acquisition and Construction Services:					
Instructional Equipment		\$ 1,701	\$ 1,701		\$ 1,701
Total Facilities Acquisition and Construction Services	-	1,701	1,701	-	1,701
Total Expenditures	16,519,113	2,196,012	18,715,125	17,397,636	1,317,489
Other Financing Sources					
Transfers In	890,301		890,301	890,301	
Total Other Financing Sources	890,301	-	890,301	890,301	-
Excess of Revenues Over Expenditures	\$ -	\$ -	\$ -	41,323	\$ 41,323
Fund Balance, July 1				334,999	
Fund Balance, June 30				<u>\$ 376,322</u>	
Recapitulation:					
Restricted:					
Student Activities				\$ 287,290	
Scholarships				89,032	
Total Fund Balance				<u>\$ 376,322</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, 2024

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

		General Fund		Special Revenue Fund
Sources/inflows of resources				
Actual amounts (budgetary basis) "revenue"				
from the budgetary comparison schedule (C-series)	(C-1)	\$ 149,442,352	(C-2)	\$ 16,548,658
Difference - budget to GAAP:				
State aid payment recognized for budgetary purposes, not recognized for GAAP statements.		(1,975,779)		
State Aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		<u>1,746,660</u>		
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds. (B-2)	(B-2)	<u>\$ 149,213,233</u>	(B-2)	<u>\$ 16,548,658</u>
Uses/outflows of resources				
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule Includes(rounding differences)	(C-1)	<u>\$ 152,005,989</u>	(C-2)	<u>\$ 17,397,636</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	(B-2)	<u>\$ 152,005,989</u>	(B-2)	<u>\$ 17,397,636</u>

REQUIRED SUPPLEMENTARY INFORMATION
PART III

**SCHEDULES RELATED TO ACCOUNTING AND
REPORTING FOR PENSIONS
(GASB STATEMENT NO. 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>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
District's Proportionate Share of the Net Pension Liability	0.151854%	0.150884%	0.146604%	0.140246%	0.141784%	0.144333%	0.142744%	0.148405%	0.153559%	0.157829%
District's Proportionate Share of the Net Pension Liability	\$ 34,088,177	\$ 44,687,450	\$ 34,127,005	\$ 27,613,727	\$ 25,725,108	\$ 23,722,093	\$ 17,090,384	\$ 22,585,976	\$ 22,242,180	\$ 21,445,932
District's Covered-Employee Payroll	\$ 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	\$ 12,965,911
District's Proportionate Share of the Net Pension Liability as a percentage of the Covered-Employee Payroll	332.55%	452.31%	341.46%	275.04%	253.32%	227.09%	158.18%	198.52%	182.22%	165.40%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability (Local Share)	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%	70.33%	62.91%	65.23%	68.22%

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

Last Ten Fiscal Years

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Contractually Required Contribution	\$ 1,305,537	\$ 1,347,305	\$ 1,378,853	\$ 1,401,308	\$ 1,394,605	\$ 1,591,353	\$ 1,700,135	\$ 1,989,810	\$ 2,137,458	\$ 2,115,479
Contribution in Relation to Contractually Required Contribution	<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>(1,700,135)</u>	<u>(1,989,810)</u>	<u>(2,137,458)</u>	<u>(2,115,479)</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 9,879,763	\$ 9,994,439	\$ 10,039,977	\$ 10,155,364	\$ 10,445,967	\$ 10,804,652	\$ 11,377,092	\$ 12,206,458	\$ 12,965,911	\$ 13,345,537
Contributions as a percentage of Covered Employee Payroll	13.21%	13.48%	13.73%	13.80%	13.35%	14.73%	14.94%	16.30%	16.49%	15.85%

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>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Proportion of the Non-State Employer Group Net Pension Liability attributable to the District	0.393263%	0.379691%	0.384072%	0.392361%	0.396233%	0.398667%	0.400510%	0.401281%	0.406460%	0.395315%
Share of the Liability of the State of New Jersey for the Net Pension Liability of the Non-State Employer Group	\$248,558,926	\$298,689,277	\$258,955,494	\$249,611,378	\$243,171,994	\$262,517,122	\$192,546,165	\$207,038,792	\$207,427,431	\$195,385,078
District's Covered-Employee Payroll	\$39,593,507	\$40,870,999	\$42,605,004	\$43,656,955	\$44,653,674	\$45,586,010	\$46,772,168	\$47,628,013	\$49,165,903	\$52,172,137
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	627.78%	730.81%	607.81%	571.76%	544.57%	575.87%	411.67%	434.70%	421.89%	374.50%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability (See Note Below)	28.71%	22.33%	25.41%	26.49%	26.95%	24.60%	35.52%	32.29%	34.68%	37.99%

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

MORRIS SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2025

Changes of Benefit Terms: None.

Change of Assumptions: Assumptions used in calculating the net pension liability and statutorily required employer contributions are presented in Note 5.

**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>	<u>2024</u>	<u>2025</u>
District's Proportion of the Net OPEB Liability	0.3751982%	0.3751536%	0.3788959%	0.3761813%	0.3753883%	0.3842511%	0.3844353%	0.3877979%	0.3930913%
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	\$ 203,057,457	\$ 234,481,463
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	\$ 62,131,814	\$ 65,517,674
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%	326.82%	357.89%
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%	0.00%	0.00%
Beginning Balance		\$ 216,983,826	\$ 201,231,802	\$ 174,712,060	\$ 156,976,983	\$ 254,550,691	\$ 230,580,034	\$ 194,702,871	\$ 203,057,457
Increased by:									
Service cost		8,614,150	7,137,933	6,289,779	6,658,031	12,011,587	10,794,518	8,487,171	8,450,808
Interest cost		6,366,019	7,379,613	6,915,152	5,652,671	5,981,489	5,159,841	7,151,435	7,718,574
Changes of benefit terms						(245,424)			
Differences between expected and actual experiences					43,062,541	(37,386,973)	5,346,282	(2,301,906)	3,405,248
Changes of assumptions				2,340,540	46,497,664	227,485	(52,230,792)	409,280	17,542,332
Member Contributions		171,628	161,463	142,840	134,319	152,917	163,963	183,266	201,844
		15,151,797	14,679,009	15,688,311	102,005,226	(19,258,919)	(30,766,188)	13,929,246	37,318,806
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	5,574,660	5,894,800
		30,903,821	41,198,751	33,423,388	4,431,518	4,711,738	5,110,975	5,574,660	5,894,800
Ending Balance		\$ 201,231,802	\$ 174,712,060	\$ 156,976,983	\$ 254,550,691	\$ 230,580,034	\$ 194,702,871	\$ 203,057,457	\$ 234,481,463

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

MORRIS SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB
LIABILITY AND SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE OPEB LIABILITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2025

Changes of Benefit Terms: None.

Change of Assumptions: Assumptions used in calculating the OPEB liability are
presented in Note 6.

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, 2025

	Total Brought Forward (Ex. E-1a)	Title I Part A	Title I Part D	IDEA Basic Regular	IDEA Preschool	High Impact Tutoring	Totals
REVENUES:							
State Sources	\$ 12,043,481						\$ 12,043,481
Federal Sources	698,615	\$ 826,146	\$ 35,562	\$ 1,945,670	\$ 61,794	\$ 116,626	3,684,413
Local Sources	820,764						820,764
Total Revenues	13,562,860	826,146	35,562	1,945,670	61,794	116,626	16,548,658
EXPENDITURES:							
Instruction:							
Salaries of Teachers	\$ 830,168	\$ 150,067	\$ 33,035			\$ 96,355	\$ 1,109,625
Salaries of Other Professional Staff	423,390						423,390
Purchased Professional Services	446,825					8,594	455,419
Purchased Technical Services	1,392						1,392
Other Purchased Services (Including Tuition)	16,000			\$ 1,845,471	\$ 61,794		1,923,265
Rentals	2,823						2,823
General Supplies	274,389	172,364					446,753
Textbooks	106,303						106,303
Instructional Equipment	81,499						81,499
Other Objects	6,758						6,758
Total Instruction	2,189,547	322,431	33,035	1,845,471	61,794	104,949	4,557,227
Support Services:							
Salaries of Teachers	108,319	40,014				4,000	152,333
Salaries of Supervisors of Instruction	113,867						113,867
Salaries of Program Directors	130,370						130,370
Salaries of Other Professional Staff	480,590	142,094					622,684
Salaries of Secretarial & Clerical Assistants	156,665						156,665
Other Salaries	140,826						140,826
Salaries of Community Parent Involvement Specialists	39,075						39,075
Salaries of Master Teachers	336,900						336,900
Personal Services - Employee Benefits	1,081,880	99,260	2,527			7,677	1,191,344
Purchased Education Services - Contracted Pre-K	7,572,022						7,572,022
Purchased Education Services - Head Start	591,480						591,480
Purchased Education Services	6,210						6,210
Purchased Professional Services	727,918	94,650		100,199			922,767
Travel	28,753	127,000					155,753
Supplies and Materials	151,690	697					152,387
Student Activities	555,476						555,476
Scholarships	250						250
Total Support Services	12,222,291	503,715	2,527	100,199		11,677	12,840,409
Facilities Acquisitions & Construction Services:							
Construction Services							
Instructional Equipment							
Noninstructional Equipment							
Total Facilities Acquisitions & Construction Services							
Total Expenditures	14,411,838	826,146	35,562	1,945,670	61,794	116,626	17,397,636
(Deficiency) of Revenues (Under) Expenditures	(848,978)						(848,978)
Other financing sources							
Transfers in	890,301						890,301
Total other financing sources	890,301						890,301
Fund Balance, July 1	334,999						334,999
Fund Balance, June 30	\$ 376,322	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 376,322

MORRIS SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS (CONT'D)
YEAR ENDED JUNE 30, 2025

	Total Brought Forward (Ex. E-1b)	Title II	Title III	Title IV	Elementary and Secondary School Emergency Relief ARP Program	Total Carried Forward
REVENUES:						
State Sources	\$ 12,043,481					\$ 12,043,481
Federal Sources		\$ 168,276	\$ 264,077	\$ 34,427	\$ 231,835	698,615
Local Sources	820,764					820,764
Total Revenues	12,864,245	168,276	264,077	34,427	231,835	13,562,860
EXPENDITURES:						
Instruction:						
Salaries of Teachers	\$ 719,134		\$ 33,267		\$ 77,767	\$ 830,168
Salaries of Other Professional Staff	322,685		100,705			423,390
Purchased Professional Services	446,825					446,825
Purchased Technical Services	1,392					1,392
Other Purchased Services (Including Tuition)	16,000					16,000
Rentals	2,823					2,823
General Supplies	242,241		2,756	\$ 11,968	17,424	274,389
Textbooks	106,303					106,303
Instructional Equipment	81,499					81,499
Other Objects	6,758					6,758
Total Instruction	1,945,660		136,728	11,968	95,191	2,189,547
Support Services:						
Salaries of Teachers		\$ 68,444	29,675	6,200	4,000	108,319
Salaries of Supervisors of Instruction	113,867					113,867
Salaries of Program Directors	130,370					130,370
Salaries of Other Professional Staff	466,894		13,696			480,590
Salaries of Secretarial & Clerical Assistants	156,665					156,665
Other Salaries	140,826					140,826
Salaries of Community Parent Involvement Specialists	39,075					39,075
Salaries of Master Teachers	336,900					336,900
Personal Services - Employee Benefits	1,004,937	5,236	64,978	474	6,255	1,081,880
Purchased Education Services - Contracted Pre-K	7,572,022					7,572,022
Purchased Education Services - Head Start	591,480					591,480
Purchased Education Services	6,210					6,210
Purchased Professional Services	630,485	65,975	19,000	10,595	1,863	727,918
Travel	2,191	26,562				28,753
Supplies and Materials	19,915	2,059		5,190	124,526	151,690
Student Activities	555,476					555,476
Scholarships	250					250
Total Support Services	11,767,563	168,276	127,349	22,459	136,644	12,222,291
Facilities Acquisitions & Construction Services:						
Construction Services						
Instructional Equipment						
Noninstructional Equipment						
Total Facilities Acquisitions & Construction Services						
Total Expenditures	13,713,223	168,276	264,077	34,427	231,835	14,411,838
(Deficiency) of Revenues (Under) Expenditures	(848,978)					(848,978)
Other financing sources						
Transfers in	890,301					890,301
Total other financing sources	890,301					890,301
Fund Balance, July 1	334,999					334,999
Fund Balance, June 30	\$ 376,322	\$ -	\$ -	\$ -	\$ -	\$ 376,322

MORRIS SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS (CONT'D)
YEAR ENDED JUNE 30, 2025

	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	Total Carried Forward
		Home Instruction	ESL	Compensatory Education	Supplemental Instruction	Examination & Classification	Corrective Speech					
REVENUES:												
State Sources	\$ 10,693,074	\$ 6,160	\$ 2,649	\$ 57,829	\$ 89,456	\$ 133,020	\$ 50,871	\$ 362,310	\$ 133,152	\$ 106,303	\$ 408,657	\$ 12,043,481
Federal Sources												
Local Sources	820,764											820,764
Total Revenues	11,513,838	6,160	2,649	57,829	89,456	133,020	50,871	362,310	133,152	106,303	408,657	12,864,245
EXPENDITURES:												
Instruction:												
Salaries of Teachers	\$ 719,134											\$ 719,134
Salaries of Other Professional Staff	322,685											322,685
Purchased Professional Services	46,867	\$ 6,160	\$ 2,649		\$ 89,456						\$ 301,693	446,825
Purchased Technical Services	1,392											1,392
Other Purchased Services (Including Tuition)	16,000											16,000
Rentals	2,823											2,823
General Supplies	128,413								\$ 109,678		4,150	242,241
Textbooks										\$ 106,303		106,303
Instructional Equipment	16,783								16,716		48,000	81,499
Other Objects									6,758			6,758
Total Instruction	1,254,097	6,160	2,649		89,456				133,152	106,303	353,843	1,945,660
Support Services:												
Salaries of Teachers												
Salaries of Supervisors of Instruction	113,867											113,867
Salaries of Program Directors	130,370											130,370
Salaries of Other Professional Staff	466,894											466,894
Salaries of Secretarial & Clerical Assistants	156,665											156,665
Other Salaries	89,908										50,918	140,826
Salaries of Community Parent Involvement Specialists	39,075											39,075
Salaries of Master Teachers	336,900											336,900
Personal Services - Employee Benefits	1,001,041										3,896	1,004,937
Purchased Education Services - Contracted Pre-K	7,572,022											7,572,022
Purchased Education Services - Head Start	591,480											591,480
Purchased Education Services	6,210											6,210
Purchased Professional Services	26,455			\$ 57,829		\$ 133,020	\$ 50,871	\$ 362,310				630,485
Travel	2,191											2,191
Supplies and Materials	19,915											19,915
Student Activities	555,476											555,476
Scholarships	250											250
Total Support Services	11,108,719			57,829		133,020	50,871	362,310			54,814	11,767,563
Facilities Acquisitions & Construction Services:												
Construction Services												
Instructional Equipment												
Noninstructional Equipment												
Total Facilities Acquisitions & Construction Services												
Total Expenditures	12,362,816	6,160	2,649	57,829	89,456	133,020	50,871	362,310	133,152	106,303	408,657	13,713,223
(Deficiency) of Revenues (Under) Expenditures	(848,978)											(848,978)
Other financing sources												
Transfers in	890,301											890,301
Total other financing sources	890,301											890,301
Fund Balance, July 1	334,999											334,999
Fund Balance, June 30	\$ 376,322	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 376,322

MORRIS SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS (CONT'D)
YEAR ENDED JUNE 30, 2025

	Tutoring Program	Rosina Santora Foundation	HSA Clubs	Preschool Education	Morris Education Foundation	Miscellaneous Grants	Scholarship Fund	Student Activity Fund	Total Carried Forward
<u>REVENUES:</u>									
State Sources				\$ 10,693,074					\$ 10,693,074
Federal Sources									
Local Sources	\$ 400	\$ 978	\$ 55,426		\$ 121,322	\$ 45,589	\$ 384	\$ 596,665	820,764
Total Revenues	400	978	55,426	10,693,074	121,322	45,589	384	596,665	11,513,838
<u>EXPENDITURES:</u>									
Instruction:									
Salaries of Teachers			\$ 51,240	\$ 663,094	\$ 4,800				\$ 719,134
Salaries of Other Professional Staff				322,685					322,685
Purchased Professional Services					42,350	\$ 4,517			46,867
Purchased Technical Services	\$ 400			992					1,392
Other Purchased Services (Including Tuition)					16,000				16,000
Rentals				2,823					2,823
Travel									
General Supplies				62,802	41,389	24,222			128,413
Instructional Equipment					16,783				16,783
Other Objects									
Total Instruction	400		51,240	1,052,396	121,322	28,739			1,254,097
Support Services:									
Salaries of Teachers									
Salaries of Supervisors of Instruction				113,867					113,867
Salaries of Program Directors				130,370					130,370
Salaries of Other Professional Staff				466,894					466,894
Salaries of Secretarial & Clerical Assistants				156,665					156,665
Other Salaries				89,908					89,908
Salaries of Community Parent Involvement Specialists				39,075					39,075
Salaries of Master Teachers				336,900					336,900
Personal Services - Employee Benefits			4,186	996,855					1,001,041
Purchased Education Services - Contracted Pre-K				7,572,022					7,572,022
Purchased Education Services - Head Start				591,480					591,480
Purchased Education Services				6,210					6,210
Purchased Professional Services				26,455					26,455
Travel				2,191					2,191
Supplies and Materials		\$ 978		2,087		16,850			19,915
Student Activities								\$ 555,476	555,476
Scholarships							\$ 250		250
Total Support Services		978	4,186	10,530,979		16,850	250	555,476	11,108,719
Facilities Acquisitions & Construction Services:									
Construction Services									
Instructional Equipment									
Noninstructional Equipment									
Total Facilities Acquisitions & Construction Services									
Total Expenditures	400	978	55,426	11,583,375	121,322	45,589	250	555,476	12,362,816
(Deficiency) Excess of Revenues									
(Under) Over Expenditures				(890,301)			134	41,189	(848,978)
				(890,301)			134	41,189	(848,978)
Other financing sources									
Transfers in				890,301					890,301
Total other financing sources				890,301					890,301
Fund Balance, July 1							88,898	246,101	334,999
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 89,032	\$ 287,290	\$ 376,322

MORRIS SCHOOL DISTRICT
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
BUDGETARY BASIS
YEAR ENDED JUNE 30, 2025

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<u>EXPENDITURES</u>			
Instruction:			
Salaries of Teachers	\$ 700,606	\$ 663,094	\$ 37,512
Other Salaries for Instruc.	322,685	322,685	
Purchased Prof. Educational Services	24,961		24,961
Purchased Technical Services	992	992	
Rentals	2,823	2,823	
General Supplies	69,071	62,802	6,269
Total Instruction	<u>1,121,138</u>	<u>1,052,396</u>	<u>68,742</u>
Support Services:			
Salaries of Supervisors of Instruction	113,867	113,867	
Salaries of Program Directors	130,370	130,370	
Salaries of Other Professional Staff	468,048	466,894	1,154
Salaries of Secr. and Clerical Assistants	156,665	156,665	
Other Salaries	92,546	89,908	2,638
Salaries of Community Parent Involvement Spec.	69,244	39,075	30,169
Salaries of Master Teachers	388,860	336,900	51,960
Personnel Services - Employee Benefits	996,855	996,855	
Purch. Prof. - Educ. Services - Contracted Pre-K	7,887,825	7,572,022	315,803
Purch. Prof. - Educ. Services - Head Start	591,480	591,480	
Purch. Prof. - Educ. Services	13,000	6,210	6,790
Purch. Prof. Services	40,000	26,455	13,545
Travel	4,500	2,191	2,309
General Supplies	7,500	2,087	5,413
Total Support Services	<u>10,960,760</u>	<u>10,530,979</u>	<u>429,781</u>
Facilities Acquis. & Const. Serv.:			
Instructional Equipment	1,701		1,701
Total Facil. Acquis. & Const. Serv.	<u>1,701</u>	<u>-</u>	<u>1,701</u>
Total Expenditures	<u>\$ 12,083,599</u>	<u>\$ 11,583,375</u>	<u>\$ 500,224</u>
Total Revised 2025-2026 Preschool Education Aid Allocation			\$ 9,931,524
Actual Preschool Aid Carryover (June 30, 2024)			1,545,521
Budgeted Transfer From General Fund			<u>890,301</u>
Total Preschool Education Funds Available 2024-2025 Budget			12,367,346
Less: 2024-2025 Budgeted Preschool Education Aid (Incl. Prior Year Budgeted Carryover)			<u>12,083,599</u>
Available & Unbudgeted Preschool Education Funds as of June 30, 2025			283,747
Add: June 30, 2025 Unexpended Preschool Education Aid			500,224
2024-2025 Actual Carryover - Preschool Education Aid			<u>\$ 783,971</u>
2024-2025 Preschool Ed Aid Carryover Budgeted in 2025-2026			\$ 283,747
2024-2025 Preschool Ed Aid Carryover Budgeted in 2026-2027			<u>500,224</u>
			<u>\$ 783,971</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, 2025

<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	\$ 34,551	\$ 156,908	\$ 406,916	\$ 1,625
<u>FY 2021</u>					
Security Vestibules	2,133,240	106,479	623,749		1,403,012
<u>FY 2022</u>					
AH Field Improvements	2,120,000	881,911	240,281	949,432	48,376
WD Renovations	8,326,800	5,896,440	1,854,130		576,230
<u>FY 2024</u>					
MHS Roof	4,206,070	20,003	2,203,876		1,982,191
FMS Boiler	1,402,150	500	774,056		627,594
HC HVAC Controls	50,420	206	32,332	8,735	9,147
HC Roof	3,409,119	30,000	250,649		3,128,470
TJ HVAC Controls	50,480	200	32,043	8,795	9,442
AH HVAC Controls	52,490	200	32,971	10,805	8,514
<u>FY 2025</u>					
MHS Culinary Arts Lab	2,137,983	108,145	1,238,988		790,850
FMS Elevator Replacement	547,100	41,129	297,960		208,011
NP Fire Alarm Upgrade	436,044	32,892	393,438	8,471	1,243
AV Fire Alarm Upgrade	573,830	43,205	490,879	3,022	36,724
Harter Road Turf	2,146,218		67,317		2,078,901
Totals	<u>\$ 28,191,944</u>	<u>\$ 7,195,861</u>	<u>\$ 8,689,577</u>	<u>\$ 1,396,176</u>	<u>\$ 10,910,330</u>

MORRIS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2025

Revenues and Other Financing Sources	
State Sources - SDA Grant	\$ 3,376,660
Financed Purchases Payable Proceeds	2,000,000
Transfer from Capital Reserve	4,497,236
Interest on Escrow Accounts	73,018
Total Revenues and Other Financing Sources	<u>9,946,914</u>
Expenditures and Other Financing Uses	
Purchased Professional and Technical Services	922,316
Construction Services	7,767,261
Transfer to Capital Reserve	1,396,176
Total Expenditures and Other Financing Uses	<u>10,085,753</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(138,839)
Fund Balance - Beginning	<u>11,049,169</u>
Fund Balance - Ending	<u><u>\$ 10,910,330</u></u>
<u>Reconciliation Fund Balance (Ending) Budgetary-GAAP:</u>	
Fund Balance - Budgetary Basis	\$ 10,910,330
Less: Difference in Grant Revenue Recognized	(2,057,623)
Fund Balance - GAAP Basis	<u><u>\$ 8,852,707</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, 2025

	<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	<u>600,000</u>		<u>600,000</u>	<u>\$ 600,000</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	34,551	\$ 5,824	40,375	
Land and Improvements				
Construction Services		151,084	151,084	
Equipment Purchases				
Transfer to Capital Reserve		406,916	406,916	
Total Expenditures and Other Financing Uses	<u>34,551</u>	<u>563,824</u>	<u>598,375</u>	
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ 565,449</u>	<u>\$ (563,824)</u>	<u>\$ 1,625</u>	
Additional Project Information:				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 600,000			
Additional Authorized Cost				
Revised Authorized Cost	\$ 600,000			
Percentage Increase over Original Authorized Cost	N/A			
Percentage Completion	99%			
Original Target Completion Date	Aug-22			
Revised Target Completion Date	Dec-25			

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, 2025

	<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	\$ 2,133,240		\$ 2,133,240	\$ 2,133,240
Transfer from Capital Outlay				
Total Revenues and Other Financing Sources	<u>2,133,240</u>		<u>2,133,240</u>	<u>\$ 2,133,240</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	106,479	\$ 61,412	167,891	
Land and Improvements				
Construction Services		562,337	562,337	
Equipment Purchases				
Transfer to Capital Reserve				
Total Expenditures and Other Financing Uses	<u>106,479</u>	<u>623,749</u>	<u>730,228</u>	
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ 2,026,761</u>	<u>\$ (623,749)</u>	<u>\$ 1,403,012</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	\$ 644,000			
Additional Authorized Cost	1,489,240			
Revised Authorized Cost	\$ 2,133,240			
Percentage Increase over Original Authorized Cost	N/A			
Percentage Completion	34%			
Original Target Completion Date	Aug-21			
Revised Target Completion Date	Dec-25			

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, 2025

	<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	\$ 2,120,000		\$ 2,120,000	\$ 2,120,000
Transfer from Capital Outlay				
Total Revenues and Other Financing Sources	<u>2,120,000</u>		<u>2,120,000</u>	<u>\$ 2,120,000</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	368,314	\$ 42,203	410,517	
Land and Improvements				
Construction Services	513,597	198,078	711,675	
Equipment Purchases				
Transfer to Capital Reserve		949,432	949,432	
Total Expenditures and Other Financing Uses	<u>881,911</u>	<u>1,189,713</u>	<u>2,071,624</u>	
Excess (Deficiency) of Revenues and Other Financing Sources				
Over (Under) Expenditures and Other Financing Uses	<u>\$ 1,238,089</u>	<u>\$ (1,189,713)</u>	<u>\$ 48,376</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	98%			
Original Target Completion Date	Aug-22			
Revised Target Completion Date	Dec-25			

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, 2025

	<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	\$ 8,326,800		\$ 8,326,800	\$ 8,326,800
Transfer from Capital Outlay				
Total Revenues and Other Financing Sources	<u>8,326,800</u>		<u>8,326,800</u>	<u>\$ 8,326,800</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	538,452	\$ 11,714	550,166	
Land and Improvements				
Construction Services	5,357,988	1,842,416	7,200,404	
Equipment Purchases				
Transfer to Capital Reserve				
Total Expenditures and Other Financing Uses	<u>5,896,440</u>	<u>1,854,130</u>	<u>7,750,570</u>	
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ 2,430,360</u>	<u>\$ (1,854,130)</u>	<u>\$ 576,230</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	93%			
Original Target Completion Date	Aug-22			
Revised Target Completion Date	Dec-25			

MORRIS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS
MHS ROOF
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant		\$ 1,522,556	\$ 1,522,556	\$ 1,522,556
Bond Proceeds and Transfers				
Contribution from Private Source				
Transfer from Capital Reserve	\$ 2,005,735	677,779	2,683,514	2,683,514
Transfer from Capital Outlay				
Total Revenues and Other Financing Sources	<u>2,005,735</u>	<u>2,200,335</u>	<u>4,206,070</u>	<u>\$ 4,206,070</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	20,003	258,965	278,968	
Land and Improvements				
Construction Services		1,944,911	1,944,911	
Equipment Purchases				
Transfer to Capital Reserve				
Total Expenditures and Other Financing Uses	<u>20,003</u>	<u>2,203,876</u>	<u>2,223,879</u>	
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ 1,985,732</u>	<u>\$ (3,541)</u>	<u>\$ 1,982,191</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	\$ 2,283,835			
Additional Authorized Cost	1,922,235			
Revised Authorized Cost	\$ 4,206,070			
Percentage Increase over Original Authorized Cost	N/A			
Percentage Completion	53%			
Original Target Completion Date	Dec-26			
Revised Target Completion Date	N/A			

MORRIS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS
FMS BOILER
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant		\$ 429,100	\$ 429,100	\$ 429,100
Bond Proceeds and Transfers				
Contribution from Private Source				
Transfer from Capital Reserve	\$ 643,650	329,400	973,050	973,050
Transfer from Capital Outlay				
Total Revenues and Other Financing Sources	<u>643,650</u>	<u>758,500</u>	<u>1,402,150</u>	<u>\$ 1,402,150</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	500	71,868	72,368	
Land and Improvements				
Construction Services		702,188	702,188	
Equipment Purchases				
Transfer to Capital Reserve				
Total Expenditures and Other Financing Uses	<u>500</u>	<u>774,056</u>	<u>774,556</u>	
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ 643,150</u>	<u>\$ (15,556)</u>	<u>\$ 627,594</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	\$ 643,650			
Additional Authorized Cost	758,500			
Revised Authorized Cost	\$ 1,402,150			
Percentage Increase over Original Authorized Cost	N/A			
Percentage Completion	55%			
Original Target Completion Date	Dec-26			
Revised Target Completion Date	N/A			

MORRIS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS
HC HVAC CONTROLS
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant		\$ 20,168	\$ 20,168	\$ 20,168
Bond Proceeds and Transfers				
Contribution from Private Source				
Transfer from Capital Reserve	\$ 30,252		30,252	30,252
Transfer from Capital Outlay				
Total Revenues and Other Financing Sources	<u>30,252</u>	<u>20,168</u>	<u>50,420</u>	<u>\$ 50,420</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	206	3,989	4,195	
Land and Improvements				
Construction Services		28,343	28,343	
Equipment Purchases				
Transfer to Capital Reserve		8,735	8,735	
Total Expenditures and Other Financing Uses	<u>206</u>	<u>41,067</u>	<u>41,273</u>	
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ 30,046</u>	<u>\$ (20,899)</u>	<u>\$ 9,147</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	\$ 30,252			
Additional Authorized Cost	20,168			
Revised Authorized Cost	\$ 50,420			
Percentage Increase over Original Authorized Cost	N/A			
Percentage Completion	82%			
Original Target Completion Date	Dec-26			
Revised Target Completion Date	N/A			

MORRIS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS
HC ROOF
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant		\$ 1,363,648	\$ 1,363,648	\$ 1,363,648
Bond Proceeds and Transfers				
Contribution from Private Source				
Transfer from Capital Reserve	\$ 2,045,471		2,045,471	2,045,471
Transfer from Capital Outlay				
Total Revenues and Other Financing Sources	<u>2,045,471</u>	<u>1,363,648</u>	<u>3,409,119</u>	<u>\$ 3,409,119</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	30,000	216,594	246,594	
Land and Improvements				
Construction Services		34,055	34,055	
Equipment Purchases				
Transfer to Capital Reserve				
Total Expenditures and Other Financing Uses	<u>30,000</u>	<u>250,649</u>	<u>280,649</u>	
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ 2,015,471</u>	<u>\$ 1,112,999</u>	<u>\$ 3,128,470</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	\$ 2,045,471			
Additional Authorized Cost	1,363,648			
Revised Authorized Cost	\$ 3,409,119			
Percentage Increase over Original Authorized Cost	N/A			
Percentage Completion	8%			
Original Target Completion Date	Dec-26			
Revised Target Completion Date	N/A			

MORRIS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS
TJ HVAC CONTROLS
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant		\$ 20,192	\$ 20,192	\$ 20,192
Bond Proceeds and Transfers				
Contribution from Private Source				
Transfer from Capital Reserve	\$ 30,288		30,288	30,288
Transfer from Capital Outlay				
Total Revenues and Other Financing Sources	<u>30,288</u>	<u>20,192</u>	<u>50,480</u>	<u>\$ 50,480</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	200	3,700	3,900	
Land and Improvements				
Construction Services		28,343	28,343	
Equipment Purchases				
Transfer to Capital Reserve		8,795	8,795	
Total Expenditures and Other Financing Uses	<u>200</u>	<u>40,838</u>	<u>41,038</u>	
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ 30,088</u>	<u>\$ (20,646)</u>	<u>\$ 9,442</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	\$ 30,288			
Additional Authorized Cost	20,192			
Revised Authorized Cost	\$ 50,480			
Percentage Increase over Original Authorized Cost	N/A			
Percentage Completion	81%			
Original Target Completion Date	Dec-26			
Revised Target Completion Date	N/A			

MORRIS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS
AH HVAC CONTROLS
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant		\$ 20,996	\$ 20,996	\$ 20,996
Bond Proceeds and Transfers				
Contribution from Private Source				
Transfer from Capital Reserve	\$ 31,494		31,494	31,494
Transfer from Capital Outlay				
Total Revenues and Other Financing Sources	<u>31,494</u>	<u>20,996</u>	<u>52,490</u>	<u>\$ 52,490</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	200	3,725	3,925	
Land and Improvements				
Construction Services		29,246	29,246	
Equipment Purchases				
Transfer to Capital Reserve		10,805	10,805	
Total Expenditures and Other Financing Uses	<u>200</u>	<u>43,776</u>	<u>43,976</u>	
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ 31,294</u>	<u>\$ (22,780)</u>	<u>\$ 8,514</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	\$ 31,494			
Additional Authorized Cost	20,996			
Revised Authorized Cost	\$ 52,490			
Percentage Increase over Original Authorized Cost	N/A			
Percentage Completion	84%			
Original Target Completion Date	Dec-26			
Revised Target Completion Date	N/A			

MORRIS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS
MHS CULINARY ARTS LAB
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025

	<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	\$ 132,500	\$ 2,005,483	\$ 2,137,983	\$ 2,137,983
Transfer from Capital Outlay				
Total Revenues and Other Financing Sources	<u>132,500</u>	<u>2,005,483</u>	<u>2,137,983</u>	<u>\$ 2,137,983</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	108,145	156,027	264,172	
Land and Improvements				
Construction Services		1,082,961	1,082,961	
Equipment Purchases				
Transfer to Capital Reserve				
Total Expenditures and Other Financing Uses	<u>108,145</u>	<u>1,238,988</u>	<u>1,347,133</u>	
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ 24,355</u>	<u>\$ 766,495</u>	<u>\$ 790,850</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	\$ 2,137,983			
Additional Authorized Cost				
Revised Authorized Cost	\$ 2,137,983			
Percentage Increase over Original Authorized Cost	N/A			
Percentage Completion	63%			
Original Target Completion Date	Dec-26			
Revised Target Completion Date	N/A			

MORRIS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS
FMS ELEVATOR REPLACEMENT
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025

	<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	\$ 51,100	\$ 496,000	\$ 547,100	\$ 547,100
Transfer from Capital Outlay				
Total Revenues and Other Financing Sources	<u>51,100</u>	<u>496,000</u>	<u>547,100</u>	<u>\$ 547,100</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	41,129	4,172	45,301	
Land and Improvements				
Construction Services		293,788	293,788	
Equipment Purchases				
Transfer to Capital Reserve				
Total Expenditures and Other Financing Uses	<u>41,129</u>	<u>297,960</u>	<u>339,089</u>	
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ 9,971</u>	<u>\$ 198,040</u>	<u>\$ 208,011</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	\$ 547,100			
Additional Authorized Cost				
Revised Authorized Cost	\$ 547,100			
Percentage Increase over Original Authorized Cost	N/A			
Percentage Completion	62%			
Original Target Completion Date	Dec-26			
Revised Target Completion Date	N/A			

MORRIS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS
NP FIRE ALARM UPGRADE
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025

	<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	\$ 39,900	\$ 396,144	\$ 436,044	\$ 436,044
Transfer from Capital Outlay				
Total Revenues and Other Financing Sources	<u>39,900</u>	<u>396,144</u>	<u>436,044</u>	<u>\$ 436,044</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	32,892	5,765	38,657	
Land and Improvements				
Construction Services		387,673	387,673	
Equipment Purchases				
Transfer to Capital Reserve		8,471	8,471	
Total Expenditures and Other Financing Uses	<u>32,892</u>	<u>401,909</u>	<u>434,801</u>	
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ 7,008</u>	<u>\$ (5,765)</u>	<u>\$ 1,243</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	\$ 436,044			
Additional Authorized Cost				
Revised Authorized Cost	\$ 436,044			
Percentage Increase over Original Authorized Cost	N/A			
Percentage Completion	99%			
Original Target Completion Date	Dec-26			
Revised Target Completion Date	N/A			

MORRIS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS
AV FIRE ALARM UPGRADE
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025

	<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	\$ 54,600	\$ 519,230	\$ 573,830	\$ 573,830
Transfer from Capital Outlay				
Total Revenues and Other Financing Sources	<u>54,600</u>	<u>519,230</u>	<u>573,830</u>	<u>\$ 573,830</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	43,205	9,041	52,246	
Land and Improvements				
Construction Services		481,838	481,838	
Equipment Purchases				
Transfer to Capital Reserve		3,022	3,022	
Total Expenditures and Other Financing Uses	<u>43,205</u>	<u>493,901</u>	<u>537,106</u>	
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ 11,395</u>	<u>\$ 25,329</u>	<u>\$ 36,724</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	\$ 573,830			
Additional Authorized Cost				
Revised Authorized Cost	\$ 573,830			
Percentage Increase over Original Authorized Cost	N/A			
Percentage Completion	94%			
Original Target Completion Date	Dec-26			
Revised Target Completion Date	N/A			

MORRIS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS
HARTER ROAD TURF
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025

	<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				
Financed Purchases Payable Proceeds		\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
Contribution from Private Source				
Transfer from Capital Reserve		73,200	73,200	73,200
Transfer from Capital Outlay				
Interest on Escrow Accounts		73,018	73,018	73,018
Total Revenues and Other Financing Sources	<u>-</u>	<u>2,146,218</u>	<u>2,146,218</u>	<u>\$ 2,146,218</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services		67,317	67,317	
Land and Improvements				
Construction Services				
Equipment Purchases				
Transfer to Capital Reserve				
Total Expenditures and Other Financing Uses	<u>-</u>	<u>67,317</u>	<u>67,317</u>	
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ -</u>	<u>\$ 2,078,901</u>	<u>\$ 2,078,901</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	\$ 2,073,200			
Additional Authorized Cost	73,018			
Revised Authorized Cost	\$ 2,146,218			
Percentage Increase over Original Authorized Cost	N/A			
Percentage Completion	3%			
Original Target Completion Date	Dec-27			
Revised Target Completion Date	N/A			

LONG-TERM DEBT

SECTION - I

MORRIS SCHOOL DISTRICT
SCHEDULE OF FINANCED PURCHASES PAYABLE
LONG-TERM DEBT
JUNE 30, 2025

PURPOSE	DATE OF LEASE	TERM OF LEASE	AMOUNT OF ORIGINAL LEASE		INTEREST RATE	BALANCE	ADDITIONS	RETIRED	BALANCE
			PRINCIPAL	INTEREST		JUNE 30, 2024			JUNE 30, 2025
Buses	07/15/19	6 Years	\$ 610,000	\$ 46,881	2.687%	\$ 178,211		\$ 178,211	
Various Equipment	09/18/20	5 Years	142,000	10,907	1.000%	27,548		27,548	
Buses	09/18/20	6 Years	1,395,000	30,825	1.000%	615,133		198,720	\$ 416,413
Copy Machines	08/20/21	4 Years	128,579	5,754	2.238%	51,982		25,703	26,279
Buses and Various Equipment	07/15/22	6 Years	3,853,111	320,128	3.020%	2,676,943		558,433	2,118,510
Buses	02/01/24	6 Years	590,126	65,702	4.380%	590,126		118,242	471,884
Security and Turf	07/22/24	5 Years	3,700,000	313,248	4.180%		\$ 3,700,000	798,783	2,901,217
Buses and Copiers	12/13/24	6 Years	1,224,413	152,969	4.060%		\$ 1,224,413		1,224,413
Total						\$ 4,139,943	\$ 4,924,413	\$ 1,905,640	\$ 7,158,716

STATISTICAL SECTION (UNAUDITED)
SECTION - J

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)

	2016	2017	2018	2019	June 30, 2020 (Restated)	2021	2022	2023	2024 (Restated)	2025
Governmental Activities										
Net Investment in Capital Assets	\$ 43,696,718	\$ 44,935,291	\$ 49,610,975	\$ 51,308,245	\$ 52,065,708	\$ 51,476,541	\$ 53,787,682	\$ 57,161,574	\$ 60,028,079	\$ 64,811,768
Restricted	23,910,031	23,357,422	22,058,286	21,658,087	26,448,842	33,393,653	34,671,336	34,611,045	36,270,280	31,902,382
Unrestricted	(31,840,835)	(31,684,701)	(32,720,614)	(29,763,515)	(29,215,685)	(27,351,738)	(18,975,649)	(16,245,301)	(17,285,391)	(25,470,620)
Total Governmental Activities Net Position/Net Assets	<u>\$ 35,765,914</u>	<u>\$ 36,608,012</u>	<u>\$ 38,948,647</u>	<u>\$ 43,202,817</u>	<u>\$ 49,298,865</u>	<u>\$ 57,518,456</u>	<u>\$ 69,483,369</u>	<u>\$ 75,527,318</u>	<u>\$ 79,012,968</u>	<u>\$ 71,243,530</u>
Business-type Activities										
Investment in Capital Assets	\$ 95,157	\$ 117,324	\$ 173,851	\$ 207,799	\$ 225,659	\$ 224,498	\$ 226,284	\$ 207,126	\$ 321,940	\$ 736,360
Unrestricted	416,454	468,154	515,885	673,376	511,244	475,482	1,664,186	2,347,094	2,178,940	1,386,913
Total Business-type Activities Net Position/Net Assets	<u>\$ 511,611</u>	<u>\$ 585,478</u>	<u>\$ 689,736</u>	<u>\$ 881,175</u>	<u>\$ 736,903</u>	<u>\$ 699,980</u>	<u>\$ 1,890,470</u>	<u>\$ 2,554,220</u>	<u>\$ 2,500,880</u>	<u>\$ 2,123,273</u>
Government-wide										
Investment in Capital Assets	\$ 43,791,875	\$ 45,052,615	\$ 49,784,826	\$ 51,516,044	\$ 52,291,367	\$ 51,701,039	\$ 54,013,966	\$ 57,368,700	\$ 60,350,019	\$ 65,548,128
Restricted	23,910,031	23,357,422	22,058,286	21,658,087	26,448,842	33,393,653	34,671,336	34,611,045	36,270,280	31,902,382
Unrestricted	(31,424,381)	(31,216,547)	(32,204,729)	(29,090,139)	(28,704,441)	(26,876,256)	(17,311,463)	(13,898,207)	(15,106,451)	(24,083,707)
Total District Net Position/Net Assets	<u>\$ 36,277,525</u>	<u>\$ 37,193,490</u>	<u>\$ 39,638,383</u>	<u>\$ 44,083,992</u>	<u>\$ 50,035,768</u>	<u>\$ 58,218,436</u>	<u>\$ 71,373,839</u>	<u>\$ 78,081,538</u>	<u>\$ 81,513,848</u>	<u>\$ 73,366,803</u>

Source: ACFR Schedule A-1

Note: Reflects Implementation of GASB Statement No. 75 for 2018 and subsequent years.

Reflects Implementation of GASB Statement No. 84 for 2021, which required the restatement of beginning net position.

GASB Statement No. 101 was implemented during the 2025 fiscal year, which required the restatement of beginning governmental activities and business-type activities net position in the amount of (\$8,196,030) and (\$20,783), respectively.

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

	Year Ended June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 29,237,127	\$ 31,710,468	\$ 32,297,670	\$ 35,374,952	\$ 34,895,344	\$ 37,313,269	\$ 37,641,978	\$ 48,769,071	\$ 51,343,317	\$ 50,971,317
Special Education	8,153,686	6,421,612	6,566,012	6,389,428	6,670,823	7,367,452	8,774,782	13,788,298	15,191,089	15,598,822
Other Special Education	1,894,853	1,953,758	2,166,629	2,338,259	3,165,913	3,236,607	2,919,552	4,685,944	4,202,178	4,398,852
Other Instruction	1,391,027	1,470,913	1,508,941	1,571,308	1,458,586	1,352,825	1,585,169	2,370,198	2,618,183	2,774,249
Support Services:										
Tuition	5,846,949	5,681,478	5,926,763	5,753,469	5,370,532	5,050,199	4,772,210	5,533,510	5,849,994	5,879,156
Student & Instruction Related Services	14,443,418	15,362,877	15,545,329	14,497,741	16,597,308	20,869,737	21,479,462	29,449,566	30,926,878	31,521,320
School Administrative Services	3,016,712	3,096,687	3,891,005	3,980,819	3,916,523	3,918,595	4,274,361	6,815,832	6,886,191	6,779,472
General Administrative Services	3,312,990	3,299,714	3,307,097	3,415,943	3,381,422	3,487,420	4,115,906	5,134,356	5,699,891	5,743,967
Plant Operations and Maintenance	7,443,979	7,703,340	8,040,375	9,165,015	9,492,529	8,679,155	10,009,081	12,104,876	12,644,579	14,197,820
Pupil Transportation	6,249,298	6,961,605	6,242,152	6,761,122	6,945,237	6,531,871	8,691,087	13,812,233	12,617,565	13,981,049
Unallocated Benefits	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			
Interest on Long-term Debt	120,563	93,492	87,115	83,483	116,509	58,246	25,455	1,526,872	1,543,620	1,361,703
Unallocated Depreciation	192,659	176,085	218,870	242,380	231,182	273,370				
Total Governmental Activities Expenses	106,349,521	131,236,588	137,076,491	132,869,568	130,239,558	146,438,703	139,615,230	143,990,756	149,523,485	153,207,727
Business-type Activities:										
Food Service	1,614,906	1,576,399	1,490,552	1,590,977	1,392,989	1,148,437	2,252,256	2,218,946	2,531,940	3,061,914
Community School	1,807,674	1,714,323	1,655,544	1,576,364	1,448,496	682,827	861,725	1,189,888	1,443,947	1,645,577
Total Business-type Activities Expense	3,422,580	3,290,722	3,146,096	3,167,341	2,841,485	1,831,264	3,113,981	3,408,834	3,975,887	4,707,491
Total District Expenses	\$ 109,772,101	\$ 134,527,310	\$ 140,222,587	\$ 136,036,909	\$ 133,081,043	\$ 148,269,967	\$ 142,729,211	\$ 147,399,590	\$ 153,499,372	\$ 157,915,218
Program Revenues										
Governmental Activities:										
Charges for Services:										
Student & Instruction Related Services							\$ 385,118	\$ 4,786,271	\$ 4,522,942	\$ 4,757,356
Operating Grants and Contributions	\$ 20,675,124	\$ 41,334,669	\$ 45,981,670	\$ 41,768,056	\$ 36,765,669	\$ 55,236,862	14,182,879	15,705,559	17,410,224	16,261,368
Capital Grants and Contributions										1,319,037
Total Governmental Activities Program Revenues	20,675,124	41,334,669	45,981,670	41,768,056	36,765,669	55,236,862	14,567,997	20,491,830	21,933,166	22,337,761
Business-type Activities:										
Charges for services										
Food Service	579,333	607,973	564,963	612,948	441,591	33,915	67,079	637,252	634,112	801,867
Community School	1,651,902	1,720,765	1,713,327	1,709,648	1,263,558	465,252	1,317,070	1,511,625	1,317,953	1,461,633
MHS Print Shop										3,477
Operating Grants and Contributions	1,134,834	1,034,351	970,369	1,034,317	990,358	1,294,409	2,919,432	1,921,684	1,968,296	2,080,189
Total Business-type Activities Program Revenues	3,366,069	3,363,089	3,248,659	3,356,913	2,695,507	1,793,576	4,303,581	4,070,561	3,920,361	4,347,166
Total District Program Revenues	\$ 24,041,193	\$ 44,697,758	\$ 49,230,329	\$ 45,124,969	\$ 39,461,176	\$ 57,030,438	\$ 18,871,578	\$ 24,562,391	\$ 25,853,527	\$ 26,684,927
Net (Expense)/Revenue										
Governmental Activities	\$ (85,674,397)	\$ (89,901,919)	\$ (91,094,821)	\$ (91,101,512)	\$ (93,473,889)	\$ (91,201,841)	\$ (125,047,233)	\$ (123,498,926)	\$ (127,590,319)	\$ (130,869,966)
Business-type Activities	(56,511)	72,367	102,563	189,572	(145,978)	(37,688)	1,189,600	661,727	(55,526)	(360,325)
Total Government-wide Net Expense	\$ (85,730,908)	\$ (89,829,552)	\$ (90,992,258)	\$ (90,911,940)	\$ (93,619,867)	\$ (91,239,529)	\$ (123,857,633)	\$ (122,837,199)	\$ (127,645,845)	\$ (131,230,291)

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

	2016	2017	2018	2019	Year Ended June 30,		2022	2023	2024	2025
General Revenues and Other Changes in Net Position/Net Assets										
Governmental Activities:										
Property Taxes Levied for General Purposes, net	\$ 85,246,039	\$ 86,834,961	\$ 88,571,660	\$ 91,073,093	\$ 92,894,555	\$ 95,309,814	\$ 97,216,010	\$ 98,829,832	\$ 100,806,429	\$ 103,822,558
Taxes Levied for Debt Service	664,905	576,274	551,007	529,509						
Unrestricted Grants and Contributions	609,684	279,622	222,276	122,683	150,727	182,060	34,873,564	29,120,515	28,343,887	25,417,442
Restricted Grants and Contributions			829,475	2,656						
Payments in Lieu of Taxes (Tuition)	4,029,709	4,148,439	4,261,293	4,432,790	4,674,766	4,814,832	4,443,752			
Investment Earnings	400,698	228,126	332,871	546,962	825,377	428,407	478,820	516,253	1,092,825	1,654,486
Miscellaneous Income									832,828	402,072
Bus Sale Proceeds								1,076,275		
Disposal of Assets				(9,233)	(3,087)	(37,376)				
Transfers	(1,312,394)	(1,323,405)	(1,333,126)	(1,342,778)	(1,324,919)	(1,276,305)				
Total Governmental Activities	<u>89,638,641</u>	<u>90,744,017</u>	<u>93,435,456</u>	<u>95,355,682</u>	<u>97,217,419</u>	<u>99,421,432</u>	<u>137,012,146</u>	<u>129,542,875</u>	<u>131,075,969</u>	<u>131,296,558</u>
Business-type Activities:										
Investment Earnings	1,688	1,500	1,695	1,867	1,706	765	890	2,023	2,186	3,501
Miscellaneous Earnings										
Transfers										
Total Business-type Activities	<u>1,688</u>	<u>1,500</u>	<u>1,695</u>	<u>1,867</u>	<u>1,706</u>	<u>765</u>	<u>890</u>	<u>2,023</u>	<u>2,186</u>	<u>3,501</u>
Total Government-wide	<u>\$ 89,640,329</u>	<u>\$ 90,745,517</u>	<u>\$ 93,437,151</u>	<u>\$ 95,357,549</u>	<u>\$ 97,219,125</u>	<u>\$ 99,422,197</u>	<u>\$ 137,013,036</u>	<u>\$ 129,544,898</u>	<u>\$ 131,078,155</u>	<u>\$ 131,300,059</u>
Change in Net Position/Net Assets										
Governmental Activities	\$ 3,964,244	\$ 842,098	\$ 2,340,635	\$ 4,254,170	\$ 3,743,530	\$ 8,219,591	\$ 11,964,913	\$ 6,043,949	\$ 3,485,650	\$ 426,592
Business-type Activities	(54,823)	73,867	104,258	191,439	(144,272)	(36,923)	1,190,490	663,750	(53,340)	(356,824)
Total District	<u>\$ 3,909,421</u>	<u>\$ 915,965</u>	<u>\$ 2,444,893</u>	<u>\$ 4,445,609</u>	<u>\$ 3,599,258</u>	<u>\$ 8,182,668</u>	<u>\$ 13,155,403</u>	<u>\$ 6,707,699</u>	<u>\$ 3,432,310</u>	<u>\$ 69,768</u>

Source: ACFR Schedule A-2

Note: Reflects Implementation of GASB Statement No. 75 for 2018 and subsequent years.

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

	2016	2017	2018	2019	2020 (Restated)	2021	2022	2023	2024	2025
General Fund										
Restricted	\$ 21,691,324	\$ 22,330,679	\$ 21,539,525	\$ 20,982,749	\$ 24,497,038	\$ 26,887,228	\$ 26,301,583	\$ 25,523,827	\$ 24,886,112	\$ 22,673,353
Assigned	3,290,983	6,082,562	4,294,986	4,607,208	5,544,608	4,897,531	3,518,982	6,613,866	4,605,351	3,878,373
Unassigned	484,887	365,078	1,516,141	3,584,943	2,407,440	6,810,429	8,876,946	5,193,925	4,325,759	3,556,894
Total General Fund	<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>	<u>\$ 33,817,222</u>	<u>\$ 30,108,620</u>
All Other Governmental Funds										
Restricted	\$ 2,218,707	\$ 971,344	\$ 518,761	\$ 675,338	\$ 1,941,808	\$ 3,176,425	\$ 8,369,753	\$ 9,087,218	\$ 11,384,168	\$ 9,229,029
Committed										
Unassigned, reported in:										
Special Revenue Fund										
Capital Projects Fund										
Debt Service Fund	¹									
Total All Other Governmental Funds	<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>	<u>\$ 11,384,168</u>	<u>\$ 9,229,029</u>

Source: ACFR Schedule B-1

Note: Reflects Implementation of GASB Statement No. 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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues										
Tax Levy	\$ 85,910,944	\$ 87,411,235	\$ 89,122,667	\$ 91,602,602	\$ 92,894,555	\$ 95,309,814	\$ 97,216,010	\$ 98,829,832	\$ 100,806,429	\$ 103,822,558
Tuition Charges	4,029,709	4,148,439	4,261,293	4,432,790	4,674,766	4,814,832	4,443,752	4,538,081	4,276,841	3,746,071
Miscellaneous	400,698	228,126	332,871	546,961	825,377	265,768	478,820	516,253	1,925,653	2,629,451
Local Sources	216,142	229,319	264,250	279,602	328,885	338,390	634,079	789,130	892,380	820,764
State Sources	18,479,127	20,561,821	23,554,058	28,056,633	28,307,681	37,381,849	45,185,711	47,823,770	49,041,039	52,018,761
Federal Sources	2,589,539	2,716,579	2,816,277	2,649,571	2,498,380	4,650,409	6,421,185	5,264,133	6,276,308	4,116,341
Total Revenues	111,626,159	115,295,519	120,351,416	127,568,159	129,529,644	142,761,062	154,379,557	157,761,199	163,218,650	167,153,946
Expenditures										
Instruction										
Regular Instruction	27,569,631	30,129,904	30,444,276	33,601,996	33,078,137	35,153,927	35,352,873	35,050,055	36,313,253	36,791,536
Special Education Instruction	8,153,686	6,421,612	6,566,012	6,389,428	6,670,823	7,367,452	8,774,782	9,128,119	10,050,151	10,584,743
Other Special Instruction	1,894,853	1,953,758	2,166,629	2,338,259	3,165,913	3,236,607	2,919,552	3,136,631	2,778,200	2,998,239
Other Instruction	1,391,027	1,470,913	1,508,941	1,571,308	1,458,586	1,352,825	1,585,169	1,707,218	1,858,482	2,006,619
Support Services:										
Tuition	5,846,949	5,681,478	5,926,763	5,753,469	5,370,532	5,050,199	4,772,210	5,390,595	5,689,895	5,718,529
Student & Instruction Related Services	14,443,418	15,362,877	15,545,329	14,497,741	16,597,308	20,869,737	21,479,462	23,667,844	24,990,121	25,809,504
Other Administrative Services	3,312,990	3,299,714	3,307,097	3,980,819	3,916,523	3,918,595	3,821,809	4,538,183	4,542,144	4,619,317
School Administrative Services	3,016,712	3,096,687	3,891,005	3,415,943	3,381,422	3,487,420	4,274,361	4,037,843	4,385,734	4,621,698
Plant Operations and Maintenance	7,520,053	7,797,969	8,095,258	9,367,324	9,728,660	8,935,912	10,149,657	10,873,168	11,009,278	12,132,943
Pupil Transportation	6,249,298	6,961,605	6,649,100	7,154,736	7,437,183	7,210,327	9,381,228	11,267,668	9,906,244	11,140,296
Unallocated Employee Benefits	24,538,580	26,707,566	30,400,226	33,000,335	33,020,740	36,526,460	40,998,450	44,489,969	46,508,588	48,388,558
Charter Schools							1,472,989	1,526,872	1,543,620	1,361,703
Capital Outlay	10,046,862	7,894,881	5,792,291	3,178,988	3,076,098	2,506,916	4,358,522	8,524,848	5,450,512	11,919,517
Debt service:										
Principal	750,000	670,000	670,000	675,000						
Interest and Other Charges	131,500	94,000	60,500	27,000						
Total Expenditures	114,865,559	117,542,964	121,023,427	124,952,346	126,901,925	135,616,377	149,341,064	163,339,013	165,026,222	178,093,202
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,239,400)	(2,247,445)	(672,011)	2,615,813	2,627,719	7,144,685	5,038,493	(5,577,814)	(1,807,572)	(10,939,256)
Other Financing Sources (Uses)										
Financed Purchases Payable	76,074	2,864,620	124,887	707,790			128,579	3,853,111	590,126	4,924,413
Bus Sale Proceeds								1,076,275		
Proceeds from Sale of Assets										151,102
Lease Purchase Agreement		2,769,991			885,338	1,512,339	128,579			
Transfers In	1,135,898	3,157,288	1,063,590	2,756,200	2,835,600	1,603,001	9,034,132	6,010,506	7,335,774	3,991,361
Transfers Out	(2,448,292)	(4,480,693)	(2,396,716)	(4,098,978)	(4,160,519)	(2,879,306)	(9,034,132)	(6,010,506)	(7,335,774)	(3,991,361)
Total Other Financing (Uses) Sources	(1,236,320)	4,311,206	(1,208,239)	(634,988)	(439,581)	236,034	257,158	4,929,386	590,126	5,075,515
Net Change in Fund Balances	\$ (4,475,720)	\$ 2,063,761	\$ (1,880,250)	\$ 1,980,825	\$ 2,188,138	\$ 7,380,719	\$ 5,295,651	\$ (648,428)	\$ (1,217,446)	\$ (5,863,741)
Debt Service as a Percentage of Noncapital Expenditures	0.8%	0.7%	0.6%	0.6%	0.0%	0.0%	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
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
2024	1,092,825			205,548	509,062	118,218	1,925,653
2025	1,581,468	16,684		204,209	723,995	30,077	2,556,433

Source: District Records

Note: The District joined the New Jersey Asset and Rebate Management Program (NJARM) for the fiscal year ended June 30, 2024.

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)
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
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
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
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
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
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
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
2024	3,439,077,688	4,293,674,100	n/a	n/a	n/a	n/a	n/a	7,732,751,788	55,063	7,732,806,851	2.456	9,048,289,631
2025	4,447,686,138	5,767,686,200	n/a	n/a	n/a	n/a	n/a	10,215,372,338	55,063	10,215,427,401	1.789	10,856,196,783

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												
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		0.469	R	0.279	R	1.912	R
2023	1.189		0.000		1.189		0.486		0.278	R	1.953	R
2024	1.224		0.000		1.224		0.497		0.284		2.005	
2025	1.198		0.000		1.198		0.508		0.296		2.002	
Morristown												
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		1.085	R	0.341	R	2.872	
2023	1.449		0.000		1.449		1.107	R	0.332	R	2.888	R
2024	1.441		0.000		1.441		1.136		0.329		2.906	
2025	0.775		0.000		0.775		0.577		0.223		1.575	

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	2025			2016		
	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	\$ 78,110,000	1	1.44%			
H'Y2 Mt. Kemble, LLC	56,257,400	2	1.04%	\$ 42,054,400	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%			
Olde Forge East	28,373,000	7	0.52%			
Bayer Healthcare LLC	26,596,500	8	0.49%			
Morristown MOB III, LLC	25,930,000	9	0.48%			
Red Bull Arena, Inc	24,218,400	10	0.45%			
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	99,000,000	1	2.07%			
Memorial Inv. Corp.	63,152,800	2	1.32%			
Speedwell Properties LLC	63,000,000	3	1.32%			
PMI Morristown LLC	59,550,500	4	1.24%			
2nd Roc Jersey Associates	55,917,700	5	1.17%	18,115,200	8	0.82%
Parsons Village	48,957,500	6	1.02%	27,300,000	1	1.23%
Applies CO / Chancery Sq	48,828,600	7	1.02%			
Jacob ford Village LLC	48,712,200	8	1.02%			
AP Monroe TIC LLC	46,847,500	9	0.98%			
Sixth Roc - Jersey Associates LLC	44,972,500	10	0.94%			
Rosewood Lafayette Commons				26,474,000	2	1.20%
Epsteins B. Metrop				25,500,000	3	1.15%
5th Roc Jersey Assoc				24,500,000	4	1.11%
Kadima Medical Properties				23,900,000	5	1.08%
GS Morristown Plaza LLC				20,160,800	6	0.91%
Memorial Investment / AHS Invest.				19,300,000	7	0.87%
The Green at Park Place				18,100,000	9	0.82%
Morr. Med. Investors				16,950,000	10	0.77%
Total	<u>\$ 952,594,400</u>		<u>18.98%</u>	<u>\$ 520,296,600</u>		<u>18.10%</u>

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

Note: Percentages of total district net assessed value are calculated using each municipality's net taxable value.

See Exhibit J-6 District Combined Taxable Value.

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

Year Ended June 30,	Taxes Levied for the Fiscal Year		Collected within the Fiscal Year of the Levy	
			Amount	Percentage of Levy
Morris Township				
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%
2024		67,729,602	67,729,602	100.00%
2025		62,327,965	62,327,965	100.00%
Morristown				
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%
2024		33,076,827	33,076,826	100.00%
2025		41,494,593	41,494,593	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.

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						
2016	\$ 1,283,555	\$ 112,001		\$ 1,395,556	0.07%	\$ 62
2017	868,870	1,903,272		2,772,142	0.14%	125
2018	424,237	1,622,963		2,047,200	0.10%	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	0.07%	73
2023		3,009,904		3,009,904	0.11%	128
2024		2,778,213		2,778,213	N/A	117
2025		4,295,145		4,295,145	N/A	N/A
Morristown						
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	0.04%	43
2023		1,522,340		1,522,340	0.06%	74
2024		1,361,730		1,361,730	N/A	66
2025		2,863,571		2,863,571	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			
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%	
2024				0.00%	
2025				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, 2025
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	\$ 23,509,110	100%	\$ 23,509,110
Morris Township	24,717,053	100%	24,717,053
Other debt			
Morris County - Morristown	319,397,680	3.710%	11,849,654
Morris County - Morris Township	319,397,680	5.565%	17,774,481
Subtotal, overlapping debt			77,850,298
Morris School District Direct Debt			
Morristown			-
Morris Township			-
Total direct and overlapping debt			<u>\$ 77,850,298</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

<u>Year</u>	<u>Morris Township Equal Valuation</u>	<u>Morristown Equal Valuation</u>
2024	\$ 6,883,823,876	\$ 4,975,595,736
2023	6,480,606,258	4,142,265,118
2022	6,050,563,204	2,942,210,914

Legal Debt Margin Calculation for Fiscal Year 2025

Total Equalized valuation basis	
2024	\$ 11,859,419,612
2023	10,622,871,376
2022	8,992,774,118
[A]	<u>\$ 31,475,065,106</u>
[A/3]	\$ 10,491,688,369
[B]	314,750,651 a
[C]	-
[B-C]	<u>\$ 314,750,651</u>

Average equalized valuation of taxable property

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

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Debt limit	\$ 230,336,706	\$ 234,866,986	\$ 243,707,679	\$ 250,538,864	\$ 256,094,094	\$ 258,671,763	\$ 261,300,795	\$ 264,279,281	\$ 283,593,861	\$ 314,750,651
Total net debt applicable to limit	<u>2,015,000</u>	<u>1,345,000</u>	<u>675,000</u>							
Legal debt margin	<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>	<u>\$ 196,156,455</u>	<u>\$ 314,750,651</u>
Total net debt applicable to the limit as a percentage of debt limit	0.87%	0.57%	0.28%	NA	NA	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

<u>Fiscal Year</u>	<u>Population ^a</u>	<u>Personal Income (thousands of dollars) ^b</u>		<u>Per Capita Personal Income ^c</u>		<u>Unemployment Rate ^d</u>
Morris Township						
2016	22,378	\$ 1,968,905,952	R	\$ 87,984	R	3.8% R
2017	22,261	2,009,188,816	R	90,256	R	3.5% R
2018	22,166	2,076,843,370	R	93,695	R	3.1% R
2019	22,152	2,143,737,648	R	96,774	R	2.7% R
2020	22,352	2,210,054,000	R	98,875	R	7.5% R
2021	23,237	2,489,495,995	R	107,135	R	5.3% R
2022	23,268	2,537,538,276	R	109,057	R	3.1% R
2023	23,507	2,723,285,950	R	115,850	R	3.5% R
2024	23,727	N/A		N/A		3.7%
2025	N/A	N/A		N/A		N/A
Morristown						
2016	18,896	\$ 1,662,545,664	R	\$ 87,984	R	3.8% R
2017	18,821	1,698,708,176	R	90,256	R	3.5% R
2018	19,101	1,789,668,195	R	93,695	R	3.1% R
2019	19,249	1,862,802,726	R	96,774	R	2.7% R
2020	19,229	1,901,267,375	R	98,875	R	7.5% R
2021	20,276	2,172,269,260	R	107,135	R	5.3% R
2022	20,339	2,218,110,323	R	109,057	R	3.1% R
2023	20,571	2,383,150,350	R	115,850	R	3.5% R
2024	20,732	N/A		N/A		3.7%
2025	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	2025			2016		
	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

<u>Function/Program</u>	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Instruction										
Regular	356	359	360	363	368	400	360	361	364	363
Special education	107	106	98	101	107	131	143	152	157	156
Other special education	25	27	29	33	45	53	43	43	38	40
Other instruction	3	3	3	3	3	3	3	3	3	3
Support Services:										
Student & instruction related services	168	170	165	158	160	152	148	145	159	144
General administrative services	2	2	2	2	2	2	2	2	2	2
School administrative services	35	35	38	38	39	42	42	43	42	43
Business administrative services	18	18	16	16	16	16	19	17	17	18
Plant operations and maintenance	85	86	85	89	87	88	87	90	93	99
Pupil transportation	34	38	62	68	68	91	102	120	116	109
Food Service			1	1	1	1	1	2	2	2
Total	833	844	859	872	896	979	950	978	993	979

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				
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%
2024	5,685		159,575,710	28,070	2.71%	579	10.3:1	8.0:1	10.4:1	5,129	4,855	-2.17%	94.66%
2024	5,830		166,173,685	28,503	1.54%	580	10.7:1	8.7:1	10.1:1	5,104	4,833	-0.49%	94.69%

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<u>District Building</u>										
<u>Early Learning Center</u>										
Early Learning Center										
Square Feet	35,277	35,277	35,277	35,277	35,277	35,277	35,277	35,277	35,277	35,277
Capacity (students)	R 144	R 144	R 144	R 144	R 144	R 144	R 144	R 144	R 144	R 144
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	111	109	127
<u>Elementary</u>										
Alexander Hamilton (1933)										
Square Feet	90,078	90,078	90,078	90,078	90,078	90,078	90,078	90,078	90,078	90,078
Capacity (students)	R 358	R 358	R 358	R 358	R 358	R 358	R 358	R 358	R 358	R 358
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	269	248	249
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)	R 340	R 340	R 340	R 340	R 340	R 340	R 340	R 340	R 340	R 340
Enrollment ^a	N/A	N/A	N/A	N/A	N/A	N/A	N/A	347	334	340
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)	R 297	R 297	R 297	R 297	R 297	R 297	R 297	R 297	R 297	R 297
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	311	268	248
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)	R 432	R 432	R 432	R 432	R 432	R 432	R 432	R 432	R 432	R 432
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	348	362	371
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)	R 319	R 319	R 319	R 319	R 319	R 319	R 319	R 319	R 319	R 319
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	300	335	321
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)	R 303	R 303	R 303	R 303	R 303	R 303	R 303	R 303	R 303	R 303
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	271	302	285
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)	R 378	R 378	R 378	R 378	R 378	R 378	R 378	R 378	R 378	R 378
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	297	292	303
<u>Middle School</u>										
Frelinghuysen (1965)										
Square Feet	227,837	227,837	227,837	227,837	227,837	227,837	234,186	234,186	234,186	234,186
Capacity (students)	R 1,076	R 1,076	R 1,076	R 1,076	R 1,076	R 1,076	R 1,226	R 1,226	R 1,226	R 1,226
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1,064	1,023	1,073
<u>High School</u>										
Morristown (1928)										
Square Feet	439,631	439,631	439,631	439,631	439,631	439,631	439,631	439,631	439,631	439,631
Capacity (students)	R 1,765	R 1,765	R 1,765	R 1,765	R 1,765	R 1,765	R 1,765	R 1,765	R 1,765	R 1,765
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1,820	1,810	1,787
Maintenance Offices										
Square Feet	900	900	900	900	900	900	900	900	900	900
Transportation Office										
Square Feet	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Number of Schools at June 30, 2025										
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.

Capacity of students is based on the FES in the Long Range Facilities Plan.

R - Revised

N/A - Not available for fiscal years prior to 2023.

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)	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Morristown High	N/A	\$ 878,154	\$ 860,546	\$ 673,623	\$ 539,573	\$ 586,073	\$ 707,702	\$ 941,350	\$ 875,691	\$ 687,569	\$ 525,289
Alexander Hamilton	N/A	265,134	151,853	624,733	223,949	70,039	80,062	152,618	153,872	159,529	179,087
Alfred Vail	N/A	147,955	157,944	75,155	271,624	208,766	119,320	92,060	130,772	90,029	153,754
Frelinghuysen	N/A	522,715	479,549	264,906	301,140	269,135	799,739	296,423	262,244	253,709	428,258
Lafayette Learning Center	N/A	139,883	102,667	120,760	185,958	73,428	155,339	83,381	170,310	120,715	117,114
Hillcrest	N/A	105,908	91,789	151,383	88,206	154,718	133,326	110,199	92,657	128,949	91,097
Normandy Park	N/A	178,916	348,908	137,183	197,312	92,669	154,950	89,274	68,039	74,802	78,049
Sussex Avenue	N/A	211,920	112,620	100,483	121,439	132,722	224,277	97,241	79,568	110,597	70,432
Thomas Jefferson	N/A	171,045	104,224	112,684	221,631	233,795	150,079	81,118	132,744	77,014	69,863
Woodland Avenue	N/A	294,848	117,514	285,935	105,966	146,798	118,525	102,689	53,161	118,030	122,037
Total School Facilities		<u>\$ 2,916,478</u>	<u>\$ 2,527,614</u>	<u>\$ 2,546,845</u>	<u>\$ 2,256,798</u>	<u>\$ 1,968,143</u>	<u>\$ 2,643,319</u>	<u>\$ 2,046,353</u>	<u>\$ 2,019,058</u>	<u>\$ 1,820,943</u>	<u>\$ 1,834,980</u>

*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, 2025
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, Sexual Abuse & Molestation	\$10,000,000/\$28,000,000 Fund Aggregate	
	Employee Benefits Liability	5,000,000	
	Each Occurrence		
	General Aggregate	46,000,000	
	Product/Completed Ops		
	Personal Injury		
	Fire Damage	2,500,000	
	Medical Expenses	10,000	
	(excluding students taking part in athletics)		
	Automobile Coverage	10,000,000	
	Combined Single Limit		
	Hired/Non-owned		
	Scheduled Vehicles	Included	
	Environmental Impairment Liability	\$1,000,000/\$10,000,000 Fund Aggregate	50,000
	Excludes mold/fungi/fungus/legionella		
	Crime Coverage	\$50,000 Inside/Outside	1,000
	Blanket Dishonesty Bond	500,000	1,000
NJ School Insurance Group	Boiler & Machinery	100,000,000	2,500
	School Legal Liability-Claims Made	5,000,000	10,000
	Excess Liability (Liability/Automobile)	\$10,000,000 / Ex \$10,000,000	
	Excess Liability (SLPL-Ed Legal)	\$15,000,000 / Ex \$5,000,000	
	Cyber Liability	\$750,000 per Occurrence / \$2,000,000 Aggregate	10,000
Bollinger Specialty Group	Workmen's Compensation	Statutory	
	Employer's Liability	3,000,000	
	Supplemental Indemnity	Statutory	7 Days
Selective Insurance Company	Student Accident Insurance (Includes Athletes)	(Excess of Parents coverage)	
	Base/Catastrophic/Voluntary	\$6,000,000 all students and athletes	25,000
Fireman's Fund Indemnity Corp	Blanket/Public Official Fidelity Bond		
	Board Sec/Business Administrator	540,000	
	Assist Board Sec/Asst Business Administrator	200,000	
National Flood Program Selective Insurance	Excess Catastrophe Coverage	\$25,000,000 (shared limits with three Districts)	
	Occurrence Limit (BI & PD)	with underlying liability of \$20,000,000	
	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	500,000	1,250
	Contents	500,000	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, 2025, 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 4, 2025.

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.

**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 4, 2025

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, 2025. 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, 2025.

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 4, 2025

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, 2025

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL ASSISTANCE LISTING NUMBER	FEDERAL FAIN NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE JUNE 30, 2024			CASH RECEIVED	BUDGETARY EXPENDITURES	REPAYMENT OF PRIOR YEARS' BALANCES	AMOUNTS PROVIDED TO SUBRECIPIENTS	BALANCE JUNE 30, 2025		
					ACCOUNTS RECEIVABLE	DUE TO GRANTOR	UNEARNED REVENUE					ACCOUNTS RECEIVABLE	DUE TO GRANTOR	UNEARNED REVENUE
U.S. Department of Health and Human Services														
Passed-through State Department of Treasury:														
General Fund:														
Medical Assistance Program:														
Special Education Medical Initiative (SEMI)	93.778	2005NJ5MAP	07/01/24-06/30/25	\$ 30,438				\$ 30,438	\$ (30,438)					
Medicaid Administrative Claiming (MAC)	93.778	2005NJ5MAP	07/01/24-06/30/25	29,295				28,689	(29,295)				\$ (606)	
Medicaid Administrative Claiming (MAC)	93.778	2005NJ5MAP	07/01/23-06/30/24	16,978	\$ (16,978)			16,978						
Total Medical Assistance Program					(16,978)			76,105	(59,733)				(606)	
Total General Fund					(16,978)			76,105	(59,733)				(606)	
U.S. Department of Education														
Passed-through NJDOE:														
Special Revenue Fund														
Title I:														
Title I, Part A	84.010	S010A250030	07/01/24-09/30/25	1,110,703				593,215	(817,358)				(224,143)	
Title I, Part A	84.010	S010A240030	07/01/23-09/30/24	981,073	(313,298)			322,086	(8,788)					
Title I, School Improvement (SIA)	84.010	S010A240030	07/01/23-09/30/24	29,328	(5,337)			5,337						
Title I, Part D	84.013	S013A250030	07/01/24-09/30/25	38,577				26,830	(35,562)				(8,732)	
Title I, Part D	84.013	S013A240030	07/01/23-09/30/24	53,088	(8,680)			8,680						
Subtotal Title I Grants					(327,315)			956,148	(861,708)				(232,875)	
Special Education Cluster:														
I.D.E.A. Part B, Full-time	84.027A	H027A250100	07/01/24-09/30/25	2,012,354				1,892,472	(1,945,670)				(53,198)	
I.D.E.A. Part B, Full-time	84.027A	H027A240100	07/01/23-09/30/24	2,055,612	(169,595)			169,595						
I.D.E.A. Part B, Preschool	84.173A	H173A250114	07/01/24-09/30/25	61,794				61,794	(61,794)					
Subtotal Special Education Cluster					(169,595)			2,123,861	(2,007,464)				(53,198)	
Title II Part A	84.367	S367A250029	07/01/24-09/30/25	267,716				152,209	(163,781)				(11,572)	
Title II Part A	84.367	S367A240029	07/01/23-09/30/24	137,615	(2,624)			7,119	(4,495)					
Subtotal Title II					(2,624)			159,328	(168,276)				(11,572)	
Title III	84.365	S365A250030	07/01/24-09/30/25	422,002				145,586	(235,986)				(90,400)	
Title III	84.365	S365A240030	07/01/23-09/30/24	463,864	(81,711)			109,802	(28,091)					
Title III - Immigrant	84.365	S365A240030	07/01/23-09/30/24	5,721	(5,721)			5,721						
Subtotal Title III					(87,432)			261,109	(264,077)				(90,400)	
Title IV Part A	84.424	S424A250031	07/01/24-09/30/25	64,864				15,478	(34,427)				(18,949)	
Title IV Part A	84.424	S424A240031	07/01/23-09/30/24	43,073	(4,910)			4,910						
Subtotal Title IV Part A					(4,910)			20,388	(34,427)				(18,949)	
Education Stabilization Fund (ESF):														
COVID-19 ARP Grant Program (ESSER III)	84.425U	S425U210027	03/13/20-09/30/24	3,984,364	(329,348)			561,183	(231,835)					
COVID-19 ARP Grant Program - Evidence-Based Comprehensive														
Beyond the School Day Activities Grant	84.425U	S425U210027	03/13/20-09/30/24	40,000	(609)			609						
COVID-19 ARP Grant Program														
Accelerated Learning Coaching and Educator Support Grant	84.425U	S425U210027	03/13/20-09/30/24	470,031	(176,057)			176,057						
COVID-19 ARP Grant Program - Evidence-Based Summer														
Learning and Enrichment Activities Grant	84.425U	S425U210027	03/13/20-09/30/24	40,000										
COVID-19 ARP Grant Program - NJTSS Mental Health Supporting Staff	84.425U	S425U210027	03/13/20-09/30/24	45,000										
COVID-19 ARP Grant Program Homeless Children and Youth II	84.425W	S425W210027	04/23/21-09/30/24	20,434										
Subtotal Education Stabilization Fund Cluster					(506,014)			737,849	(231,835)					
U.S. Department of Treasury														
Passed-through NJDOE:														
State and Local Fiscal Recovery Funds:														
Additional or Compensatory Special Education and Related Services (ACRSERS)	21.027	SLFRFDOE1SES	03/03/23-12/31/24	380,055	(380,055)			380,055						
Additional or Compensatory Special Education and Related Services (ACRSERS)	21.027	SLFRFDOE1SES	03/03/21-12/31/23	331,141		\$ 93,243				(93,243)				
Total Additional or Compensatory Special Education and Related Services (ACRSERS)					(380,055)	93,243		380,055	-	(93,243)				
High Impact Tutoring Competitive	21.027	C2221SLFRF21	07/01/24-06/30/25	299,630				103,833	(116,626)				(12,793)	
High Impact Tutoring Competitive	21.027	C2221SLFRF21	10/11/23-06/30/24	305,000	(30,152)			30,152						
					(30,152)	-		133,985	(116,626)				(12,793)	
Total Special Revenue Fund					(1,508,097)	93,243		4,772,723	(3,684,413)	(93,243)			(419,787)	

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, 2025

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL ASSISTANCE LISTING NUMBER	FEDERAL FAIN NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE JUNE 30, 2023			CASH RECEIVED	BUDGETARY EXPENDITURES	REPAYMENT OF PRIOR YEARS' BALANCES	AMOUNTS PROVIDED TO SUBRECIPIENTS	BALANCE JUNE 30, 2025		
					ACCOUNTS RECEIVABLE	DUE TO GRANTOR	UNEARNED REVENUE					ACCOUNTS RECEIVABLE	DUE TO GRANTOR	UNEARNED REVENUE
U.S. Department of Agriculture														
Passed-through State Department of Agriculture:														
Enterprise Fund:														
Food Service Fund:														
Child Nutrition Cluster:														
Food Distribution Program	10.555	251NJ304N1099	07/01/24-06/30/25	\$ 192,959				\$ 192,959	\$ (192,959)					
School Breakfast Program	10.553	251NJ304N1099	07/01/24-06/30/25	496,424				471,023	(496,424)			\$ (25,401)		
School Breakfast Program	10.553	241NJ304N1099	07/01/23-06/30/24	408,607	\$ (76,164)			76,164						
National School Lunch Program	10.555	251NJ304N1099	07/01/24-06/30/25	1,282,122				1,230,236	(1,282,122)			(51,886)		
National School Lunch Program	10.555	241NJ304N1099	07/01/23-06/30/24	1,035,436	(180,629)			180,629						
Subtotal Child Nutrition Program Cluster					(256,793)			2,151,011	(1,971,505)			(77,287)		
Summer-EBT Administrative Cost	10.646	202524N180341	07/01/24-06/30/25	1,501					(1,501)			(1,501)		
Summer-EBT Administrative Cost	10.646	202424N180341	07/01/23-06/30/24	1,556	(1,556)			1,556						
Local Food for Schools (LFS) Cooperative	10.185	AM25CPLFS000C034	07/01/23-10/31/25	27,515				15,576	(15,576)					
Total Food Service Fund					(258,349)			2,168,143	(1,988,582)			(78,788)		
U.S. Department of Health and Human Services														
Passed-through NJDCF:														
Community School Fund:														
Child Care and Development Fund (CCDF) Cluster:														
COVID-19 ARP Child Care Stabilization Grant	93.575	N/A	09/01/21-12/31/23	735,000		\$ 69,616						\$ 69,616		
Subtotal Child Care and Development Fund (CCDF) Cluster						69,616						69,616		
Total Community School Fund						69,616						69,616		
Total Enterprise Fund					(258,349)	69,616		2,168,143	(1,988,582)			(78,788)	69,616	
Total Expenditures of Federal Awards					\$ (1,783,424)	\$ 162,859	\$ -	\$ 7,016,971	\$ (5,732,728)	\$ (93,243)	\$ -	\$ (499,181)	\$ 69,616	\$ -

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, 2025

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STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE JUNE 30, 2024				ADJUSTMENT/ REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE JUNE 30, 2025			MEMO CUMULATIVE TOTAL EXPENDITURES	
				(ACCOUNTS RECEIVABLE/ UNEARNED REVENUE)	CARRYOVER AMOUNT	DUE TO GRANTOR	CASH RECEIVED		BUDGETARY EXPEND.	(ACCOUNTS RECEIVABLE/ UNEARNED REVENUE)	DUE TO GRANTOR		BUDGETARY RECEIVABLE
State Department of Education:													
General Fund:													
Transportation Aid	25-495-034-5120-014	7/1/24-6/30/25	\$ 2,091,300				\$ 1,685,173	\$ (2,091,300)				\$ (406,127)	\$ (2,091,300)
Transportation Aid	24-495-034-5120-014	7/1/23-6/30/24	1,763,234	\$ (337,179)			337,179						
Special Education Categorical Aid	25-495-034-5120-089	7/1/24-6/30/25	5,913,590				4,765,181	(5,913,590)				(1,148,409)	(5,913,590)
Special Education Categorical Aid	24-495-034-5120-089	7/1/23-6/30/24	5,547,008	(1,060,741)			1,060,741						
Security Aid	25-495-034-5120-084	7/1/24-6/30/25	1,683,122				1,356,263	(1,683,122)				(326,859)	(1,683,122)
Security Aid	24-495-034-5120-084	7/1/23-6/30/24	1,302,293	(249,034)			249,034						
School Choice Aid	25-495-034-5120-068	7/1/24-6/30/25	267,568				215,607	(267,568)				(51,961)	(267,568)
School Choice Aid	24-495-034-5120-068	7/1/23-6/30/24	302,950	(57,932)			57,932						
Adjustment Aid	25-495-034-5120-085	7/1/24-6/30/25	218,451				176,028	(218,451)				(42,423)	(218,451)
Adjustment Aid	24-495-034-5120-085	7/1/23-6/30/24	218,451	(41,774)			41,774						
Non-public Transportation Aid	25-495-034-5120-014	7/1/24-6/30/25	178,709					(178,709)		\$ (178,709)			(178,709)
Non-public Transportation Aid	24-495-034-5120-014	7/1/23-6/30/24	179,217	(179,217)			179,217						
Extraordinary Aid	25-495-034-5120-044	7/1/24-6/30/25	2,674,646					(2,674,646)		(2,674,646)			(2,674,646)
Extraordinary Aid	24-495-034-5120-044	7/1/23-6/30/24	3,418,074	(3,418,074)			3,418,074						
T.P.A.F. Social Security Aid	25-495-034-5094-003	7/1/24-6/30/25	3,795,973				3,610,464	(3,795,973)		(185,509)			(3,795,973)
T.P.A.F. Social Security Aid	24-495-034-5094-003	7/1/23-6/30/24	3,637,887	(178,356)			178,356						
Lead Testing for Schools	25-495-034-5120-104	7/1/24-6/30/25	2,617					(2,617)		(2,617)			(2,617)
Menstrual Product Reimbursement	25-495-034-5120-168	7/1/24-6/30/25	11,964					(11,964)		(11,964)			(11,964)
On-behalf Teachers' Pension and Annuity Fund	25-495-034-5094-002	7/1/24-6/30/25	17,055,344				17,055,344	(17,055,344)					(17,055,344)
On-behalf Teachers' Pension and Annuity Fund - Long-Term Disability Insurance	25-495-034-5094-004	7/1/24-6/30/25	8,493				8,493	(8,493)					(8,493)
On-behalf Teachers' Pension and Annuity Fund - Post Retirement Medical	25-495-034-5094-001	7/1/24-6/30/25	4,983,585				4,983,585	(4,983,585)					(4,983,585)
Total General Fund				(5,522,307)			39,378,445	(38,885,362)		(3,053,445)		(1,975,779)	(38,885,362)
Special Revenue Fund:													
N.J. Nonpublic Aid:													
Textbook Aid	25-100-034-5120-064	7/1/24-6/30/25	141,095				141,095	(106,303)			\$ 34,792		(106,303)
Textbook Aid	24-100-034-5120-064	7/1/23-6/30/24	123,945			\$ 10,826			\$ (10,826)				
Auxiliary Services:													
Compensatory	25-100-034-5120-067	7/1/24-6/30/25	85,830				85,830	(57,829)			28,001		(57,829)
Compensatory	24-100-034-5120-067	7/1/23-6/30/24	78,041			1,797			(1,797)				
ESL	25-100-034-5120-067	7/1/24-6/30/25	4,238				4,238	(2,649)			1,589		(2,649)
ESL	24-100-034-5120-067	7/1/23-6/30/24	2,747			366			(366)				
Home Instruction	25-100-034-5120-067	7/1/24-6/30/25	6,160					(6,160)		(6,160)			(6,160)
Home Instruction	24-100-034-5120-067	7/1/23-6/30/24	15,991	(15,991)			15,991						
Handicapped Services:													
Supplementary Instruction	25-100-034-5120-066	7/1/24-6/30/25	114,731				114,731	(89,456)			25,275		(89,456)
Supplementary Instruction	24-100-034-5120-066	7/1/23-6/30/24	95,733			6,442			(6,442)				
Examination & Classification	25-100-034-5120-066	7/1/24-6/30/25	151,880				151,880	(133,020)			18,860		(133,020)
Examination & Classification	24-100-034-5120-066	7/1/23-6/30/24	138,417			15,922			(15,922)				
Corrective Speech	25-100-034-5120-066	7/1/24-6/30/25	61,287				61,287	(50,871)			10,416		(50,871)
Corrective Speech	24-100-034-5120-066	7/1/23-6/30/24	47,616			3,348			(3,348)				
Nursing Services	25-100-034-5120-070	7/1/24-6/30/25	362,310				362,310	(362,310)		(362,310)			(362,310)
Nursing Services	24-100-034-5120-070	7/1/23-6/30/24	334,080			57			(57)				
Technology Initiative Aid	25-100-034-5120-373	7/1/24-6/30/25	135,191				135,191	(133,152)			2,039		(133,152)
Technology Initiative Aid	24-100-034-5120-373	7/1/23-6/30/24	134,848			8,294			(8,294)				
Security Aid	25-100-034-5120-509	7/1/24-6/30/25	571,335				571,335	(408,657)			162,678		(408,657)
Security Aid	24-100-034-5120-509	7/1/23-6/30/24	570,720			55,751			(55,751)				
Preschool Education Aid	25-495-034-5120-086	7/1/24-6/30/25	9,931,524		\$ 1,545,521		9,931,524	(10,693,074)		783,971			(10,693,074)
Preschool Education Aid	24-495-034-5120-086	7/1/23-6/30/24	9,446,446	1,545,521	(1,545,521)								
Total Special Revenue Fund				1,529,530	-	102,803	11,575,412	(12,043,481)	(102,803)	777,811	283,650		(12,043,481)
Capital Project Fund:													
NJ SDA ROD Grants:													
MHS Roofs	3385-050-23-R502	8/27/24-Completion	1,522,556					(881,551)		(881,551)			(881,551)
FMS Boilers and Domestic HW Heaters	3385-075-23-R501	8/27/24-Completion	429,100					(309,622)		(309,622)			(309,622)
HC HVAC Controls	3385-090-23-R503	8/27/24-Completion	20,168					(9,439)		(9,439)			(9,439)
HC Roofs	3385-090-23-R502	8/27/24-Completion	1,363,648					(100,260)		(100,260)			(100,260)
TJ HVAC Controls	3385-110-23-R502	8/27/24-Completion	20,192					(9,299)		(9,299)			(9,299)
AH HVAC Controls	3385-060-23-R501	8/27/24-Completion	20,996					(8,866)		(8,866)			(8,866)
Total Capital Project Fund								(1,319,037)		(1,319,037)			(1,319,037)

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, 2025

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STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE JUNE 30, 2024				ADJUSTMENT/ REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE JUNE 30, 2025			MEMO CUMULATIVE TOTAL EXPENDITURES	
				(ACCOUNTS RECEIVABLE)/ UNEARNED REVENUE	CARRYOVER AMOUNT	DUE TO GRANTOR	CASH RECEIVED		BUDGETARY EXPEND.	(ACCOUNTS RECEIVABLE)/ UNEARNED REVENUE	DUE TO GRANTOR		BUDGETARY RECEIVABLE
State Department of Education:													
Enterprise Fund:													
National School													
Lunch Program (State Share)	25-100-010-3350-023	7/1/24-6/30/25	\$ 39,863				\$ 38,243	\$ (39,863)		\$ (1,620)			\$ (39,863)
Lunch Program (State Share)	24-100-010-3350-023	7/1/23-6/30/24	40,090	\$ (6,858)			6,858						
Lunch Program (State Share) - NJEIE	25-100-010-3350-023	7/1/24-6/30/25	24,666				23,699	(24,666)		(967)			(24,666)
Lunch Program (State Share) - NJEIE	24-100-010-3350-023	7/1/23-6/30/24	15,654	(2,968)			2,968						
Breakfast Program (State Share)	25-100-010-3350-023	7/1/24-6/30/25	19,369				18,369	(19,369)		(980)			(19,369)
Breakfast Program (State Share)	24-100-010-3350-023	7/1/23-6/30/24	19,740	(3,597)			3,597						
Breakfast Program (State Share) - NJEIE	25-100-010-3350-023	7/1/24-6/30/25	6,208				5,870	(6,208)		(338)			(6,208)
Breakfast Program (State Share) - NJEIE	24-100-010-3350-023	7/1/23-6/30/24	4,477	(820)			820						
Summer-EBT Administrative Cost	N/A	7/1/24-6/30/25	1,501					(1,501)		(1,501)			(1,501)
Summer-EBT Administrative Cost	N/A	7/1/23-6/30/24	1,556	(1,556)			1,556						
Total Enterprise Fund				(15,799)			102,000	(91,607)		(5,406)			(91,607)
Total State Financial Assistance				\$ (4,008,576)	\$ -	\$ 102,803	\$ 51,055,857	\$ (52,339,487)	\$ (102,803)	\$ (3,600,077)	\$ 283,650	\$ (1,975,779)	\$ (52,339,487)
Less: On-Behalf TPAF Pension System Contributions													
On-behalf Teachers' Pension and Annuity Fund	25-495-034-5094-002	7/1/24-6/30/25	17,055,344				\$ 17,055,344	\$ (17,055,344)					
On-behalf Teachers' Pension and Annuity Fund - Long-Term Disability Insurance	25-495-034-5094-004	7/1/24-6/30/25	8,493				8,493	(8,493)					
On-behalf Teachers' Pension and Annuity Fund - Post Retirement Medical	25-495-034-5094-001	7/1/24-6/30/25	4,983,585				4,983,585	(4,983,585)					
Total State Financial Assistance Subject to Single Audit Major Program Determination							\$ 29,008,435	\$ (30,292,065)					

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, 2025

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 schedules 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, 2025

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(229,119) 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	\$ 431,928	\$ 38,656,243	\$39,088,171
Special Revenue Fund	3,684,413	12,043,481	15,727,894
Capital Projects Fund		1,319,037	1,319,037
Food Service Fund	<u>1,988,582</u>	<u>91,607</u>	<u>2,080,189</u>
Total Financial Awards Revenue	<u>\$ 6,104,923</u>	<u>\$ 52,110,368</u>	<u>\$58,215,291</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 of \$3,795,973 represents the amounts reimbursed by the State for the employer's share of social security for TPAF members for the year ended June 30, 2025.

The post retirement pension, medical, and long-term disability benefits received on-behalf of the District for the year ended June 30, 2025 amounted to \$22,047,422. 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
YEAR ENDED JUNE 30, 2025

Section 1 - Summary of Auditors' 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 auditors' 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
84.027A	H027A250100	<u>Special Education Cluster:</u> I.D.E.A. Part B, Full-time
84.173A	H173A250114	I.D.E.A. Part B, Preschool

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
YEAR ENDED JUNE 30, 2025

Section 1 - Summary of Auditors' Results (cont'd)

State Financial Assistance

Dollar threshold used to distinguish between Type A and B programs: \$908,762

Auditee qualified as low-risk auditee? X Yes No

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

Internal Control over major state programs:

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

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

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

Identification of major state programs:

<u>State Grant / Project Number</u>	<u>Name of State Program or Cluster</u>
<u>495-034-5120-014</u>	<u>Transportation Aid</u>
<u>495-034-5120-086</u>	<u>Preschool Education Aid</u>
<u>3385-060-23-R501</u>	<u>NJ SDA ROD Grants:</u>
<u>3385-075-23-R501</u>	<u>AH HVAC Controls</u>
<u>3385-090-23-R502</u>	<u>FMS Boiler and Domestic HW Heaters</u>
<u>3385-090-23-R503</u>	<u>HC Roofs</u>
<u>3385-110-23-R502</u>	<u>HC HVAC Controls</u>
<u>3385-050-23-R502</u>	<u>TJ HVAC Controls</u>
	<u>MHS Roofs</u>

MORRIS SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

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.