



***MORRIS SCHOOL DISTRICT***

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

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

***COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR  
ENDED JUNE 30, 2020***

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

A division of



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

**JUNE 30, 2020**

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# Introductory Section



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February 3, 2021

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

Dear President Bangiola and Board Members:

The Comprehensive Annual Financial Report of the Morris School District as of and for the fiscal year ended June 30, 2020 is hereby submitted. Responsibility for both the accuracy of these data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the Morris School District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

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

The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These include general, vocational, special education, bilingual, gifted and talented and advanced placement programs that address the Morris School District's student needs. The District completed the 2019-20 fiscal year with an average daily enrollment of 5,205 students, which represented an increase of 88 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>
2010-11	4,892	2.20%	4,686
2011-12	4,927	0.72%	4,719
2012-13	4,996	1.40%	4,774
2013-14	5,111	2.30%	4,889
2014-15	5,239	2.50%	5,012
2015-16	5,249	0.19%	5,002
2016-17	5,198	(0.97%)	4,925
2017-18	5,057	(2.71%)	4,776
2018-19	5,117	1.19%	4,852
2019-20	5,205	1.72%	5,005

**2. ECONOMIC CONDITION AND OUTLOOK:** The District serves an affluent area in northern New Jersey comprised of the Town of Morristown and the Township of Morris. Located in southeastern Morris County within easy access to New York City and Pennsylvania, Morristown and Morris Township experience different enrollment drivers for the district. Higher wealth statistics are centered in the Township which is the larger of the two municipalities in terms of population, per capita income and geographic area. Numerous developments are being constructed and scheduled to be built in the near future in both municipalities. The district's enrollment growth over the last 10 years has been a cumulative 6.4%.

Over the summer of 2019 the District experienced a significant increase of bilingual students, approximately 200 students enrolled in various grades. This increase, coupled with a lack of bilingual teachers in the State has put significant strain on our system, which is being addressed on a daily basis. This increase of students has now put both our Middle and High School buildings to capacity utilizing every common space as classrooms. In the near future, the Administration and Board of Education will need to address needed classroom space and building renovations to update our 100+ year old buildings to provide state of the art learning spaces.

In March of 2020 the school system was closed to in-person instruction due to COVID-19 resulting in significant changes to staffing and expenditure priorities. New teachers were added to accommodate social distancing, PPE was purchased for all students and staff along with additional furniture and barriers to provide a safe learning environment. While COVID-19 has caused new expenditures, the District is staying within its financial footprint and reallocating resources while not cutting programs.

The estimated population in the Township has decreased from 22,420 in 2010 to 22,156 in 2019, or a cumulative decrease of 1.2% over ten years. The Town's population has increased from 18,391 in 2010 to an estimate of 19,261 in 2019 or a cumulative increase of 4.7% over ten years.



The tax levy saw a shift of 1.5881 percentage point for the 2019-20 school year due to a decrease in Morristown's equalized value and an increase for Morris Township. The total tax base of the district was allocated 64.5468% to the Township and 35.4532% to the Town. As one of the largest employers in the area, the Morris School District significantly impacts the economy of its larger community and service area.

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

**Curriculum Programs**

<b>Program</b>	<b>Project</b>
ESL Programs (Gr. K- 12)	<ul style="list-style-type: none"> <li>Increased ESL staffing at all levels</li> <li>Ongoing PD for "Ellevation"-online data and EL student instructional planning platform</li> <li>Addition of ELlevation Math and Dual Language features</li> <li>Provided Professional Development in Sheltered English Instruction for General Ed, ESL staff and administration</li> <li>Completed initial review of ACCESS 2.0, created student goals as a result.</li> <li>WIDA Standard resources and related PD provided for all staff working with students who are ELLs.</li> <li>ELL/Bilingual Program Assistants at all levels worked with building principals to ensure EL programs implemented with fidelity</li> <li>ELL Program Assistant facilitates weekly PLC for elementary ESL teachers</li> <li>Researched and recommended online platform for EL data/learning plan creation</li> <li>Newcomers Cohort meets weekly to create and monitor goals for newly arrived students who are ELLs</li> <li>Updated Language Level specific courses for students who are ELs at High School level.</li> </ul>
Bilingual Program (Gr. K-12)	<ul style="list-style-type: none"> <li>Continued development of full time bilingual program in grades K-12</li> <li>Increased Bilingual Teacher staffing to accommodate student program needs.</li> <li>Created Newcomers Cohort and Language Level specific courses for EL students at High School level.</li> <li>Adopted and rolled out Teaching for a Biliteracy framework for bilingual curriculum and instruction.</li> <li>Team of 15 administrators and teachers attended a 3 day Teaching for Biliteracy summer institute to establish a bilingual language framework.</li> <li>Implemented multiple measures system for Exiting students and monitoring system as required by State</li> <li>Ongoing PD for "Ellevation"-online data and EL student instructional planning platform</li> <li>Added ELL/Bilingual Program Assistants to facilitate weekly PLCs across all grade levels to support Teaching for Biliteracy rollout and support all programming needs.</li> <li>Professional development on best practices in Bilingual instruction related to WIDA standards provided for teachers grades K-12.</li> <li>Purchased resources (all content areas) for Bilingual classrooms</li> <li>Purchased Renaissance STAR assessment to assess reading and math in both Spanish and English for students in bilingual homerooms in grades 2-12.</li> </ul>



	<ul style="list-style-type: none"> <li>Continued utilizing online learning systems (ESL Reading Smart,) for students and provided related PD for teachers to support a blended learning environment in all classrooms</li> <li>Researched and recommended online platform for EL data/learning plan creation</li> <li>Implemented Latino Family Literacy Project for grades PreK-12</li> <li>Staffed Bilingual Outreach position for all levels Pre K-12</li> <li>Added Bilingual Success Counselor position to support academic and social/emotional development of students identified as ELLs.</li> <li>Added Students with Limited or Interrupted Education (SLIFE) Intervention Teacher specifically for students who are ELLs and grade levels behind.</li> </ul>
K-5 Language Arts	<ul style="list-style-type: none"> <li>Provided PD for teachers in utilizing data to plan targeted learning opportunities for all students.</li> <li>Refined MSD-Tiered System of Supports</li> <li>Staffed Intervention teachers positions (2) for all I schools K-8.</li> <li>Trained teachers in use of Benchmark Assessment System as a data point for learning plans</li> <li>Implemented iReady online diagnostic to provide teachers and parents with specific data related to core standards in ELA.</li> <li>Updated the Assessment Handbook for Language Arts revised/adjusted so that all assessments align with standards</li> <li>Implemented NJ State Testing</li> <li>Provided PD on Blended Learning to help teachers maximize face-to-face teaching time with students.</li> <li>Provided after school programs to support struggling learners grades 1-5.</li> <li>Held parent sessions (2) to provide overview of ELA curriculum and give opportunity for comment/feedback from parents</li> </ul>
6-12 English Language Arts	<ul style="list-style-type: none"> <li>Provided updated resources for teachers to support standards based teaching of ELA grades 6-12</li> <li>Enhance all resources to align with the demands of virtual and hybrid learning at all levels.</li> <li>Purchased classroom library books for all English courses</li> <li>Provided PD for Balanced Literacy</li> <li>Created/Implemented a "Night Write" system that helps to target increased student writing and improved teacher feedback for writing.</li> <li>Utilized PLC time to create and discuss common benchmark assessments</li> <li>Refined Data Protocol for CBAs</li> <li>Utilized online diagnostic (iReady) to determine student needs in reading, comprehension</li> <li>Provided Intervention services for general education students (based on diagnostic data) grades 6-8</li> <li>Implemented PARCC/ NJSLA</li> <li>Provided PD on Blended Learning to help teachers maximize face-to-face teaching time with students.</li> <li>Provided Homework Tutorials for all students and After School academic support for identified students.</li> <li>Provided Summer School for students transitioning from grade 8 to grade 9.</li> <li>COMMON LIT Formatives: BENCHMARK ASSESSMENTS</li> <li>PSAT for all 11th grade students; analysis of results in PLCs</li> </ul>

K-12 Mathematics	<ul style="list-style-type: none"> <li>• Implemented iReady online diagnostic to provide teachers and parents with specific data related to core standards in Math grades K-9.</li> <li>• Assessment Handbook Mathematics adjusted to reflect Common Benchmark Assessments K-5</li> <li>• Refined protocol and action plans after reviewing common benchmark assessment data for grades 6-12</li> <li>• Researched resources and online supports for students</li> <li>• Utilized new version of Everyday Math—Common Core edition.</li> <li>• Provided PD in Blended Learning as a way to maximize face-to-face teaching time</li> <li>• Held parent sessions (2) to provide overview of ELA curriculum and give opportunity for comment/feedback from parents</li> <li>• Created a plan and implemented Reflex Math - Fluency in grades 2-4 and as needed in intervention ESL BIL</li> </ul>
K-12 Science	<ul style="list-style-type: none"> <li>• STEM Academy cohort expansion at Morristown High School</li> <li>• Provided PD for teachers and teaching resources in all areas of NGSS</li> <li>• Implements Science Rubric at 6-8 and 9-10</li> <li>• Provided PD for teachers on NGSS/Math Integration and Engineering for K-5</li> <li>• Provided direction on ELA companion standards</li> <li>• Created/staffed PreK-12 STEM Supervisor position</li> <li>• Introduced Defined STEM platform to teachers, offered professional development</li> <li>• Provided professional development on Makey Makey and other STEM resources for hands on coding and engineering</li> <li>• Expanded Project Lead the Way courses at MHS</li> </ul>
Social Studies (K-12)	<ul style="list-style-type: none"> <li>• Implemented and expanded use of “Defined Learning” online problem based learning curriculum that aligns with SS/History standards.</li> <li>• Utilized DBQ project, online platform for integration of ELA companion standards for reading/writing</li> <li>• Made updates to SS/History Curriculum to align with NJSLS and integrate SEL competencies and CRT strategies throughout curriculum</li> <li>• PD for grades 6-12 provided through Gilder Lehrman partnership</li> <li>• PD for K-12 on Amistad Commission and use of Amistad lesson integration through online accounts and PLC meetings</li> <li>• Purchased resources for all levels to expand culturally responsive text and point of view.</li> <li>• Provided online AP preparation through Albert i.o</li> <li>• Provided Blended Learning PD for teachers at all levels</li> <li>• Added technology and resources to ensure teachers could meet the demands of online/virtual, in person and hybrid learning.</li> <li>• Purchased updated text and online resources for social studies classrooms</li> </ul>
Gifted Education (K-12)	<ul style="list-style-type: none"> <li>• Aligned program components, communication and reporting process to align with new state legislation requirements for G&amp;T.</li> <li>• Updated the MSD Website with a G&amp;T tab to overview program framework and contact information.</li> <li>• Refined Quest identification process to include a creative measure tool along with non-verbal cognitive and academic information.</li> <li>• Reallocated G&amp;T teacher time so that each grade level K-8 has grade level enrichment periods and pull-out G&amp;T classe</li> <li>• Introduced “Defined Learning” for G&amp;T independent and small group studies</li> <li>• Purchased resources for G&amp;T and Homeroom teachers to support enrichment activities</li> </ul>

	<ul style="list-style-type: none"> <li>• Refine the process for designing and facilitating Enrichment Clusters grades 3-5.</li> <li>• Provided PD on G&amp;T practices and strategies for G&amp;T and General Education teachers.</li> <li>• Introduced Defined STEM platform to teachers, offered professional development</li> <li>• Provided professional development on Makey Makey and other STEM resources for hands on coding and engineering.</li> </ul>
Summer Academy Programs	<ul style="list-style-type: none"> <li>• Summer Academy Program targeted for BSI and ESL students provided for grades 1-8 and Special Education PreK-12</li> <li>• Summer Transition Program provided for rising 9<sup>th</sup> graders identified as struggling learners.</li> <li>• Utilized blended practices to integrate online supports in reading and math for all summer program students.</li> <li>• Implemented attendance incentives for personal/social development groups for summer program students</li> <li>• Provided parent information, progress reports and visitations for summer program families</li> <li>• Tracked performance data over 6-week program</li> <li>• Provided "report cards" to parents and home schools to overview student growth and needs</li> <li>• Provided student reflection narratives to administration in charge of 9<sup>th</sup> grade</li> </ul>
K-12 Media & Library	<ul style="list-style-type: none"> <li>• Provided "code.org" training for all Media Specialists</li> <li>• STEM and GT Training provided for all</li> <li>• Digital Citizenship Training for all librarians</li> <li>• Google Certification Training for all librarians</li> <li>• Installation of chromebooks in all K-5 libraries</li> <li>• "STEM Made Simple" and "Makey, Makey" training provided for all media specialists</li> <li>• Increased titles in all Media Centers around CRT, SEL topics</li> </ul>
K-12 Computer Education	<ul style="list-style-type: none"> <li>• Verizon Innovative Learning Recipient of AR/VR Devices and Software for 6-8</li> <li>• Continue one-to-one initiative at middle school and high school</li> <li>• Technology infusion at K-5 continued (additional chromebooks purchased).</li> <li>• PD for teachers provided to increase level of technology integration and implementation of Canvas (grades 6-8) and Google Classroom (grades 3-5)</li> <li>• Parent sessions held to increase parent interaction and responsibility around one-to-one and increased technology access for students as well as parent portals for both Canvas and PowerSchool</li> <li>• Curation of 40 digital content providers for grades Prek -12</li> <li>• added computer science course at FMS (GAteway Computer Science for Innovators and Makers)</li> <li>• added Computer Science Course at MHS (Computer Science Essentials)</li> <li>• Trained staff members on PLTW Computer Science</li> <li>• All 6th graders complete mandatory elective- Navigating Digital Systems</li> </ul>
World Language (K-12)	<ul style="list-style-type: none"> <li>• Palabras en Mi Mundo adopted to support 3-5 WL practice</li> <li>• Little Pim and language centers implemented at K-2 to support WL practice</li> <li>• Revisions started on level 3 world language curriculum in all languages 9-12 completed</li> <li>• Curriculum review and PLC planning for world language grades 6-8.</li> </ul>

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

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

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

The District provides a supportive and challenging educational environment for a total student population of 5,400 in grades Pre-K through 12. Our teachers and administrators continually earn recognition for their innovations and impact on public education. We are a member of the League of Innovative Schools--the only district in Morris County with this distinguished membership, one of five in NJ overall.

Our preschool, Lafayette Learning Center, offers a full-day academic, social, and emotional readiness program for 3- and 4-year-olds. All teachers are fully certified, most with dual certification in both general and special education. Busing is provided, and a full-time nurse is on premises. We have a large gym with rock climbing wall, fenced-in playground with tricycle track, and an adjacent urban farm--a 1-acre agricultural teaching garden offering rich, hands-on learning experiences for all preschool and elementary students and the community at large.

The District received an unprecedented grant from the NJ Department of Education (\$6.6 million for 2020-21, the largest in Morris County) to offer free preschool to more than 500 children. Leading a collaborative consortium of area preschool partners (including Head Start, YMCA, and Neighborhood House) we are able to deliver highest quality preschool education throughout our community.

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

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

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

The FMS extracurricular programs are an integral part of student life at FMS, and are aligned with our vision of becoming a school community in which all students "discover their passions and talents." We offer all students a comprehensive after-school enrichment and athletic program.

All students are able to participate in enrichment experiences such as the Global Classrooms Middle School Model United Nations Program, the NJ Technology Student Association middle school competition, Performance Dance, Wind Ensemble, Jazz Band, Chamber Orchestra, and Select Choir. Our students have not only enjoyed participating in these experiences--and do so in high numbers--but also have met with great success. Recent individual and group distinctions include: 2019 National Technology Student Association Conference, 1st place for Promotional Marketing; 2019 You Be the Chemist Challenge, 1st place in NJ; 2019 General Knowledge Bowl, 1st place 7th and 8th grade teams; 2019 Morris County Teen Arts Festival, Select Choir awarded 1st place in Morris County and Falcon Big Band (jazz) awarded 2nd place in Morris County; 2019 NJ Association for Jazz Educators Middle School Jazz Festival, Outstanding Trumpet Section, Outstanding Trombone Section, 2 Outstanding Soloists, 2 Outstanding Performers; 2019-20 NJ Future City Competition: 1st place in NJ, competed in national championship in Washington, D.C.

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



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

MHS provides a rigorous college preparatory curriculum, including 29 Advanced Placement and 38 Honors courses, complemented by a full range of co-curricular activities as well as 29 varsity athletic teams. Accredited by the Middle States Association of Colleges and Secondary Schools and the NJ Department of Education, MHS stands out among peer high schools for its programs in STEM, film and broadcasting, music, and theatre. We have a prestigious, application-only STEM Academy with pathways in Biomedicine, Engineering, Architecture, Environmental Sustainability, Computer Science, Mathematics and General STEM, as well as a Humanities Academy, rooted in the Stanford University-based Design Thinking approach to creative problem solving.

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

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

Among our recent accolades: 2019 NJ Science League, #1 AP Chemistry team in Morris County (#3 in the state), #1 Chemistry 1 team, #1 AP Environmental Science team; 2019 NJ Mathematics League, #1 Math team; MHS senior qualified for 2019 U.S. Chemistry Olympiad National Competition; 2019 Rowan University Rocketry Competition, 1st place for Parachute Duration Division; 2019 Morris County Teen Arts Festival, Gold medal winner; 2019 Girls Swimming County Championship winners; 7 students selected for 2020 North Jersey Area Band and 3 students selected for 2020 NJSMA Region I Band; 2019 Rising Star Theatre Awards, 2nd most nominations in NJ; winner of Student Achievement Award in Graphic Design; 2019 Foxy Awards, winner of Outstanding Achievement in Education and Outreach for Prancer; 2020 Foxy Awards, winner of Outstanding Achievement in Education and Outreach for The Miracle Worker

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

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as an assignment of fund balance at June 30, 2020.

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

**8. FINANCIAL INFORMATION AT FISCAL YEAR-END:** As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the general fund, special revenue fund and debt service fund revenues for the fiscal year ended June 30, 2020 and the amount and percentage of increases/(decreases) in relation to prior year revenues.

Revenue	2020	2019	\$ Increase/ (Decrease)	% Increase/ (Decrease)
Local Sources	\$ 98,723,583	\$ 96,861,955	\$ 1,861,628	1.92%
State Sources	28,307,681	28,053,977	253,704	0.90%
Federal Sources	2,498,380	2,649,571	(151,191)	-5.71%
Total	<u>\$ 129,529,644</u>	<u>\$ 127,565,503</u>	<u>\$ 1,964,141</u>	<u>1.54%</u>

The following schedule presents a summary of the general fund, special revenue fund and debt service fund expenditures for the fiscal year ended June 30, 2020 and the amount and percentage of increases in relation to prior year expenditures.

Expenditures	2020	2019	\$ Increase/ (Decrease)	% Increase/ (Decrease)
<u>Current Expenses</u>				
Instruction	\$ 40,767,212	\$ 40,543,805	\$ 223,407	0.55%
Undistributed	75,864,875	75,650,451	214,424	0.28%
Capital Outlay	1,124,780	551,648	573,132	103.89%
Special Revenue	7,309,389	4,902,163	2,407,226	49.11%
Debt Service:				
Principal		675,000	(675,000)	-100.00%
Interest		27,000	(27,000)	-100.00%
Total	<u>\$ 125,066,256</u>	<u>\$ 122,350,067</u>	<u>\$ 2,716,189</u>	<u>2.22%</u>

**9. DEBT ADMINISTRATION:** The District has no outstanding bonded debt at June 30, 2020. Final payment on the refunding bond issuance for the year 2007 was made during the 2018-2019 year.



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

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

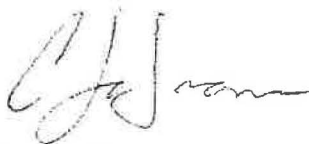
**12. OTHER INFORMATION:** Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The firm of Hodulik & Morrison, P.A., a Division of PKF O'Connor Davies, a professional corporation of accountants and auditors was selected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

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

Respectfully submitted,



Mackey Pendergrast  
Superintendent

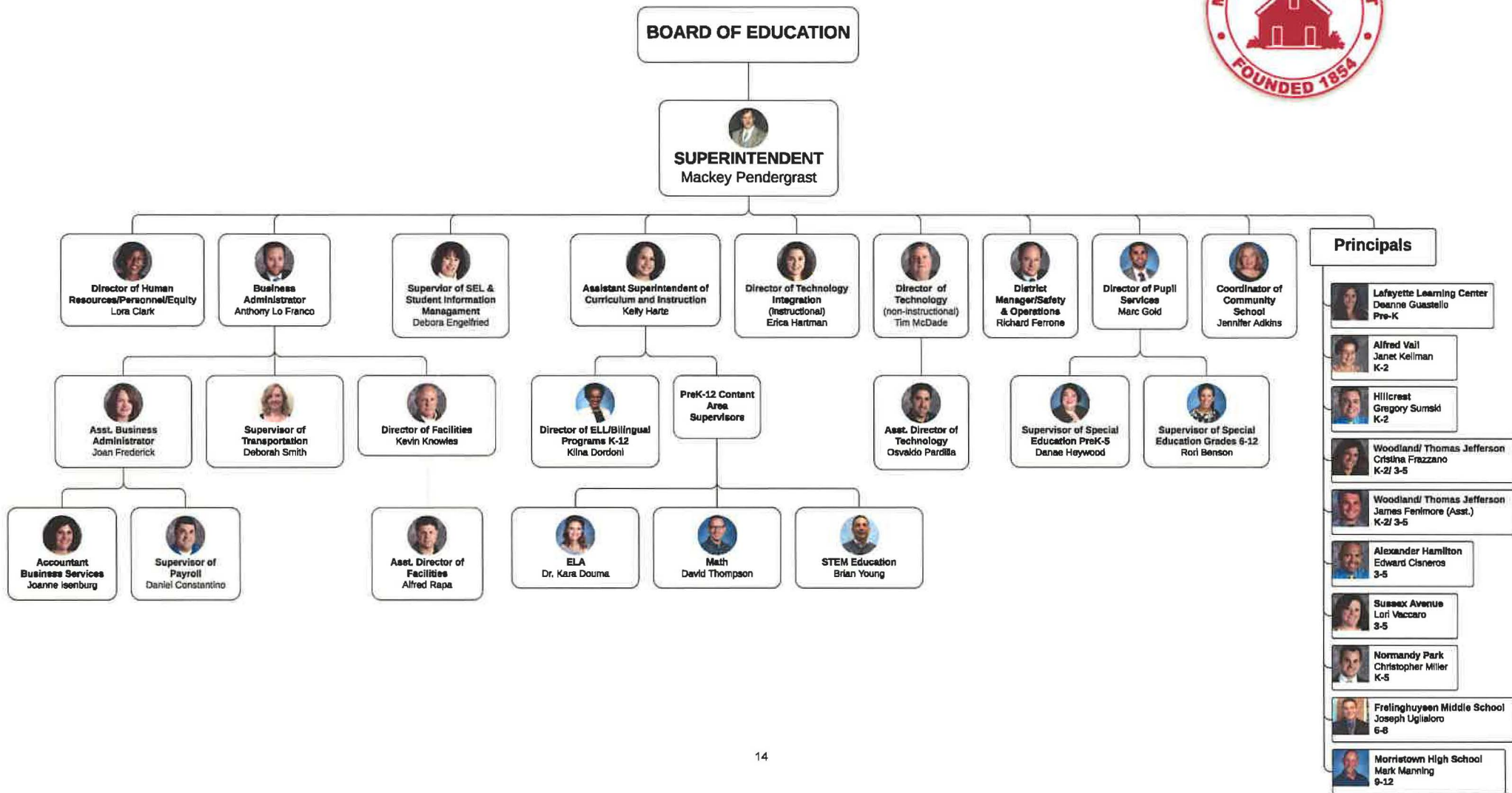


Anthony Lo Franco  
Business Administrator/Board Secretary

# MORRIS SCHOOL DISTRICT

## CENTRAL OFFICE

2019-2020



MORRIS SCHOOL DISTRICT  
BOARD OF EDUCATION  
MORRIS COUNTY, NEW JERSEY

ROSTER OF OFFICEALS  
JUNE 30, 2020

**PRESIDENT**

Mrs. Nancy Bangiola 2022

**VICE-PRESIDENT**

Ms. Melissa Spiotta 2022

**MEMBERS**

Mrs. Meredith Davidson 2020

Ms. Linda K. Murphy 2021

Mr. Vij Pawar 2021

Mrs. Susan Pedalino 2022

Ms. Lisa Pollak 2020

Mrs. Ann Rhines 2021

Mr. Alan Smith 2020

Ms. Lucia Galdi (Morris Plains Rep)

**OTHER OFFICIALS**

S. Mackey Pendergrast, Superintendent of Schools

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

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

James McCreedy, Esq., Board Attorney

**MORRIS SCHOOL DISTRICT  
CONSULTANTS AND ADVISORS**

**ARCHITECTS**

DiCara Rubino Architects  
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Wayne, NJ 07470

USA Architects  
20 Doughty Ave.  
Somerville, NJ 08876

**AUDIT FIRM**

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a division of PKF O'Connor Davies, LLP  
20 Commerce Drive, Suite 301  
Cranford, NJ 07016

**ATTORNEY**

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Morristown, NJ 07960

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

Cleary, Giacobbe, Alfieri, Jacobs, LLC  
955 State Route 34  
Suite 200  
Matawan, NJ 07747

Schenck, Price, Smith & King, LLP  
220 Park Ave  
PO Box 991  
Florham Park, NJ 07932

**OFFICIAL DEPOSITORIES**

Provident Bank  
PO Box 617  
Newark, NJ 07101

**BOND COUNSEL**

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

## Financial Section

## HODULIK & MORRISON, P.A.

A division of



### INDEPENDENT AUDITORS' REPORT

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

#### **Report on Financial Statements**

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

#### **Management's Responsibility for the Financial Statements**

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

#### **Auditor's Responsibility**

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

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

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

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



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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Morris School District, in the County of Morris, State of New Jersey, as of June 30, 2020 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.

## **Other Matters**

### ***Required Supplementary Information***

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

### ***Other Information***

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

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


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

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

#### **Other Reporting Required by Governmental Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2021 on our consideration of the Morris School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 Morris School 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 Morris School District's internal control over financial reporting and compliance.

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

  
Andrew G. Hodulik  
Public School Accountant  
PSA # 841

Cranford, New Jersey  
February 3, 2021



REQUIRED SUPPLEMENTARY  
INFORMATION

PART I

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**June 30, 2020**

This section of the District's annual financial report presents a discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2020. It should be read in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

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

**FINANCIAL HIGHLIGHTS**

The key financial highlights for the 2019-2020 fiscal year include the following:

Governmental funds reported a total fund balance of \$32,038,376, which is a 7.3% increase over last year's total governmental fund balance. The general or operating fund balance was reported at \$30,363,107 of which \$7,214,809 was appropriated toward the 2020-2021 budget. The unassigned general fund balance is reported at \$2,407,440. Total spending for all governmental funds was \$126,901,925. Total revenues were \$129,529,644 resulting in an excess of revenues over expenditures of \$2,627,719 for the year. Revenues increased approximately \$1,961,000 over last year and included \$30.8 million in state and federal aid and \$92.9 million in local taxes.

The District held \$9.7 million in its capital reserve account as of June 30, 2020 and \$4.1 million in its maintenance reserve account.

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

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

**Figure A-1**

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

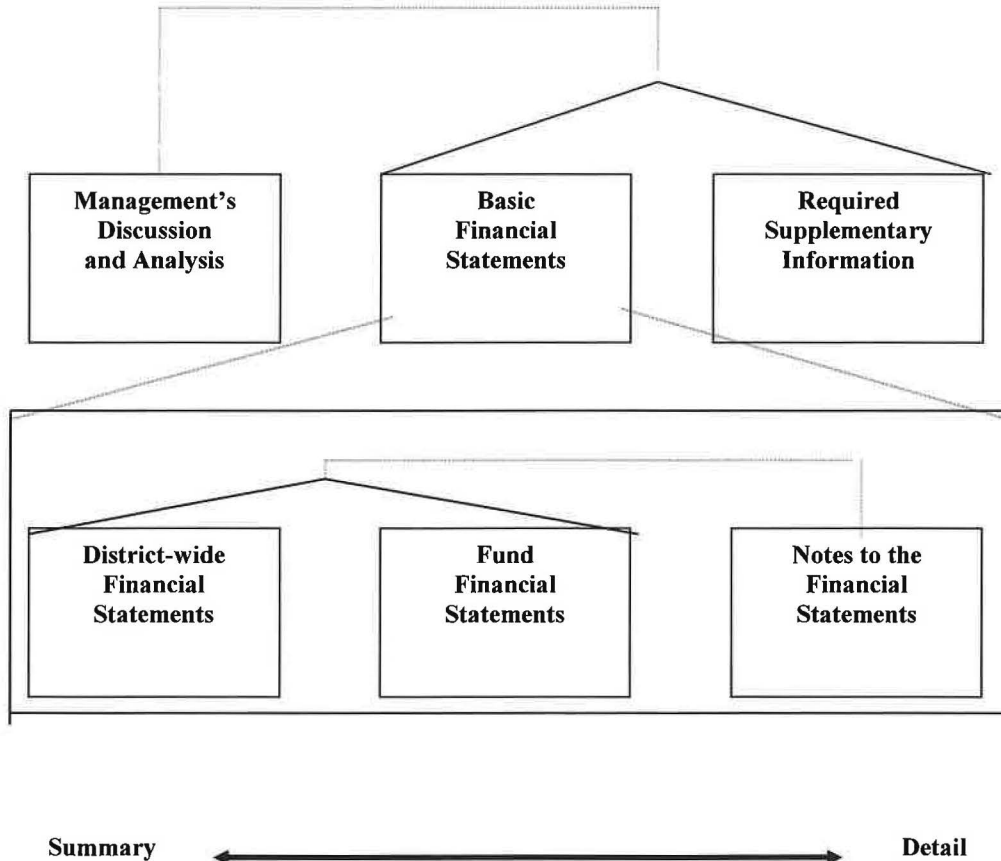


Figure A-2 summarizes the major features of the district's financial statements, including the portion of the district's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

<p style="text-align: center;">Figure A-2 Major Features of the District-Wide and Fund Financial Statements</p>				
	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services and community school.	Instances in which the district administers resources on behalf of someone else, such as scholarship programs, student activities monies, unemployment compensation trust funds and payroll agency.
Required financial Statements	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of revenues, expenditures, and expenses changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenues, expenses and changes in net position</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position <ul style="list-style-type: none"> <li>• Statement of changes in fiduciary net position</li> </ul> </li> </ul>
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset / liability information	All assets, liabilities, deferred inflows/outflows of resources both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

## **District-wide Statements**

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

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

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

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

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

## **Fund Financial Statements**

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

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

The district has three types of funds:

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

## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The school district's Governmental Activities net position was \$46,946,347 at June 30, 2020. Of this amount, \$29,215,685 was a deficit in unrestricted net position. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the school district's ability to use the net position for day-to-day operations. Our analysis below focuses on the net position (Exhibit 1) and change in net position (Figure A-4) of the school district's governmental activities.

**Figure A - 3**  
**Net Position**  
**June 30,**

	Governmental Activities <u>2020</u>	Governmental Activities <u>2019</u>	% Increase (Decrease)
Current and Other Assets	\$ 34,134,090	\$ 32,109,459	6.3%
Capital Assets	<u>54,861,620</u>	<u>53,955,496</u>	1.7%
Total Assets	<u>88,995,710</u>	<u>86,064,955</u>	3.4%
Deferred Outflows of Resources	<u>5,083,948</u>	<u>6,471,488</u>	-21.4%
Current and Other Liabilities	4,486,954	4,307,567	4.2%
Long-term Liabilities	<u>31,599,119</u>	<u>33,382,512</u>	-5.3%
Total Liabilities	<u>36,086,073</u>	<u>37,690,079</u>	-4.3%
Deferred Inflows of Resources	<u>11,047,238</u>	<u>11,643,547</u>	-5.1%
Net Position			
Net Investment in capital assets	52,065,708	51,308,245	1.5%
Restricted	24,096,324	21,658,087	11.3%
Unrestricted	<u>(29,215,685)</u>	<u>(29,763,515)</u>	-1.8%
Total Net Position	<u>\$ 46,946,347</u>	<u>\$ 43,202,817</u>	8.7%

The \$29,215,685 deficit in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. It means that if the district had to pay off all of its bills today including all of its non-capital liabilities (net pension liability and compensated absences for example), we would have a deficit of \$29,215,685.

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

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

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

	<u>2020</u>	<u>2019</u>	<u>Increase (Decrease)</u>
Revenues:			
Program revenue			
State grants & entitlements	\$ 36,765,669	\$ 41,768,056	\$ (5,002,387)
General revenue			
Local tax levy	92,894,555	91,602,602	1,291,953
Federal and state aid	150,727	125,339	25,388
Miscellaneous revenues (Incl. special items & transfers)	4,172,137	3,627,741	544,396
Total general revenues	<u>97,217,419</u>	<u>95,355,682</u>	<u>1,861,737</u>
Total revenues	<u>\$ 133,983,088</u>	<u>\$ 137,123,738</u>	<u>\$ (3,140,650)</u>
Function/program expense:			
Instruction			
Regular programs	34,895,344	35,374,952	(479,608)
Special programs	6,670,823	6,389,428	281,395
Other Instructional programs	4,624,499	3,909,567	714,932
Support services			
Student services	16,597,308	14,497,741	2,099,567
Tuition	5,370,532	5,753,469	(382,937)
Instructional staff support			
General administration and business services	3,381,422	3,415,943	(34,521)
School administration	3,916,523	3,980,819	(64,296)
Plant services	9,492,529	9,165,015	327,514
Student transportation	6,945,237	6,761,122	184,115
Unallocated benefits	37,997,650	43,295,649	(5,297,999)
Unallocated depreciation and amortization	303,342	242,380	60,962
Interest on long-term debt	44,349	83,483	(39,134)
Total expenses	<u>\$ 130,239,558</u>	<u>\$ 132,869,568</u>	<u>\$ (2,630,010)</u>
Change in Net Position	<u>\$ 3,743,530</u>	<u>\$ 4,254,170</u>	<u>\$ (510,640)</u>



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

### Governmental Activities

As reported in the Statement of Activities, the cost of all our governmental activities this year was \$130,239,558. These costs were financed by \$92,894,555 in local property school taxes \$36,916,396 in federal and state aid and \$4,172,137 in miscellaneous revenues including interest, general entitlements and transfers.

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

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

	<u>2020</u>	<u>2019</u>
Regular Programs Instruction	\$ 34,895,344	\$ 35,374,952
Unallocated Benefits	37,997,650	43,295,649
Student Service	16,597,308	14,497,741
Plant Services	9,492,529	9,165,015
Transportation	6,945,237	6,761,122
Special Programs Instruction	6,670,823	6,389,428
Tuition	5,370,532	5,753,469
All Others	12,270,135	11,632,192
	<u>\$ 130,239,558</u>	<u>\$ 132,869,568</u>

### Financial Analysis of the District's Funds

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

As the school district completed this year, our governmental funds reported a combined fund balance of \$32,038,376, which is an increase of \$2,188,138 from last year. The increase largely was due to increase in local tax levy.

## General Fund Budgetary Highlights

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

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

1. The State reimbursement in the amount of \$15.4 million for TPAF pension and post retirement medical and social security contributions. This is always a non-budgeted item that the State requires be included in the final audit.

Actual expenditures reflect a negative variance of \$8.8 million. This is due to the State requirement to include TPAF and social security contributions totaling \$15.4 million in the audit. Absent the TPAF adjustment the variance is a positive \$6.6 million.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2020, the school district had \$91,594,107 invested in a broad range of capital assets, including land, buildings, building improvements, other improvements, construction in progress, vehicles, furniture and equipment. This amount represents a net increase (including additions and deletions) of \$2,744,345 or 3.1% percent, from last year.

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

	Governmental Activities <u>2020</u>	Governmental Activities <u>2019</u>
Land	\$ 3,331,700	\$ 3,331,700
Construction in Progress	1,835,669	2,602,279
Building and Improvements	73,197,097	70,589,038
Furniture, Equip. & Vehicles	<u>13,229,641</u>	<u>12,326,745</u>
	<u>\$ 91,594,107</u>	<u>\$ 88,849,762</u>

Construction in progress decreased in the current year compared to the prior year due to several projects being completed and other projects being started by the board at June 30, 2020. Construction on projects slowed due to the COVID-19 pandemic.

## Long-Term Debt

At the end of this year, the school district had \$2,795,912 in lease purchase obligations outstanding versus \$2,647,251 in capital leases last year – an increase of 5.62%. The long-term debt consisted of:

**Figure A-7**  
**Outstanding Debt, at Year-End**

	Governmental Activities <u>2020</u>	Governmental Activities <u>2019</u>
Lease Purchase Obligations	\$2,795,912	\$2,647,251

The school district's general obligation bond rating continues to be AA. The state limits the amount of general obligation debt that cities can issue to 4% of the average state equalized assessed value of the taxable property within the school district's corporate limits. The school district's outstanding general obligation debt of \$2,795,912 is significantly below the \$256,094,094 statutorily-imposed limit.

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

### **FACTORS AFFECTING THE DISTRICT'S FUTURE**

- A significant element is the continued increase and demographic makeup of our student population throughout the district. Overall enrollment has increased 6.9% over the last 10 years. A multi-phase expansion and renovation began at the High School in 2015 and will be completed in 2019. The new space provides state of the art fabrication and design space. The renovation and expansion including 10 new classrooms, some exterior work, including windows and brick repointing on the façade, and 2 sets of restrooms.
- Another particularly significant element is the restriction of the district's budget increase to 2% of its statutory tax levy. This cap along with increasing expenses continues to exert pressure on the district's budget.
- Four year contracts have been ratified with all bargaining units which covers the years 2018/2019 – 2021/2022.
- The district has been utilizing capital reserve funds for building renovations. The June 30, 2020 balance was \$10 million. This reserve will serve the district well in planning and executing necessary capital projects for the district in the future.

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

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

## BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL  
STATEMENTS

SECTION - A

MORRIS SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2020

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 17,309,060	\$ 456,854	\$ 17,765,914
Receivables, net	3,011,944	133,359	3,145,303
Receivables from other funds		51,540	51,540
Prepaid Expenses		2,391	2,391
Inventory		14,746	14,746
Restricted Assets:			
Capital Reserve Account - cash	9,715,417		9,715,417
Maintenance Reserve Account - cash	4,097,669		4,097,669
Capital assets, net	54,861,620	225,659	55,087,279
 Total Assets	 88,995,710	 884,549	 89,880,259
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension Deferrals	5,083,948		5,083,948
<b>LIABILITIES</b>			
Accounts payable	3,576,719	86,548	3,663,267
Accrued interest payable	41,133		41,133
Interfund payable	51,540		51,540
Unearned Revenue		39,767	39,767
Advance from Grantor	58,808		58,808
Noncurrent liabilities:			
Due within one year	758,754		758,754
Due beyond one year	5,874,011	21,331	5,895,342
Net Pension Liability	25,725,108		25,725,108
 Total Liabilities	 36,086,073	 147,646	 36,233,719
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension Deferrals	11,047,238		11,047,238
<b>NET POSITION</b>			
Net investment in capital assets	52,065,708	225,659	52,291,367
Restricted for:			
Capital projects	1,675,269		1,675,269
Other purposes	22,421,055		22,421,055
Unrestricted(Deficit)	(29,215,685)	511,244	(28,704,441)
 Total Net Position	 \$ 46,946,347	 \$ 736,903	 \$ 47,683,250

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



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

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities
<b>Governmental activities:</b>					
Instruction:					
Regular	\$ 34,895,344	\$ -	\$ -	\$ (34,895,344)	\$ -
Special education	6,670,823		8,720,070	2,049,247	
Other special instruction	3,165,913			(3,165,913)	
Other instruction	1,458,586			(1,458,586)	
Support services:					
Tuition	5,370,532		1,381,658	(3,988,874)	
Student & instruction related services	16,597,308			(16,597,308)	
School administrative services	3,916,523		3,587,493	(329,030)	
General and business administrative services	3,381,422			(3,381,422)	
Plant operations and maintenance	9,492,529			(9,492,529)	
Pupil transportation	6,945,237		1,784,385	(5,160,852)	
Unallocated benefits	37,997,650		21,176,414	(16,821,236)	
Interest on long-term debt	44,349			(44,349)	
Unallocated depreciation and amortization	231,182			(231,182)	
Capital Outlay	72,160		115,649	43,489	
Total governmental activities	<u>130,239,558</u>	<u>-</u>	<u>36,765,669</u>	<u>(93,473,889)</u>	<u>-</u>
<b>Business-type activities:</b>					
Food Service	1,392,989	441,591	990,358		38,960
Community School	1,448,496	1,263,558			(184,938)
Total business-type activities	<u>2,841,485</u>	<u>1,705,149</u>	<u>990,358</u>	<u>-</u>	<u>(145,978)</u>
Total primary government	<u>\$ 133,081,043</u>	<u>\$ 1,705,149</u>	<u>\$ 37,756,027</u>	<u>\$ (93,473,889)</u>	<u>\$ (145,978)</u>
<b>General revenues:</b>					
Taxes:					
Property taxes, levied for general purposes				\$ 92,894,555	\$ -
Federal and State aid not restricted				150,727	
Tuition received				4,674,766	
Investment/Miscellaneous Earnings				825,377	1,706
Loss on disposal of assets				(3,087)	
Transfer of Funds to Charter School				(1,324,919)	
Total general revenues				<u>97,217,419</u>	<u>1,706</u>
Change in Net Position				<u>3,743,530</u>	<u>(144,272)</u>
Net Position—beginning				43,202,817	881,175
<b>Net Position—ending</b>				<u>\$ 46,946,347</u>	<u>\$ 736,903</u>
					<u>\$ 47,683,250</u>

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

# FUND FINANCIAL STATEMENTS

## SECTION - B

## GOVERNMENTAL FUNDS

MORRIS SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2020

**Exhibit B-1**  
**Page 1 of 2**

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 17,309,060	\$	\$	\$ 17,309,060
Accounts Receivable:				
Interfunds		317,808	1,726,846	2,044,654
Due from other governments	1,464,639	366,841		1,831,480
Tuition	1,004,111			1,004,111
Other Accounts Receivable	95,633	80,720		176,353
Restricted cash and cash equivalents	13,813,086			13,813,086
<b>Total Assets</b>	<b>\$ 33,686,529</b>	<b>\$ 765,369</b>	<b>\$ 1,726,846</b>	<b>\$ 36,178,744</b>
<b>LIABILITIES AND FUND BALANCES:</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 1,227,228	\$ 588,859	\$ 51,577	\$ 1,867,664
Intergovernmental Payable		117,702		117,702
Interfund Payable	2,096,194			2,096,194
Unearned Revenue		58,808		58,808
<b>Total Liabilities</b>	<b>3,323,422</b>	<b>765,369</b>	<b>51,577</b>	<b>4,140,368</b>
<b>Fund Balances:</b>				
<b>Restricted Fund Balance:</b>				
Capital Reserve Account	9,715,417			9,715,417
Maintenance Reserve Account	4,097,669			4,097,669
Excess Surplus - Designated for Subsequent Years Expenditures	3,881,309			3,881,309
Reserve for Excess Surplus	4,716,664			4,716,664
Capital Projects			1,675,269	1,675,269
<b>Assigned Fund Balance:</b>				
Year-end Encumbrances	99,165			99,165
Designated for Subsequent Year's Expenditures	2,111,943			2,111,943
Designated for Subsequent Year's Expenditures - Capital Reserve	3,333,500			3,333,500
Unassigned Fund Balance	2,407,440			2,407,440
<b>Total Fund Balances</b>	<b>30,363,107</b>		<b>1,675,269</b>	<b>32,038,376</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 33,686,529</b>	<b>\$ 765,369</b>	<b>\$ 1,726,846</b>	<b>\$ 36,178,744</b>

MORRIS SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2020

**Exhibit B-1**  
**Page 2 of 2**

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

\$ 32,038,376

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$91,594,107, and the accumulated depreciation is \$36,732,487.

54,861,620

Long term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.

(6,632,765)

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.

(41,133)

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

Deferred Outflows of Resources:

Difference between expected and actual experience	461,732
Change in Pension Assumptions	2,568,746
Change in Pension Proportion	462,117
Pension Payment Subsequent to Measurement Date	1,591,353
Accounts Payable for Pension Expense	(1,591,353)
Net Pension Liability	(25,725,108)

Deferred Inflows of Resources:

Difference between expected and actual experience	(113,642)
Change in Pension Assumptions	(8,929,103)
Difference in Pension Earnings	(406,081)
Change in Pension Proportion	(1,598,412)

**Net position of governmental activities.**

**\$ 46,946,347**

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

MORRIS SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
REVENUES				
Local tax levy	\$ 92,894,555	\$	\$	\$ 92,894,555
Tuition charges	4,674,766			4,674,766
Miscellaneous	825,377			825,377
Local sources		328,885		328,885
State sources	23,674,830	4,632,851		28,307,681
Federal sources	150,727	2,347,653		2,498,380
Total revenues	122,220,255	7,309,389	-	129,529,644
EXPENDITURES				
Current:				
Regular instruction	29,471,890	3,606,247		33,078,137
Special education instruction	6,670,823			6,670,823
Other special instruction	3,165,913			3,165,913
Other instruction	1,458,586			1,458,586
Support services and undistributed costs:				
Tuition	5,370,532			5,370,532
Student & instruction related services	13,009,815	3,587,493		16,597,308
School administrative services	3,916,523			3,916,523
Other administrative services	3,381,422			3,381,422
Plant operations and maintenance	9,728,660			9,728,660
Pupil transportation	7,437,183			7,437,183
Unallocated Benefits	33,020,740			33,020,740
Debt service:				
Principal				-
Interest and other charges				-
Capital outlay	1,124,780	115,649	1,835,669	3,076,098
Total expenditures	117,756,867	7,309,389	1,835,669	126,901,925
Excess (Deficiency) of revenues over expenditures	4,463,388	-	(1,835,669)	2,627,719
OTHER FINANCING SOURCES (USES)				
Capital leases (non-budgeted)	885,338			885,338
Transfers in			2,835,600	2,835,600
Transfers out	(4,160,519)			(4,160,519)
Total other financing sources and uses	(3,275,181)	-	2,835,600	(439,581)
Net change in fund balances	1,188,207	-	999,931	2,188,138
Fund balance—July 1	29,174,900		675,338	29,850,238
Fund balance—June 30	\$ 30,363,107	\$ -	\$ 1,675,269	\$ 32,038,376

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

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

Total net change in fund balances - governmental funds (from B-2) \$ 2,188,138

Amounts reported for governmental activities in the statement  
 of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of  
 activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.  
 This is the amount by which capital outlays exceeded depreciation in the period.

Depreciation expense	(2,101,651)	
Capital outlays	<u>3,010,862</u>	909,211

Repayment of bond and lease obligation (long-term debt) principal is an expenditure in the governmental funds,  
 but the repayment reduces long-term liabilities in the statement of net position and is not reported in the  
 statement of activities. 781,339

Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in  
 the statement of activities; issuing debt increases long-term liabilities in the statement of net position.  
 Capital lease proceeds (930,000)

In the statement of activities, only the loss on the disposal of capital assets is reported, whereas  
 in the governmental funds, the proceeds from a sale increase financial resources. Thus, the change in  
 net position will differ from the change in fund balance by the cost of the asset removed. (3,087)

In the statement of activities, interest on long-term debt in the statement of activities is accrued,  
 regardless of when due. In the governmental funds, interest is reported when due. The accrued  
 interest is an addition in the reconciliation. (6,611)

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 (+). (96,100)

Pension expenditures in the governmental funds are recognized when paid or payable from expendable  
 available financial resources. In the statement of activities, pension costs are recognized on a full accrual  
 basis utilizing actuarial valuations. The amount by which actuarially calculated pension expense  
 exceeds the expenditure reported in the funds is a deduction. 900,640

**Change in net position of governmental activities (A-2) \$ 3,743,530**

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, 2020

	Business Type Activities - Enterprise Funds		
	Major Funds		
	Food Service	Community School	Totals
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 2,592	\$ 454,262	\$ 456,854
Receivables from other governments	82,067		82,067
Accounts receivable	43,891	7,401	51,292
Interfunds receivable	45,637	5,903	51,540
Prepaid Expenses		2,391	2,391
Inventories	14,746		14,746
Total current assets	<u>188,933</u>	<u>469,957</u>	<u>658,890</u>
Noncurrent assets:			
Furniture, machinery & equipment	768,080	16,528	784,608
Less accumulated depreciation	<u>(545,126)</u>	<u>(13,823)</u>	<u>(558,949)</u>
Total noncurrent assets	<u>222,954</u>	<u>2,705</u>	<u>225,659</u>
Total assets	<u>\$ 411,887</u>	<u>\$ 472,662</u>	<u>\$ 884,549</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 65,938	\$ 20,610	\$ 86,548
Unearned revenue	<u>39,767</u>		<u>39,767</u>
Total current liabilities	<u>105,705</u>	<u>20,610</u>	<u>126,315</u>
Noncurrent Liabilities:			
Compensated absences		21,331	21,331
Total noncurrent liabilities	<u>-</u>	<u>21,331</u>	<u>21,331</u>
Total liabilities	<u>105,705</u>	<u>41,941</u>	<u>147,646</u>
<b>NET POSITION</b>			
Investment in capital assets	222,954	2,705	225,659
Unrestricted	<u>83,228</u>	<u>428,016</u>	<u>511,244</u>
Total net position	<u>\$ 306,182</u>	<u>\$ 430,721</u>	<u>\$ 736,903</u>

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

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

	<u>Business Type Activities - Enterprise Fund</u>		
	<u>Major Funds</u>		<u>Total</u>
	<u>Food</u>	<u>Community</u>	<u>Enterprise</u>
	<u>Service</u>	<u>School</u>	<u>Fund</u>
Operating revenues:			
Charges for services:			
Daily sales - Reimbursable programs	\$ 383,682	\$	\$ 383,682
Daily sales - Non-Reimbursable programs	57,909		57,909
Program Fees		1,263,558	1,263,558
Total operating revenues	<u>441,591</u>	<u>1,263,558</u>	<u>1,705,149</u>
Operating expenses:			
Cost of sales - program	604,177		604,177
Cost of sales - nonprogram	23,872		23,872
Salaries	52,519	927,683	980,202
Employee benefits	28,526	140,667	169,193
Rent		100,374	100,374
Purchased professional services	752,956	73,545	826,501
Other purchased services	20,129	47,915	68,044
General supplies		80,862	80,862
Other expenses	52,299	76,793	129,092
Depreciation	16,419	657	17,076
Total Operating Expenses	<u>1,550,897</u>	<u>1,448,496</u>	<u>2,999,393</u>
Operating income (loss)	<u>(1,109,306)</u>	<u>(184,938)</u>	<u>(1,294,244)</u>
Nonoperating revenues (expenses):			
State sources:			
State school lunch program	19,019		19,019
Federal sources:			
National School lunch program	706,196		706,196
National School breakfast program	265,143		265,143
Food distribution program	157,908		157,908
Interest and investment revenue	117	1,589	1,706
Total nonoperating revenues (expenses)	<u>1,148,383</u>	<u>1,589</u>	<u>1,149,972</u>
Change in net position	39,077	(183,349)	(144,272)
Total net position—beginning	267,105	614,070	881,175
Total net position—ending	<u>\$ 306,182</u>	<u>\$ 430,721</u>	<u>\$ 736,903</u>

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

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

	Business Type Activities - Enterprise Fund		
	Major Funds		
	Food Service Fund	Community School	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 427,072	\$ 813,625	\$ 1,240,697
Payments to employees	(1,519,726)	(382,694)	(1,902,420)
Payments for employee benefits		(138,154)	(138,154)
Payments to suppliers		(927,683)	(927,683)
Net cash provided by (used for) operating activities	(1,092,654)	(634,906)	(1,727,560)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Federal and State Sources	1,128,424		1,128,424
Net cash provided by non-capital financing activities	1,128,424	-	1,128,424
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase Capital Assets	(34,936)		(34,936)
Net cash (used for) capital and related financing activities	(34,936)	-	(34,936)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest and dividends	117	1,589	1,706
Net cash provided by investing activities	117	1,589	1,706
Net increase (decrease) in cash and cash equivalents	951	(633,317)	(632,366)
Balances—beginning of year	1,641	1,087,579	1,089,220
<b>Balances—end of year</b>	<b>\$ 2,592</b>	<b>\$ 454,262</b>	<b>\$ 456,854</b>
<b>Reconciliation of operating (loss) to net cash (used for) operating activities:</b>			
Operating (loss)	\$ (1,109,306)	\$ (184,938)	\$ (1,294,244)
Adjustments to reconcile operating (loss) to net cash provided by (used for) operating activities			
Depreciation and net amortization	16,419	657	17,076
(Increase) decrease in other accounts receivable	(14,519)	32,933	18,414
Decrease in inventories	5,484		5,484
Increase in prepaid expenses		31,012	31,012
Increase in compensated absences payable		2,513	2,513
(Decrease) in accounts payable	(53,505)	(15,224)	(68,729)
Increase (decrease) in unearned revenue	17,673	(482,866)	(465,193)
(Increase) in interfunds receivable	(45,637)	(5,903)	(51,540)
(Decrease) in interfunds payable	(67,171)	(13,090)	(80,261)
Food Distribution Program	157,908		157,908
Total adjustments	16,652	(449,968)	(433,316)
<b>Net cash provided by (used for) operating activities</b>	<b>\$ (1,092,654)</b>	<b>\$ (634,906)</b>	<b>\$ (1,727,560)</b>

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

## FIDUCIARY FUNDS

**Exhibit B-7**

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

	Unemployment Compensation <u>Trust</u>	Private Purpose <u>Scholarship</u>	Agency <u>Fund</u>
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 2,130,870	\$ 97,673	\$ 835,178
Accounts receivable - Federal	<u>55,588</u>		
Total Assets	<u>2,186,458</u>	<u>97,673</u>	<u>\$ 835,178</u>
<b>LIABILITIES:</b>			
Payable to Student Groups			\$ 168,866
Accounts Payable	100,479		
Payroll Deductions and Withholdings			<u>666,312</u>
Total Liabilities	<u>100,479</u>		<u>\$ 835,178</u>
<b>NET POSITION:</b>			
Held in trust for unemployment claims and other purposes	2,085,979		
Reserved for Scholarships		<u>97,673</u>	
Total Net Position	<u>\$ 2,085,979</u>	<u>\$ 97,673</u>	

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

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

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship</u>
ADDITIONS		
Contributions:		
Plan member	\$ 100,601	\$
CARES Act Federal Contribution	55,588	
Other		1,100
	<u>156,189</u>	<u>1,100</u>
Total Contributions		
	<u>156,189</u>	<u>1,100</u>
Interest	3,300	155
	<u>3,300</u>	<u>155</u>
Net investment earnings	3,300	155
	<u>3,300</u>	<u>155</u>
Total additions	<u>159,489</u>	<u>1,255</u>
DEDUCTIONS		
Unemployment claims	168,426	
Scholarships awarded		15,500
	<u>168,426</u>	<u>15,500</u>
Total deductions		
	<u>168,426</u>	<u>15,500</u>
Change in net position	(8,937)	(14,245)
Net position—beginning of the year	<u>2,094,916</u>	<u>111,918</u>
Net position—end of the year	\$ <u>2,085,979</u>	\$ <u>97,673</u>

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



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

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**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, 2020 of 5,205 students.

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

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

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

**D. Basis of Presentation - Fund Financial Statements**

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

The District reports the following major governmental funds:

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

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

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

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

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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

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

The District reports the following proprietary funds:

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

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

The District reports the following fiduciary funds:

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

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

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

**E. Measurement Focus and Basis of Accounting**

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

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

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

**F. Budgets/Budgetary Control**

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

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

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

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources:		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 122,403,271	\$ 7,309,389
Difference - budget to GAAP:		
Grant accounting budgetary differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized - net		
State aid payment recognized for budgetary purposes, not recognized for GAAP statements	(993,847)	
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes	<u>810,831</u>	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u>\$ 122,220,255</u>	<u>\$ 7,309,389</u>
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 117,756,867	\$ 7,309,389
Differences - budgetary to GAAP		
Encumbrances for supplies and equipment ordered, but not received is reported in the year the order is place for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 117,756,867</u>	<u>\$ 7,309,389</u>



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

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**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 2018-2019 and 2019-2020 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 2020-2021 school year based upon the certification of 2018-2019 rates.



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

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**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, 2020 are recorded as prepaid items in both the government-wide and fund financial statements.

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

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

**K. Capital Assets**

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

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

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

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

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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

**L. Compensated Absences**

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

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

**M. Pensions**

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

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

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

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

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

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

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

**R. Fund Balance Policies**

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

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

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

**S. Recently Issued Accounting Pronouncements to be Implemented in Future Years**

The GASB issued Statement No. 84, *Fiduciary Activities* in January 2017. This Statement establishes standards of accounting and financial reporting for fiduciary activities. The requirements of this Statement are effective for periods beginning after December 15, 2018. Due to the COVID-19 pandemic, the effective date has been postponed by one year. Management has not determined the impact of the Statement on the financial statements.

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

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

**S. Recently Issued Accounting Pronouncements to be Implemented in Future Years (cont'd)**

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

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

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

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

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

Total Governmental Fund Balance (B-1)	\$ 32,038,376
Adjustments to Government-Wide Net Position:	
Capital Assets (Note 3)	54,861,620
Long-Term Liabilities (Note 4)	(6,632,765)
Net Pension Liability	(25,725,108)
Other items not recognized in Fund Financial Statements:	
Deferred Inflows of Financial Resources	(11,047,238)
Deferred Outflows of Financial Resources	5,083,948
Accrued Current Period Pension Liability	(1,591,353)
Accrued Interest on Long-term Debt	(41,133)
	<hr/>
Net Position of Governmental Activities	\$ 46,946,347

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

Total Net Change Governmental Fund Balance (B-2)	\$ 2,188,138
Adjustments to District-Wide Net Position:	
Depreciation on Capital Assets (see Note 3)	(2,101,651)
Capital Outlays	3,010,862
Repayment of Long-Term Liabilities (see Note 4)	781,339
Proceeds from debt issues, Capital Leases	(930,000)
Change in net assets	(3,087)
Net Increase in Pension Expense	900,640
Increase in Value of Compensated Absences	(96,100)
Interest on Long-Term Debt (Accrual Basis for District-Wide)	(6,611)
	<hr/>
Change in Net Position of Governmental Activities	\$ 3,743,530

**W. Management Estimates**

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

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

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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

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

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

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

At June 30, 2020, the book value of the District's cash, cash equivalents and investments was \$34,642,722.

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.17:941)	<u>35,447,189</u>
Total Deposits	<u>\$35,947,189</u>

**Custodial Credit Risk – Deposits** - Custodial credit risk is the risk that in the event of a bank failure, the board's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2020, none of the Board's bank balance of \$35,947,189 was considered exposed to custodial risk. (See Note 1-G relating to statutory mitigation of custodial risk in the event of a bank failure).

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

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

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

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

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

As of June 30, 2020, the District held no investments.

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

As of June 30, 2020, the District had no funds on deposit with the New Jersey Cash Management Fund.



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

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 3 - DISCLOSURE OF INFORMATION ABOUT CAPITAL ASSETS**

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

Total capital assets at cost	\$ 91,594,107
Less: accumulated depreciation	<u>(36,732,487)</u>
Governmental Activities Capital Assets, Net	<u>\$ 54,861,620</u>

Capital asset activity for the year ended June 30, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital Assets That Are Not Being Depreciated:				
Land	\$ 3,331,700	\$	\$	\$ 3,331,700
Construction in Progress	<u>2,602,279</u>	<u>1,835,669</u>	<u>(2,602,279)</u>	<u>1,835,669</u>
Total Capital Assets Not Being Depreciated	<u>5,933,979</u>	<u>1,835,669</u>	<u>(2,602,279)</u>	<u>5,167,369</u>
Building and Building Improvements	70,589,038	5,780	2,602,279	73,197,097
Machinery, Equipment, Furniture & Vehicles	<u>12,326,745</u>	<u>1,169,413</u>	<u>(266,517)</u>	<u>13,229,641</u>
Totals at Historical Cost	<u>82,915,783</u>	<u>1,175,193</u>	<u>2,335,762</u>	<u>86,426,738</u>
Less Accumulated Depreciation For:				
Building and Building Improvements	(27,024,339)	(1,055,133)		(28,079,472)
Equipment, Furniture, and Vehicles	<u>(7,869,927)</u>	<u>(1,046,518)</u>	263,430	<u>(8,653,015)</u>
Total Accumulated Depreciation	<u>(34,894,266)</u>	<u>(2,101,651)</u>	263,430	<u>(36,732,487)</u>
Total Capital Assets Being Depreciated (Net of Accumulated Depreciation)	<u>48,021,517</u>	<u>(926,458)</u>	<u>2,599,192</u>	<u>49,694,251</u>
Governmental Activities Capital Assets, Net	<u>\$ 53,955,496</u>	<u>\$ 909,211</u>	<u>\$ (3,087)</u>	<u>\$ 54,861,620</u>
<b>Business-type Activities</b>				
Equipment	\$ 749,672	\$ 34,936	\$	\$ 784,608
Less Accumulated Depreciation for:				
Equipment	<u>(541,873)</u>	<u>(17,076)</u>		<u>(558,949)</u>
Business-type Activities Capital Assets, Net	<u>\$ 207,799</u>	<u>\$ 17,860</u>	<u>\$ -</u>	<u>\$ 225,659</u>

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

Instruction	\$ 1,870,469
Unallocated	231,182
Total depreciation expense	<u>\$ 2,101,651</u>



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

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 4 - LONG TERM LIABILITIES**

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

Long-term liability activity for the year ended June 30, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Other Liabilities:					
Obligations Under Capital Lease	\$ 2,647,251	\$ 930,000	\$ 781,339	\$ 2,795,912	\$ 758,754
Compensated Absences Payable	3,740,753	96,100		3,836,853	
Total Other Liabilities	6,388,004	1,026,100	781,339	6,632,765	758,754
Subtotal	6,388,004	1,026,100	781,339	6,632,765	758,754
Net Pension Liability (PERS)	27,613,727		1,888,619	25,725,108	
Total Liabilities	\$ 34,001,731	\$ 1,026,100	\$ 2,669,958	\$ 32,357,873	\$ 758,754
Business-type activities					
Enterprise fund:					
Compensated Absences Payable	\$ 18,818	\$ 2,513	\$ -	\$ 21,331	\$ -
Total Liabilities	\$ 18,818	\$ 2,513	\$ -	\$ 21,331	\$ -

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

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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

**A. Bonds Payable** -- Bonds are authorized in accordance with State law by the voters of the District through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds. As of June 30, 2020, the District has no bonds outstanding.

**B. Bonds Authorized But Not Issued** -- As of June 30, 2020, the District had no bonds authorized but not issued.

**C. Capital Leases** --The District is leasing various equipment totaling \$2,795,912. The following is a schedule of the future minimum lease payments under this capital lease and the net minimum lease payments at June 30, 2020.

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 758,754	\$ 66,386	\$ 825,140
2022	660,704	48,855	709,559
2023	1,007,035	33,043	1,040,078
2024	191,205	10,807	202,012
2025	<u>178,214</u>	<u>4,788</u>	<u>183,002</u>
Total	<u>\$ 2,795,912</u>	<u>\$ 163,879</u>	<u>\$ 2,959,791</u>

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

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 5. PENSION PLANS**

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

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

**A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM**

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

*Plan Membership and Contributing Employers*- Substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency are enrolled in PERS, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or other jurisdiction's pension fund. Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Inactive plan members or beneficiaries currently receiving benefits	178,748	174,904
Inactive plan members entitles to but not yet receiving benefits	609	589
Active plan members	<u>252,598</u>	<u>254,780</u>
Total	<u>431,955</u>	<u>430,273</u>
Contributing Employers	1,697	1,708
Contributing Nonemployers	1	-

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

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

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

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

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

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

*Payrolls and Covered Wages:*

For the year ended June 30, 2020 and 2019 the Board's total payroll for all employees was \$64,853,540 and \$63,363,369, respectively. Total PERS covered payroll was \$10,445,967 and \$10,155,364, respectively. Covered wages refers to eligible compensation paid by the Board to active employees covered by the Plan.

*Specific Contribution Requirements and benefit provisions* – The contribution policy is set by N.J.S.A 43:15A and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, The member contribution rate for the June 30, 2020 fiscal year was 7.5%. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. The School Board's cash contributions to the Plan for the years ended June 30, 2020 and 2019 were \$1,394,605 and \$1,401,308, respectively, equal to the required contributions. School Board Contributions are due and payable in the fiscal period subsequent to plan year for which the contributions requirements were calculated.

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

The following represents the membership tiers for PERS:

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

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

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

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

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

*Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions* – At June 30, 2020, the District reported a liability of \$25,725,108 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to that date. The Board's proportion of the net pension liability was based on a projection of the Board's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2019, the Board's proportion was 0.142770663%, which was an increase of 0.002524723% from its proportion measure as of June 30, 2018.

For the year ended June 30, 2020, the Board recognized pension expenses of \$488,100. At June 30, 2020, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 461,732	\$ 113,642
Change in assumptions	2,568,746	8,929,103
Net difference between projected and actual investment earnings on pension plan investments		406,081
Change in proportion	462,117	1,598,412
District contributions subsequent to the measurement date	<u>1,591,353</u>	
Total	<u>\$ 5,083,948</u>	<u>\$ 11,047,238</u>

The \$1,591,353 of deferred outflows of resources resulting from the Board's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ending <u>June 30,</u>	
2021	\$ (1,239,091)
2022	(2,789,217)
2023	(2,400,001)
2024	(1,045,283)
2025	<u>(81,051)</u>
	<u>\$ (7,554,643)</u>

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

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

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

*Actuarial Assumptions-* The collective total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions:

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

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

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

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

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

Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%
	<u>100.00%</u>	

*Discount Rate* – The discount rate used to measure the total pension liabilities of PERS was 6.28% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 70% 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 through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

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

***Sensitivity of the Collective 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, 2019, calculated using the discount rates as disclosed above as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage rate higher than the current rate:

	At 1% decrease (5.28%)	At current discount rate (6.28%)	At 1% increase (7.28%)
State	\$ 26,475,719,181	\$ 23,012,420,340	\$ 20,102,167,445
Local	22,918,608,260	18,143,832,135	14,120,406,763
PERS Plan Total	<u>\$ 49,394,327,441</u>	<u>\$ 41,156,252,475</u>	<u>\$ 34,222,574,208</u>
District's proportionate share of the net pension liability (Local)	<u>\$ 32,494,992</u>	<u>\$ 25,725,108</u>	<u>\$ 20,020,522</u>

*Components of Net Pension Liability* – The components of the collective net pension liability for PERS, including the State of New Jersey, at June 30, 2019 is as follows:

	<u>State</u>	<u>Local</u>	<u>Total</u>
Total Pension Liability	\$ 29,512,766,255	\$ 41,491,463,886	\$ 71,004,230,141
Plan Fiduciary Net Position	<u>6,500,345,915</u>	<u>23,347,631,751</u>	<u>29,847,977,666</u>
Net PERS Pension Liability	<u>\$ 23,012,420,340</u>	<u>\$ 18,143,832,135</u>	<u>\$ 41,156,252,475</u>

**B. TEACHERS PENSION AND ANNUITY FUND – SPECIAL FUNDING SITUATION**

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

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



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

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

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

Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Inactive plan members or beneficiaries currently receiving benefits	104,703	102,573
Inactive plan members entitles to but not yet receiving benefits	219	197
Active plan members	<u>155,496</u>	<u>154,889</u>
Total	<u>260,418</u>	<u>257,659</u>
Contributing Employers	24	24
Contributing Nonemployers	1	1

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

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

*Covered Payroll* - For the year ended June 30, 2020 and 2019 the Board's total payroll for all employees was \$64,853,540 and \$63,363,369, respectively. Total TPAF covered payroll was \$44,653,674 and \$43,656,955, respectively. Covered payroll refers to all compensation paid by the Board to active employees covered by the Plan.

*Specific Contribution Requirements and benefit provisions* – The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of P.L. 2011, Chapter 78, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.34% in State fiscal year 2018 and 7.50% for State fiscal year 2019, commencing July 1, 2018. The most recent increase completed the phase-in referred to above. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

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

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

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

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

The following represents the membership tiers for TPAF:

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

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

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

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

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
06/30/20	\$8,901,016	Unknown	\$0
06/30/19	7,956,074	Unknown	0
06/30/18	5,918,306	Unknown	0

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

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

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

At June 30, 2019, the TPAF reported a net pension liability of \$61,370,943,870 for its Non-State Employer Member Group. The proportionate share of the State of New Jersey's net pension liability for the Non-State Employer Member Group that is attributable to the District was \$243,171,994 or 0.3962331016%. State non-employer contributions allocated to the District were \$7,966,830 and \$5,931,128 for 2020 and 2019, respectively.

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

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	1.55-4.45%
Through 2026	Based on years of service
Thereafter	2.75-5.65%
	Based on years of service
Investment rate of return	7.00%

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

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

*Return on Investments* - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) was determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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

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

Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%
	<u>100.00%</u>	

*Discount Rate* – The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 70% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2054. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

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

*Sensitivity of Net Pension Liability to Changes in the Discount Rate* – The following presents the net pension liability of the State as of June 30, 2019 calculated using the discount rate as disclosed above as well as what the State's net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	At 1% decrease (4.60%)	At current discount rate (5.60%)	At 1% increase (6.60%)
TPAF	\$ 72,544,649,801	\$ 61,519,112,443	\$ 52,371,397,951
District's proportionate share of the net pension liability	\$ 286,753,603	\$ 243,171,994	\$ 207,013,020

*Components of Net Pension Liability* – The components of the net pension liability for TPAF, including the State of New Jersey, at June 30, 2019 is as follows:

Total pension liability	\$ 84,215,846,719
Plan fiduciary net position	<u>22,696,734,276</u>
Net pension liability	<u>\$ 61,519,112,443</u>
Plan fiduciary net position as a percentage of the total pension liability	26.95%

*Additional Information* – Collective balances at June 30, 2019 were as follows:

Collective Deferred Outflows of Resources	\$ 10,129,162,237
Collective Deferred Inflows of Resources	17,736,240,054
State's Total Non-employer Net Pension Liability	61,519,112,443
District's Proportion	0.3962331016%

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

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

**C. DEFINED CONTRIBUTION RETIREMENT PLAN**

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

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

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 6. POST-RETIREMENT BENEFITS**

**General Information about the OPEB Plan:**

*Plan Description and Benefits Provided:*

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

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

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

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

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

The following members were covered by the benefit terms:

<u>Local Education</u>	June 30, <u>2018</u>	June 30, <u>2017</u>
Active Plan Members	216,892	217,131
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	148,051	145,050
Inactive Plan Members Entitled to but Not Yet Receiving Benefits		
Total Plan Members	<u>364,943</u>	<u>362,181</u>

*Total OPEB Liability*

The State, a non-employer contributing entity, is the only entity that has a legal obligation to make contributions to OPEB for qualified retired SHBLEREP participants. The State of New Jersey's Total Non-employer OPEB Liability for the SHBLEREP was \$41,729,081,045 and \$46,110,832,982 at June 30, 2019 and 2018, respectively. The amounts of the State's Non-employer OPEB Liability that are attributable to employees and retirees of the Morris Township School District was \$156,976,983 and \$174,712,060 at June 30, 2019 and 2018, respectively. These allocated liabilities represent 0.38% of the State's Total Non-employer OPEB Liability for each of the years reported.



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

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

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

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

*Actuarial Assumptions and Other Inputs:*

The total non-employer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018 that was rolled forward to June 30, 2019. The actuarial assumptions vary for each plan member depending upon the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%	
	<u>TPAF/ABP</u>	<u>PERS</u>
Salary Increases:		
Through 2026	1.55-3.05%	2.00-6.00%
	Based on Years of Service	Based on Years of Service
Thereafter	1.55-3.05%	3.00-7.00%
	Based on Years of Service	Based on Years of Service

*Mortality Rates*

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP) and "General (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. 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-2019. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disability mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

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

*Healthcare Trend Assumptions:*

For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.7% per annum and decreases to a 4.5% long-term trend rate after eight years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 7.5% decreasing to a 4.5% long-term trend rate after eight years. For Medicare Part B reimbursement, the trend rate is 5.0% The Medicare Advantage trend rate is 4.5% and will continue in all future years.



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

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

*Discount Rate:*

The discount rates for June 30, 2019 and 2018 were 3.50% and 3.87%, respectively. The source is the Bond Buyer G.O. 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of Aa/AA or higher.

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

Changes to the State's Total Non-employer OPEB Liability during the fiscal year ended June 30, 2019 were as follows:

	<u>State Totals</u>	<u>District Allocation</u>
Non-employer OPEB Liability Balance - June 30, 2018:	\$ 46,110,832,982	\$ 174,712,060
Changes During the Current Year:		
Service Cost	1,734,404,850	6,289,779
Interest on the Total OPEB Liability	1,827,787,206	6,915,152
Difference between expected and actual experiences	(7,323,140,818)	(28,604,663)
Changes in assumption	622,184,027	2,340,540
Gross benefit payments	(1,280,958,373)	(4,818,725)
Employee Contributions	<u>37,971,171</u>	<u>142,840</u>
Net Changes	(4,381,751,937)	(17,735,077)
Non-employer OPEB Liability Balance - June 30, 2019:	<u>\$ 41,729,081,045</u>	<u>\$ 156,976,983</u>

*Changes in Assumptions*-Reflects a change in the discount rate from 3.87% as of June 30, 2018 to 3.50% as of June 30, 2019, and a decrease in the assumed health care cost trend and excise tax assumptions.

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

The following table sets forth the State's Total Non-employer OPEB Liability as of June 30, 2019, calculated using the discount rate as disclosed above, as well as what the State's Total Non-employer OPEB Liability would be if it was calculated using a discount rate that is one percentage point (1%) higher and lower than the actual discount rate that was utilized in the current period:

	<u>1% Decrease (2.50%)</u>	<u>At Discount Rate (3.50%)</u>	<u>1% Increase (4.50%)</u>
Total Non-employer OPEB Liability (New Jersey LEA Retirees)	\$49,298,534,898	\$41,729,081,045	\$35,716,321,820
District's proportionate share of the OPEB liability	\$185,451,850	\$156,976,983	\$134,358,110

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

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

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

The following table sets forth the State's Total Non-employer OPEB Liability as of June 30, 2019, calculated using the healthcare trend rates as disclosed above, as well as what the State's Total Non-employer OPEB Liability would be if it was calculated using a healthcare trend rate that is one percentage point (1%) higher and lower than the actual healthcare trend rate that was utilized in the current period:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Total Non-employer OPEB Liability (New Jersey LEA Retirees)	\$34,382,902,820	\$41,729,081,045	\$51,453,912,586
District's proportionate share of the OPEB liability	\$129,342,037	\$156,976,983	\$193,559,977

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

For the year ended June 30, 2020, in the Statement of Activities, the School District recognized OPEB expense of \$3,641,646. This amount was determined by the State of New Jersey as the District's allocated special funding share of the State's \$1,015,664,874. Total OPEB Non-employer Expense for the year ended June 30, 2019. These expense amounts represent calculations in accordance with GASB Statement No. 75 for the defined benefit OPEB Plan that is not operated through a trust that meets the criteria of paragraph 4 of the Statement and in which there is a special funding situation. As the State of New Jersey is the only entity with a legal responsibility to fund SHBLEREP OPEB obligations, the District's recognized OPEB expense is offset by Program Revenues/Operating Contributions in an equal amount in the Statement of Activities. Due to this special funding situation, there is no recognition of the allocation of the proportionate shares of deferred outflows of resources and deferred inflows of resources in the District's financial statements.

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

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

<u>Year Funding</u>	<u>Annual Post- Retirement Medical Cost (APC)</u>	<u>Percentage of APC Contributed</u>
6/30/2020	\$3,302,114	100%
6/30/2019	3,608,862	100%
6/30/2018	3,822,508	100%

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

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

*Additional Information:*

Collective balances of the SHBLEREP at June 30, 2019 were as follows:

Deferred Outflows of Resources	\$ 1,921,145,183
Deferred Inflows of Resources	20,887,639,826
State's Total Non-employer OPEB Liability	41,729,081,045
 District's Proportion	 0.376181260%

**NOTE 7. COMPENSATED ABSENCES**

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

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

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

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

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

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

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

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

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2020, a liability existed for compensated absences in the Community School in the amount of \$21,331.

**NOTE 8. DEFERRED COMPENSATION**

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

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

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

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 9. CAPITAL RESERVE ACCOUNT**

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

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

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

Beginning balance, July 1, 2019	\$ 10,111,375
Board Resolution	2,800,000
Appropriated 19/20 Budget	2,835,600
SDA Project Proceeds	130,789
Interest Earnings	<u>6,753</u>
Total Deposits	<u>5,773,142</u>
Withdrawal	
Appropriated 20/21 Budget	3,333,500
Transferred to Capital Projects Fund - (Net)	<u>2,835,600</u>
Total Withdrawals	<u>6,169,100</u>
Ending balance, June 30, 2020	<u>\$ 9,715,417</u>

The LRFP balance of local support costs of uncompleted capital projects at June 30, 2020 is \$1,675,269. The withdrawals from the capital reserve were for use in a DOE approved facilities project, consistent with the district's Long Range Facilities Plan.

**NOTE 10. TRANSFERS - CAPITAL OUTLAY**

During the year ending June 30, 2020, the district transferred \$2,835,600 of capital outlay accounts to the Capital Projects Fund. There was \$382,150 for the Morris High School expansion, \$677,000 for the Thomas Jefferson and MHS toilet renovation, \$190,000 for the transportation building, \$511,450 for the MHS broadcasting, \$600,000 for the electrical upgrades and \$475,000 for the MHS boiler phase 3 project.

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

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**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, 2020, 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, 2020, there were no significant reductions in coverages from those provided in the previous year.

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

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

Due to legal restrictions imposed by the State of New Jersey on the accumulated balance in the District's Unemployment Compensation Insurance Fund, the District has elected to treat this fund as an expendable trust fund for the purpose of financial reporting. Information relating to this fund for the current and prior two years is as follows:

<u>Fiscal Year</u>	<u>Employee Contributions</u>	<u>Board Contributions</u>	<u>CARES Act Federal Contribution</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2019-2020	\$ 100,601	\$ 3,300	\$ 55,588	\$ 168,426	\$ 2,085,979
2018-2019	96,796	4,674		91,712	2,094,916
2017-2018	95,681	54		89,314	2,085,158

**NOTE 13. INTERFUND RECEIVABLES AND PAYABLES**

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

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ -	\$ 2,096,194
Special Revenue Fund	317,808	
Capital Projects Fund	1,726,846	
Enterprise Fund	51,540	
	<u>\$ 2,096,194</u>	<u>\$ 2,096,194</u>

These interfund balances are not an indication that the respective fund cannot meet its obligation. The interfund amounts are reflective of year-end closing journals and adjustments. The balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Transfers are used to (1) move revenues from the funds New Jersey Statute or budget requires to collect to collect to fund the appropriation and the statute or budget to expend them. All interfunds are expected to be liquidated in the next year.

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

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 14. INVENTORY**

Inventory in the Food Service Fund at June 30, 2020 consisted of the following:

Food	\$	7,995
Supplies		<u>6,751</u>
	\$	<u>14,746</u>

**NOTE 15. FUND BALANCE APPROPRIATED**

**General Fund (B-1)** - Of the \$30,363,107 General Fund balance at June 30, 2020, \$8,597,973 is restricted as excess surplus in accordance with N.J.S.A. 18A:7F-7 \$9,715,417 has been restricted in the Capital Reserve Account; \$4,097,669 is restricted for the Maintenance Reserve Account; \$5,445,443 has been assigned and included as anticipated revenue for the year ending June 30, 2021; \$2,407,440 is unassigned and \$99,165 has been assigned as Reserve for Encumbrances.

**Capital Projects Fund** – The fund balance at June 30, 2020 is \$1,675,269. The entire amount of \$1,675,269 is restricted.

**NOTE 16. DEFICIT FUND BALANCES**

The District did not have any deficit fund balances at June 30, 2020 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**  
**JUNE 30, 2020**

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

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

**NOTE 18. CALCULATION OF EXCESS SURPLUS**

In accordance with N.J.S.A. 18A:7F-7, as amended, the designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2020 is \$4,716,664.

**NOTE 19. OTHER RESERVE ACCOUNTS**

Pursuant to enabling legislation and rulemaking, the District is permitted to establish legally restricted Reserve funds for Maintenance. The activity of the maintenance reserve for the July 1, 2019 to June 30, 2020 fiscal year is as follows:

Beginning balance, July 1, 2019	\$ 4,095,762
Interest Earnings	<u>1,907</u>
Ending balance, June 30, 2020	<u>\$ 4,097,669</u>

**NOTE 20. TAX ABATEMENTS**

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

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



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

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

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

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

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

II. INFECTIOUS DISEASE OUTBREAK – COVID-19 – COVID-19 a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the "Pandemic") by the World Health Organization and is currently affecting many parts of the world, including the United States and the State of New Jersey. On January 31, 2020, the Secretary of the United States Department of Health and Human Services declared a public health emergency for the United States and, on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President's Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

In New Jersey, Governor Murphy declared a state of emergency on March 9, 2020, and has since issued multiple Executive Orders regarding the Pandemic. The District expects ongoing actions will be taken by State, federal and local governments and private entities to mitigate the spread and impacts of the Pandemic. The Pandemic has negatively affected travel, commerce and financial markets globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide.

The District cannot reasonably predict how long the Pandemic in New Jersey is expected to last, how the outbreak may impact the financial condition or operations of the District, any unexpected deferrals of tax payments, and/or state or federal aid to the District or the costs associated with this or any other potential infectious disease outbreak, including whether there will be any reduction in State funding or an increase in operational costs of the District.

**NOTE 22. SUBSEQUENT EVENTS**

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2020 and February 3, 2021, the date the financial statements were available for issuance. No such events or transactions were noted requiring disclosure.

REQUIRED SUPPLEMENTARY  
INFORMATION

PART II

# BUDGETARY COMPARISON SCHEDULES

## SECTION - C

MORRIS SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
BUDGETARY BASIS  
GENERAL FUND

Exhibit - C-1  
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FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FINAL TO ACTUAL</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 92,894,555	\$ -	\$ 92,894,555	\$ 92,894,555	\$ -
Tuition from Other LEAs within the State	4,959,902	-	4,959,902	4,674,766	(285,136)
Maintenance Reserve Interest	350	-	350	1,907	1,557
Capital Reserve Interest	10,000	-	10,000	6,753	(3,247)
Miscellaneous	119,567	-	119,567	816,717	697,150
Total - Local Sources	97,984,374	-	97,984,374	98,394,698	410,324
State Sources:					
School Choice Aid	523,519	-	523,519	523,519	-
Categorical Special Education Aid	3,684,870	-	3,684,870	3,684,870	-
Categorical Security Aid	994,301	-	994,301	994,301	-
Adjustment Aid	218,451	-	218,451	218,451	-
Categorical Transportation Aid	1,736,086	-	1,736,086	1,736,086	-
Extraordinary Aid				1,257,356	1,257,356
Nonpublic School Transportation Aid				48,299	48,299
On-Behalf TPAF Pension					
Contrib. - Not Budgeted				8,901,016	8,901,016
On-Behalf Post Retirement Medical					
Contrib. - Not Budgeted				3,302,114	3,302,114
On-Behalf Long-Term Disability Insurance					
Contrib. - Not Budgeted				8,264	8,264
On-Behalf TPAF Soc. Sec.					
Contrib. - Not Budgeted				3,183,570	3,183,570
Total - State Sources	7,157,227	-	7,157,227	23,857,846	16,700,619
Federal Sources:					
Medical Reimbursements	138,635	-	138,635	150,727	12,092
Total - Federal Sources	138,635	-	138,635	150,727	12,092
Total Revenues	105,280,236	-	105,280,236	122,403,271	17,123,035

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

Exhibit - C-1  
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	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
EXPENDITURES:					
Current Expense:					
Instruction - Regular Programs					
Salaries of Teachers					
Local Contribution - Trans to Special Rev - Inclusion	\$ 347,888	\$ 116,560	\$ 464,448	\$ 464,448	\$ -
Preschool/Kindergarten	1,434,585	(220,000)	1,214,585	1,104,941	109,644
Grades 1- 5	10,649,467	(454,320)	10,195,147	9,757,825	437,322
Grades 6- 8	6,515,961	(500,723)	6,015,238	5,985,429	29,809
Grades 9-12	9,661,324	(194,127)	9,467,197	9,446,351	20,846
Home Instr. - Reg. Prog.					
Salaries of Teachers	110,878	(9,469)	101,409	15,745	85,664
Other Salaries for Instruction	10,300	-	10,300		10,300
Purchased Profess./Educa. Serv.	75,000	-	75,000	49,669	25,331
Regular Programs - Undistrib. Instr.					
Other Salaries for Instruction	132,195	114,735	246,930	245,986	944
Purchased Profess./Educa. Serv.	160,000	27,260	187,260	183,865	3,395
Purchased Technical Serv.	93,856	-	93,856	69,270	24,586
Other Purchased Services	1,001,824	13,543	1,015,367	872,644	142,723
General Supplies	1,416,528	(78,087)	1,338,441	1,192,966	145,475
Textbooks	98,000	1,107	99,107	76,628	22,479
Other Objects	7,350	406	7,756	6,124	1,632
Total Instruction - Regular Programs	31,715,156	(1,183,114)	30,532,042	29,471,890	1,060,152

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

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	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
EXPENDITURES (CONT'D.):					
Current Expense (Cont'd.):					
Special Education (Cont'd.)					
Resource Room/Resource Center					
Salaries of Teachers	\$ 3,675,790	\$ 321,232	\$ 3,997,022	\$ 3,976,257	\$ 20,766
Other Salaries for Instruction	23,000		23,000		23,000
General Supplies	16,398	(3,166)	13,232	5,280	7,952
Total Resource Room/Resource Center	3,715,188	318,066	4,033,254	3,981,537	51,717
Multiple Disabilities					
Salaries of Teachers	296,432	(10,578)	285,854	284,984	870
Other Salaries for Instruction	1,901,801	(225,175)	1,676,626	1,676,616	10
Purchased Prof. Educational Services	90,900		90,900	90,400	500
Other Purchased Services	800		800	69	732
General Supplies	30,000	17,434	47,434	32,446	14,988
Total Multiple Disabilities	2,319,933	(218,319)	2,101,614	2,084,515	17,099
Preschool Disabilities-Full Time					
Salaries of Teachers	258,397	26,585	284,982	260,186	24,795
Other Salaries for Instruction	83,042	254,031	337,073	333,396	3,677
Purch. Prof. Educ. Services	1,400		1,400	1,400	-
Purchased Technical Services	163		163	143	20
Other Purchased Services	2,142		2,142	127	2,015
General Supplies	7,327	2,292	9,619	8,167	1,452
Other Objects	1,020	500	1,520	1,352	168
Total Preschool Disabilities FT	353,491	283,407	636,898	604,771	32,127
Total Special Education	6,388,612	383,154	6,771,766	6,670,823	100,944

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

Exhibit - C-1  
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	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Basic Skills/Remedial					
Salaries of Teachers	\$ 806,737	\$ (48,000)	\$ 758,737	\$ 757,232	\$ 1,505
Other Salaries for Instruction	23,294	(23,000)	294		294
General Supplies	1,500	(192)	1,308	665	643
Total Basic Skills/Remedial	831,531	(71,192)	760,339	757,897	2,442
Bilingual Education					
Salaries of Teachers	1,635,352	694,054	2,329,406	2,307,605	21,801
Other Salaries for Instr.	14,411		14,411		14,411
Other Purchased Services	1,800		1,800		1,800
General Supplies	70,838	33,295	104,133	96,301	7,833
Textbooks		4,343	4,343	4,110	232
Other Objects	8,050	(4,960)	3,090		3,090
Total Bilingual Education	1,730,451	726,732	2,457,183	2,408,016	49,167
School-Sponsored Co./Extra Activities					
Salaries	285,300	(6,839)	278,461	258,669	19,793
Purchased Services	10,000	(3,178)	6,822	846	5,976
Supplies and Materials	16,700	4,885	21,585	16,524	5,061
Other Objects	8,000	1,915	9,915	4,098	5,818
Total School-Sponsored Cocurricular Activities	320,000	(3,217)	316,783	280,136	36,647
School-Sponsored Athletics					
Salaries	858,271	5,576	863,847	863,757	91
Purchased Services	128,255	18,538	146,793	121,222	25,570
Supplies and Materials	124,200	(7,655)	116,545	102,678	13,867
Other Objects	89,900	(7,945)	81,955	48,376	33,579
Total School-Sponsored Athletics	1,200,626	8,514	1,209,140	1,136,033	73,107
Before/After School Programs					
Salaries of Teachers	87,708	-	87,708	42,417	45,291
Total Before/After School Programs	87,708	-	87,708	42,417	45,291
Total Instruction	42,274,084	(139,122)	42,134,962	40,767,212	1,367,750

MORRIS SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
BUDGETARY BASIS  
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	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
EXPENDITURES (CONT'D.):					
Current Expense (Cont'd.):					
Undistributed Expenditures:					
Instruction					
Tuition to Other LEA's Within the State-Special	\$ 521,590	\$	\$ 521,590	\$ 407,806	\$ 113,784
Tuition to Cnty. Voc. School Reg.	375,375	3,260	378,635	356,800	21,835
Tuition to Cnty. Voc. School - Spec.	18,150	(3,260)	14,890	8,136	6,754
Tuition to Priv. Sch. for the Disabled - Within State	4,009,998	(40,313)	3,969,685	3,769,897	199,787
Tuition to Priv. Sch. Disabled Other LEAs-Spl - Out of State	234,928	222,000	456,928	448,454	8,474
Tuition - State Facilities	159,488		159,488	159,488	-
Tuition - Other	615,947	(262,000)	353,947	219,951	133,996
Total Undistrib. Expend. - Instruc.	5,935,476	(80,313)	5,855,163	5,370,532	484,631
Attendance and Social Work					
Salaries	66,862	409	67,271	67,271	-
Total Attendance and Social Work	66,862	409	67,271	67,271	-
Health Services					
Salaries	1,168,394	(54,301)	1,114,093	1,050,739	63,355
Purchased Prof./Tech. Services	191,946	(30,576)	161,370	45,976	115,394
Other Purchased Services	1,450		1,450	807	643
Supplies and Materials	33,700	18,000	51,700	27,598	24,102
Total Health Services	1,395,490	(66,877)	1,328,613	1,125,120	203,493
Speech, OT, PT and Related Svcs					
Salaries	1,126,529	46,737	1,173,266	1,107,563	65,703
Purch. Profess. - Educational Svcs.	1,398,547	88,692	1,487,239	1,300,911	186,328
Supplies and Materials	78,400	(8,944)	69,456	61,693	7,763
Total Speech, OT, PT and Related Svcs - Related Services	2,603,476	126,486	2,729,962	2,470,167	259,795



MORRIS SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
BUDGETARY BASIS  
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	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
EXPENDITURES (CONT'D.):					
Current Expense (Cont'd.):					
Other Supp. Serv. Stud.-Extra Serv.					
Salaries	\$ 1,521,959	\$ (386,896)	\$ 1,135,063	\$ 1,101,844	\$ 33,219
Total Other Support Services					
Student - Extra Services	1,521,959	(386,896)	1,135,063	1,101,844	33,219
Guidance					
Salaries of Other Prof. Staff	1,871,278	57,182	1,928,460	1,894,637	33,823
Salaries of Secr. and Cler. Assts.	204,786		204,786	191,563	13,223
Purch. Profess. - Educational Svcs.	250,828	6,213	257,041	256,992	49
Other Purch. Prof. and Tech. Svcs.	7,545	3,118	10,663	10,662	1
Other Purchased Services	1,950		1,950	395	1,555
Supplies and Materials	22,300	(750)	21,550	20,143	1,407
Other Objects	450		450	205	245
Total Guidance	2,359,137	65,763	2,424,900	2,374,598	50,302
Undistributed Expenditures -					
Child Study Teams					
Salaries of Other Prof. Staff	2,429,904	68,367	2,498,271	2,471,759	26,512
Salaries of Secr. and Cler. Assts.	274,293	(4,331)	269,962	267,389	2,573
Other Purch. Prof. and Tech. Services	161,630	(30,104)	131,526	78,915	52,611
Other Purchased Services	11,000	1,552	12,552	5,186	7,365
Supplies & Materials	44,000	(2,391)	41,609	38,363	3,246
Other Objects	3,000	500	3,500	3,302	198
Total Child Study Teams	2,923,827	33,593	2,957,420	2,864,915	92,504

MORRIS SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
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	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
EXPENDITURES (CONT'D.):					
Current Expense (Cont'd.):					
Improvement of Instructional Services					
Salaries of Supervisors of Instruction	\$ 770,618	\$	\$ 770,618	\$ 757,446	\$ 13,172
Salaries of Secty. & Clerical Staff	58,392		58,392	57,891	501
Purch. Profess. - Educational Svcs.	2,430	986	3,416	3,416	-
Other Purch. Prof. and Tech. Services	138,592	9,888	148,480	137,671	10,810
Other Purch. Services	23,924	(5,735)	18,189	5,235	12,954
Supplies and Materials	17,998	2,539	20,537	17,884	2,653
Other Objects	5,000	(277)	4,723	3,215	1,508
Total Improvement of Instruction Services	1,016,954	7,402	1,024,356	982,759	41,597
Undistributed Expenditures:					
Educational Media Serv./School Library					
Salaries	1,176,298	(8,246)	1,168,052	1,165,483	2,569
Salaries of Technology Coordinators	654,629		654,629	653,836	793
Unused Vacation Payment to Terminated/Retired Staff		5,031	5,031	5,031	-
Purchased Prof./Tech. Services	45,397	1,456	46,853	38,454	8,398
Other Purchased Services	3,034	1,544	4,578	2,049	2,529
Supplies and Materials	51,675	(8,189)	43,486	38,778	4,708
Other Objects	2,000	3	2,003	1,588	415
Total Educ. Media Services/ School Library	1,933,033	(8,402)	1,924,631	1,905,219	19,412
Instructional Staff Training Services					
Salaries of Other Profess. Staff	55,000		55,000	32,712	22,288
Salaries of Secty. & Clerical Staff	18,989		18,989	18,989	-
Purchased Prof./Educ. Services	74,630	2,838	77,468	64,822	12,646
Supplies and Materials	5,600	(3,701)	1,899	1,399	500
Total Instructional Staff Training Serv	154,219	(863)	153,356	117,922	35,434

MORRIS SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
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	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
EXPENDITURES (CONT'D.):					
Undistributed Expenditures:					
Support Serv. General Administration					
Salaries	\$ 313,816	\$	\$ 313,816	\$ 312,347	\$ 1,469
Legal Services	260,000	33,500	293,500	185,571	107,929
Audit Fees	41,100		41,100	40,569	531
Other Purchased Professional Serv.	68,850	12,700	81,550	65,485	16,065
Purchased Tech. Services	26,500	(6,995)	19,505	14,470	5,036
Communications/Telephone	512,520	64,849	577,369	550,997	26,372
BOE Other Purchased Services	3,500	(1,600)	1,900	1,174	726
Misc. Purchased Services	123,026	1,600	124,626	119,930	4,696
General Supplies	17,500		17,500	14,570	2,930
BOE In-House Training/Meeting Supplies	11,500		11,500	6,505	4,995
Judgments Against the School District		40,000	40,000	40,000	-
Misc. Expenditures	9,000		9,000	6,152	2,848
BOE Membership Dues & Fees	32,000		32,000	26,663	5,337
Total Support Serv. General Administration	1,419,312	144,054	1,563,366	1,384,433	178,934
Support Serv. School Administration					
Salaries of Principals/Asst. Principals	2,614,265	77,658	2,691,923	2,686,010	5,913
Salaries of Other Professional Staff	426,972	(174,178)	252,794	236,925	15,869
Salaries of Secty. and Cler. Assts.	884,791		884,791	867,809	16,982
Unused Vacation Payment to Terminated/Retired Staff		61,082	61,082	61,082	-
Purchased Prof. Tech. Services	18,521	3,714	22,235	13,708	8,527
Other Purchased Services	45,665	26,031	71,696	11,431	60,265
Supplies and Materials	44,665	(7,441)	37,224	30,041	7,183
Other Objects	13,852	(572)	13,280	9,518	3,762
Total Support Serv. School Admin.	4,048,731	(13,707)	4,035,024	3,916,523	118,501
Central Services					
Salaries	1,173,114	52,329	1,225,443	1,205,954	19,489
Purchased Prof. Services	67,500	(23,596)	43,904	16,404	27,500
Purchased Technical Services	41,231	(6,551)	34,680	32,834	1,846
Misc. Purchased Services	252,025	58,495	310,520	252,735	57,785
Supplies and Materials	20,900	(292)	20,608	17,628	2,980
Misc. Expenditures	21,200	(2,408)	18,792	10,697	8,095
Total Central Services	1,575,970	77,977	1,653,947	1,536,252	117,695

MORRIS SCHOOL DISTRICT  
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	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
EXPENDITURES (CONT'D.):					
Undistributed Expenditures:					
Administrative Info. Technology					
Salaries	\$ 240,617	\$	\$ 240,617	\$ 240,605	\$ 12
Purch. Professional Services	18,000		18,000	14,373	3,627
Purch. Technical Services	185,728	8,350	194,078	192,326	1,752
Other Purchased Services	12,300	(4,117)	8,183	1,007	7,176
Supplies and Materials	10,550	(58)	10,492	10,419	73
Other Objects	3,400	(209)	3,191	2,006	1,185
Total Admin. Info. Technology	470,595	3,966	474,561	460,737	13,824
Req. Maint. For School Facilities					
Salaries	691,425	(39,933)	651,492	614,033	37,459
Unused Vacation Payment to Terminated/Retired Staff		15,518	15,518	15,518	-
Cleaning, Repair & Maint. Services	1,519,600	443,461	1,963,061	1,855,987	107,074
General Supplies	245,150	(89,070)	156,081	155,301	779
Other Objects	11,320	(8,839)	2,481	2,480	1
Total Req. Maint Sch. Facilities	2,467,495	321,138	2,788,633	2,643,319	145,314
Custodial Services					
Salaries	2,668,098	39,420	2,707,518	2,623,629	83,889
Salaries of Non-Instructional Aides	123,133	(40,258)	82,875	70,604	12,271
Unused Vacation Payment to Terminated/Retired Staff		6,348	6,348	6,348	-
Purchased Prof. and Tech. Services	241,224	99,593	340,817	308,575	32,241
Cleaning, Repair & Maint. Services	236,700	(36,637)	200,063	183,924	16,139
Other Purchased Property Services	243,000	(19,451)	223,549	178,064	45,485
Insurance	448,780		448,780	435,070	13,710
Misc. Purchased Services	5,000	(4,610)	390	390	-
General Supplies	265,450	45,366	310,816	310,312	505
Energy (Natural Gas)	560,000	(75,000)	485,000	334,877	150,123
Energy (Electricity)	960,000	(55,000)	905,000	665,264	239,736
Energy (Gasoline)	60,000		60,000	24,110	35,890
Other Objects	27,600	(5,158)	22,442	22,329	114
Total Custodial Services	5,838,985	(45,387)	5,793,598	5,163,497	630,101

MORRIS SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
BUDGETARY BASIS  
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	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
EXPENDITURES (CONT'D.):					
Care and Upkeep of Grounds					
Salaries	\$ 524,005	\$ 8,830	\$ 532,835	\$ 498,131	\$ 34,705
Cleaning, Repair & Maint. Services	72,600	26,675	99,275	99,246	29
General Supplies	67,800	(10,948)	56,852	56,850	2
Total Care and Upkeep of Grounds	664,405	24,557	688,962	654,227	34,736
Security					
Salaries	668,460	24,380	692,840	650,682	42,158
Purchased Prof. and Tech. Services	598,760	(51,445)	547,315	359,427	187,888
Cleaning, Repair & Maint. Services	161,000	2,484	163,484	163,214	270
General Supplies	88,075	7,654	95,729	94,295	1,434
Total Security	1,516,295	(16,927)	1,499,368	1,267,617	231,751
Total Maint. & Custodial Serv.	10,487,180	283,381	10,770,561	9,728,660	1,041,901
Student Transportation Services					
Salaries for Pupil Transportation (Between Home & School) - Regular	1,551,542	49,071	1,600,613	1,575,719	24,895
Salaries for Pupil Transportation (Between Home & School) - Special	638,648	191,039	829,687	823,591	6,096
Salaries for Pupil Transportation (Other than Between Home & School)	353,370	119,621	472,991	369,790	103,200
Management Fee-ESC Transport. Prog.	80,225	10,319	90,544	90,544	-
Other Purch. Prof./Tech. Serv.	8,853	26,840	35,693	35,693	-
Cleaning, Repair, and Maint. Services	60,000	(3,504)	56,496	10,728	45,767
Lease Purchase Payments - School Buses	535,582	(4,493)	531,089	515,558	15,531
Contracted Services - Aid in Lieu of Payments	400,000	(100,000)	300,000	177,092	122,908
Contracted Services (Between Home & School) - Vendors	1,282,909	(74,156)	1,208,753	1,009,942	198,811
Contracted Services (Other than Between Home & School)-Vendors	46,000	23,825	69,825	53,051	16,774
Contracted Services (Sp. Ed. Stds) - Vendors	83,115		83,115	9,141	73,974
Contracted Services (Regular Students) ESCs	299,000	(5,000)	294,000	282,600	11,400
Contracted Services (Special Ed. Students) ESCs	1,950,000	125,708	2,075,708	2,075,708	-
Misc. Purch. Serv. - Transportation	50,059	(1,325)	48,734	47,658	1,076
General Supplies	452,500	(36,688)	415,812	264,419	151,393
Miscellaneous Expenditures	94,900	3,350	98,250	95,949	2,301
Total Student Transportation Services	7,886,703	324,606	8,211,309	7,437,183	774,126

MORRIS SCHOOL DISTRICT  
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	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
EXPENDITURES (CONT'D.):					
Current Expense (Cont'd.):					
Unallocated Benefits - Empl. Benefits					
Group Insurance	\$ 56,200	\$	\$ 56,200	\$ 49,355	\$ 6,845
Social Security Contributions	1,449,289		1,449,289	1,376,798	72,491
Other Retirement Contrib. - PERS	1,764,800		1,764,800	1,476,641	288,159
Unemployment Compensation	100,000		100,000		100,000
Workmen's Compensation	646,326	(20,000)	626,326	469,673	156,653
Health Benefits	15,340,837		15,340,837	13,448,923	1,891,914
Tuition Reimbursements	225,000		225,000	183,759	41,241
Other Employee Benefits	445,650		445,650	429,951	15,699
Unused Sick Payments to Terminated/Retired Staff	201,000		201,000	190,675	10,325
Total Unallocated Benefits	20,229,102	(20,000)	20,209,102	17,625,776	2,583,326
On-Behalf TPAF Pension					
Contrib. - Not Budgeted				8,901,016	(8,901,016)
On-Behalf Post Retirement Medical					
Contrib. - Not Budgeted				3,302,114	(3,302,114)
On-Behalf Long-Term Disability Insurance					
Contrib. - Not Budgeted				8,264	(8,264)
On-Behalf TPAF Soc. Sec.					
Contrib. - Not Budgeted				3,183,570	(3,183,570)
Total Undistributed Expenditures	66,028,026	490,579	66,518,605	75,864,873	(9,346,269)
Total Expenditures - Current Expense	108,302,110	351,457	108,653,567	116,632,086	(7,978,519)

MORRIS SCHOOL DISTRICT  
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	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
CAPITAL OUTLAY:					
Interest Deposit to Capital Reserve	\$ 350	\$ -	\$ 350	\$	350
Equipment:					
Regular Programs - Instruction					
Grades 1-5		76,902	76,902	76,902	-
Grades 6-8	56,000	18,364	74,364	74,364	-
Grades 9-12	17,000	16,162	33,162	30,269	2,893
Multiple Disabilities		5,446	5,446	5,446	-
Support Service - Child Study Team		2,391	2,391	2,060	331
Instructional Staff	-	3,160	3,160	3,160	-
Central Services	-	16,617	16,617	16,617	-
Administration Info. Technology	22,650	7,846	30,496	18,354	12,142
Required Maintenance for School Facilities	86,336	227,950	314,286	227,950	86,336
Custodial Services	17,600	(5,160)	12,440	9,437	3,003
Care and Upkeep of Grounds		9,360	9,360	9,360	-
Security	100,000	(61,400)	38,600	38,600	-
Student Transportation - Non-Instructional Equipment		8,771	8,771	8,771	-
School Buses - Regular		565,753	565,753	565,753	-
Total Equipment	299,586	892,161	1,191,747	1,087,044	104,704
Facilities Acquis. & Constr. Services					
Assessment for Debt Service on SDA Funding	37,738		37,738	37,738	-
Total Facil. Acquis. & Constr. Serv.	37,738	-	37,738	37,738	-
Assets Acquired Under Capital Leases (non-budgeted)					
Copiers			-	930,000	(930,000)
Total Assets Acq. Under Capital Leases	-	-	-	930,000	(930,000)
Total Capital Outlay	337,674	892,161	1,229,835	2,054,782	(824,946)

MORRIS SCHOOL DISTRICT  
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	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
EXPENDITURES (CONT'D.):					
Total Expenditures	\$ 108,639,784	\$ 1,243,618	\$ 109,883,402	\$ 118,686,867	\$ (8,803,465)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,359,548)	(1,243,618)	(4,603,166)	3,716,404	8,319,570
Other Financing Sources (Uses)					
Capital Reserve Transf. To Capital Projects	(2,835,600)		(2,835,600)	(2,835,600)	-
Capital Leases Non-Budgeted			-	930,000	930,000
Lease Purchase Agreement - Buses, Computers & Teacher Laptops		885,338	885,338	885,338	-
Transfer of Funds to Charter School	(1,820,642)	115,000	(1,705,642)	(1,324,919)	380,723
Total Other Financing Sources (Uses)	(4,656,242)	1,000,338	(3,655,904)	(2,345,181)	1,310,723
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Uses	(8,015,790)	(243,280)	(8,259,070)	1,371,223	9,630,293
Fund Balances, July 1	29,985,731		29,985,731	29,985,731	-
<b>Fund Balances, June 30</b>	<b>\$ 21,969,941</b>	<b>\$ (243,280)</b>	<b>\$ 21,726,661</b>	<b>\$ 31,356,954</b>	<b>\$ 9,630,293</b>



MORRIS SCHOOL DISTRICT  
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	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Recapitulation of Excess (Deficiency) of Revenues Under Expenditures:					
Budgeted fund balance	\$ (8,015,790)	\$	\$ (8,015,790)	\$ 3,959,684	\$ 11,975,474
Capital Reserve Transf. To Capital. Projects			-	(2,835,600)	(2,835,600)
Capital Leases Non-Budgeted				930,000	930,000
Lease Purchase Agreement - Buses, Computers & Teacher Laptops				885,338	885,338
Transfer of Funds to Charter School				(1,324,919)	(1,324,919)
Adjustment for prior year encumbrances		(243,280)	(243,280)	(243,280)	-
Total	\$ (8,015,790)	\$ (243,280)	\$ (8,259,070)	\$ 1,371,223	\$ 9,630,293
<b>Recapitulation of fund balance:</b>					
Restricted Fund Balance:					
Reserved Excess Surplus - Designated for Subsequent Years Expenditures				\$ 3,881,309	
Reserve for Excess Surplus				4,716,664	
Maintenance Reserve				4,097,669	
Capital Reserve				9,715,417	
Assigned Fund Balance:					
Year-end Encumbrances				99,165	
Designated for Subsequent Year's Expenditures				2,111,943	
Designated for Subsequent Year's Expenditures-					
Capital Reserve				3,333,500	
Unassigned Fund Balance				3,401,287	
<b>Budgetary Fund Balance</b>				<b>\$ 31,356,954</b>	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payments not recognized on GAAP basis				(993,847)	
<b>Fund Balance per Governmental Funds (GAAP)</b>				<b>\$ 30,363,107</b>	

Exhibit C-2

Morris School District  
Budgetary Comparison Schedule  
Special Revenue Fund - Budgetary Basis  
For the Fiscal Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
State sources	\$ 141,179	\$ 269,752	\$ 410,931	\$ 328,885	\$ (82,046)
Federal sources	4,268,687	523,571	4,792,258	4,632,851	(159,407)
Other sources	1,949,267	754,950	2,704,217	2,347,653	(356,564)
<b>Total Revenues</b>	<b>6,359,133</b>	<b>1,548,273</b>	<b>7,907,406</b>	<b>7,309,389</b>	<b>(598,017)</b>
<b>EXPENDITURES:</b>					
Instruction					
Salaries of Teachers	1,161,955	(59,177)	1,102,778	1,038,388	64,390
Salaries of Other Professional Staff	160,918	(157,384)	3,534	2,500	1,034
Other Salaries for Instruc.		304,738	304,738	285,420	19,318
Purchased Professional - Educational Services	500,808	54,847	555,655	441,389	114,266
Other Purchased Services (400-500 series)	1,200,022	286,579	1,486,601	1,484,632	1,969
General Supplies	188,216	115,301	303,517	253,556	49,961
Textbooks	84,970	22,716	107,686	95,762	11,924
Other Objects	1,980	5,500	7,480	4,600	2,880
<b>Total instruction</b>	<b>3,298,869</b>	<b>573,120</b>	<b>3,871,989</b>	<b>3,606,247</b>	<b>265,742</b>
Support Services					
Salaries of Teachers		126,575	126,575	52,329	74,246
Salaries of Supervisors of Instruc.	72,392	-	72,392	72,392	-
Salaries of Program Directors	35,115		35,115	35,115	-
Salaries of Other Professional Staff		227,298	227,298	192,389	34,909
Salaries of Sect. and Clerical Assist.		5,000	5,000	359	4,641
Other Salaries	140,403	(52,703)	87,700	83,700	4,000
Salaries of Community Parent Involvement Specialists	76,822		76,822	76,822	-
Personal Services - Employee Benefits	283,407	176,432	459,839	423,972	35,867
Purchased Education Services - Contracted Pre-K	1,653,735	(74,000)	1,579,735	1,577,999	1,736
Purchased Education Services - Head Start	350,742	29,000	379,742	379,611	131
Purchased Professional - Educational Services	438,490	292,274	730,764	643,023	87,741
Travel	9,158	49,840	58,998	2,204	56,794
Other Purchased Services		3,207	3,207	2,350	857
Supplies & Materials		58,092	58,092	45,228	12,864
<b>Total support services</b>	<b>3,060,264</b>	<b>841,015</b>	<b>3,901,279</b>	<b>3,587,493</b>	<b>313,786</b>
Facilities acquisition and construction services:					
Instructional Equipment		57,639	57,639	47,543	10,096
Noninstructional Equipment		76,499	76,499	68,106	8,393
<b>Total facilities acquisition and construction services</b>	<b>-</b>	<b>134,138</b>	<b>134,138</b>	<b>115,649</b>	<b>18,489</b>
<b>Total Expenditures</b>	<b>6,359,133</b>	<b>1,548,273</b>	<b>7,907,406</b>	<b>7,309,389</b>	<b>598,017</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

NOTES TO THE REQUIRED  
SUPPLEMENTARY INFORMATION

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

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

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedule (C-series)	(C-1) \$ 122,403,271	(C-2) \$ 7,309,389
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized. Net		
State aid payment recognized for budgetary purposes, not recognized for GAAP statements.	(993,847)	
State Aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	810,831	
<b>Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds. (B-2)</b>	<b>(B-2) \$ <u>122,220,255</u></b>	<b>(B-2) \$ <u>7,309,389</u></b>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule Includes( rounding differences)	(C-1) \$ 117,756,867	(C-2) \$ 7,309,389
Differences - budget to GAAP		
The district budgets for claims and compensated absences, only to the extent expected to be paid, rather than on the modified accrual basis.		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes. Net		
<b>Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds</b>	<b>(B-2) \$ <u>117,756,867</u></b>	<b>(B-2) \$ <u>7,309,389</u></b>

REQUIRED SUPPLEMENTARY  
INFORMATION

PART III

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

SECTION - L

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

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

\*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.

*See Accompanying Note to Required Supplementary Information*

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

Last Ten Fiscal Years\*

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

\*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.

*See Accompanying Note to Required Supplementary Information*



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

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

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

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

*See Accompanying Note to Required Supplementary Information*

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

**NOTES TO REQUIRED SUPPLEMENTARY PENSION INFORMATION**  
**JUNE 30, 2020**

**NOTE 1. CHANGES IN BENEFITS AND ASSUMPTIONS**

The following information is as abstracted from the State of New Jersey, Division of Pension and Benefits, Financial Statements and Supplementary Schedules report as of June 30, 2019, dated June 5, 2020. This information pertains to the RSI schedules of changes in net pension liability contained in that report.

**PERS**

Changes in benefit terms: None

Changes in assumptions:

For 2019, the discount rate changed to 6.28% and the long-term expected rate of return remained at the prior-year rate of 7.00%. Demographic assumptions were revised in accordance with the results of the July 1, 2014 - June 30, 2018 experience study and the mortality improvement scale incorporated the plan actuary's modified MP-2019 projection scale.

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

**TPAF**

Changes in benefit terms: None

Changes in assumptions:

For 2019, the discount rate changed to 5.60%. There were no changes to the long-term expected rate of return. Demographic assumptions were revised to reflect those recommended on the basis of the July 1, 2015 - June 30, 2018 experience study.

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

SCHEDULES RELATED TO  
ACCOUNTING AND REPORTING FOR  
POSTEMPLOYMENT 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>
District's Proportion of the Net OPEB Liability	0.3751982%	0.3751536%	0.3788959%	0.3761813%
District's Proportionate Share of the Net OPEB Liability	\$ 216,983,826	\$ 201,231,802	\$ 174,712,060	\$ 156,976,983
District's Covered Employee Payroll	\$ 50,750,762	\$ 52,599,443	\$ 53,696,932	\$ 54,809,038
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%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%	0.00%	0.00%	0.00%

\*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.

*See Accompanying Note to Required Supplementary Information*

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

**NOTES TO REQUIRED SUPPLEMENTARY OPEB INFORMATION**  
**JUNE 30, 2020**

**NOTE 1. SPECIAL FUNDING SITUATION**

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

**NOTE 2. CHANGES IN ASSUMPTIONS**

For 2019, the discount rate changed to 3.50% from 3.87% in 2018. For pre-Medicare medical benefits, the initial trend rate is initially 5.7% and decreases to a 4.5% long-term trend after eight years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

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

## OTHER SUPPLEMENTARY INFORMATION

# SCHOOL LEVEL SCHEDULES

## SECTION - D

## SPECIAL REVENUE FUND

### SECTION - E



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

	Total Brought Forward (Ex. E-1a)	Title I Part A 2019-2020	TITLE I PART D 2019-2020	I.D.E.A. Part B Basic Regular 2019-2020	IDEA PRESCHOOL 2019-2020	Totals 2020
<b>REVENUES:</b>						
State Sources	\$ 4,168,403	\$	\$	\$	\$	\$ 4,168,403
Federal Sources	182,882	479,620	43,330	1,588,812	53,009	2,347,653
Local Sources	793,333					793,333
Total Revenues	5,144,618	479,620	43,330	1,588,812	53,009	7,309,389
<b>EXPENDITURES:</b>						
Instruction:						
Salaries of Teachers	649,020	357,272	32,096			1,038,388
Salaries of Other Professional Staff	2,500					2,500
Other Salaries for Instruc.	285,420					285,420
Purch. Prof. - Educ. Services	441,389					441,389
Other Purchased Seivces (Incl. Tuition)	1,919			1,429,704	53,009	1,484,632
General Supplies	246,405	1,126		6,025		253,556
Textbooks	95,762					95,762
Other Objects	4,600					4,600
Total Instruction	1,727,015	358,398	32,096	1,435,729	53,009	3,606,247
Support Services:						
Salaries of Teachers	52,329					52,329
Salaries of Supervisors of Instruc.	72,392					72,392
Salaries of Program Directors	35,115					35,115
Salaries of Other Prof. Staff	192,389					192,389
Salaries of Sec. & Clerical Asst.	359					359
Other Salaries	83,700					83,700
Salaries of Community Parent Involvement Specialists	76,822					76,822
Personal Services - Empl. Benefits	291,516	121,222	11,234			423,972
Purchased Education Services - Contracted Pre-K	1,577,999					1,577,999
Purchased Education Services - Head Start	379,611					379,611
Purch. Prof. - Educ. Services	492,290			150,733		643,023
Travel	2,204					2,204
Other Purchased Services				2,350		2,350
Supplies and Materials	45,228					45,228
Total Support Services	3,301,954	121,222	11,234	153,083		3,587,493
Facilities Acquis. & Const. Serv.:						
Instructional Equipment	47,543					47,543
Noninstructional Equipment	68,106					68,106
Total Facil. Acquis. & Const. Serv.	115,649					115,649
Total Expenditures	\$ 5,144,618	\$ 479,620	\$ 43,330	\$ 1,588,812	\$ 53,009	\$ 7,309,389

MORRIS SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Total Brought Forward (Ex. E-1b)	TITLE II 2019-2020	TITLE III REGULAR 2019-2020	TITLE IV 2019-2020	CARL PERKINS	Total Carried Forward
<b>REVENUES:</b>						
State Sources	\$ 4,168,403		\$		\$	\$ 4,168,403
Federal Sources		59,993	88,080	2,996	31,813	182,882
Local Sources	793,333					793,333
Total Revenues	4,961,736	59,993	88,080	2,996	31,813	5,144,618
<b>EXPENDITURES:</b>						
Instruction:						
Salaries of Teachers	640,393		6,327		2,300	649,020
Salaries of Other Professional Staff	2,500					2,500
Other Salaries for Instruc.	285,420					285,420
Purch. Prof. - Educ. Services	441,389					441,389
Other Purchased Services (Incl. Tuition)	1,919					1,919
General Supplies	231,222				15,183	246,405
Textbooks	95,762					95,762
Other Objects	4,600					4,600
Total Instruction	1,703,205		6,327		17,483	1,727,015
Support Services:						
Salaries of Teachers		37,173	15,156			52,329
Salaries of Other Prof. Staff	135,245		57,144			192,389
Salaries of Sec. & Clerical Asst.	359					359
Other Salaries	83,700					83,700
Salaries of Community Parent Involvement Specialists	76,822					76,822
Personal Services - Empl. Benefits	279,043	2,844	9,453		176	291,516
Purchased Education Services - Contracted Pre-K	1,577,999					1,577,999
Purchased Education Services - Head Start	379,611					379,611
Purch. Prof. - Educ. Services	476,202	16,088				492,290
Travel	360	498		149	1,197	2,204
Supplies and Materials	38,991	3,390		2,847		45,228
Total Support Services	3,155,839	59,993	81,753	2,996	1,373	3,301,954
Facilities Acquis. & Const. Serv.:						
Instructional Equipment	41,638				5,905	47,543
Noninstructional Equipment	61,054				7,052	68,106
Total Facil. Acquis. & Const. Serv.	102,692				12,957	115,649
Total Expenditures	\$ 4,961,736	\$ 59,993	\$ 88,080	\$ 2,996	\$ 31,813	\$ 5,144,618

MORRIS SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Total Brought Forward (Ex. E-1c)	N.J. Auxiliary Services Ch. 192			N.J. Nonpublic Handicapped Services Ch. 193				Nonpublic	Nonpublic	Nonpublic	Nonpublic	Total Carried Forward
		Home Instruction	ESL	Compensatory Education	Supplemental Instruction	Examination & Classification	Corrective Speech	Nursing	Technology	Textbooks	Security		
REVENUES:													
State Sources	\$ 3,114,433	\$ 7,892	\$ 1,985	\$ 76,983	\$ 60,227	\$ 97,162	\$ 45,570	\$ 256,487	\$ 94,853	\$ 95,762	\$ 317,049	\$ 4,168,403	
Federal Sources													
Local Sources	793,333											793,333	
Total Revenues	3,907,766	7,892	1,985	76,983	60,227	97,162	45,570	256,487	94,853	95,762	317,049	4,961,736	
EXPENDITURES:													
Instruction:													
Salaries of Teachers	640,393											640,393	
Salaries of Other Professional Staff	2,500											2,500	
Other Salaries for Instruc.	285,420											285,420	
Purch. Prof. - Educ. Services	54,236	7,892	1,985		60,227						317,049	441,389	
Other Purchased Services (Incl. Tuition)	1,919											1,919	
General Supplies	136,369								94,853			231,222	
Textbooks										95,762		95,762	
Other Objects	4,600											4,600	
Total Instruction	1,125,437	7,892	1,985		60,227				94,853	95,762	317,049	1,703,205	
Support Services:													
Salaries of Teachers													
Salaries of Supervisors of Instruc.	72,392											72,392	
Salaries of Program Directors	35,115											35,115	
Salaries of Other Prof. Staff	135,245											135,245	
Salaries of Sec. & Clerical Asst.	359											359	
Other Salaries	83,700											83,700	
Salaries of Community Parent Involvement Specialists	76,822											76,822	
Personal Services - Empl. Benefits	279,043											279,043	
Purchased Education Services - Contracted Pre-K	1,577,999											1,577,999	
Purchased Education Services - Head Start	379,611											379,611	
Purch. Prof. - Educ. Services				76,983		97,162	45,570	256,487				476,202	
Travel	360											360	
Supplies and Materials	38,991											38,991	
Total Support Services	2,679,637			76,983		97,162	45,570	256,487				3,155,839	
Facilities Acquis. & Const. Serv.:													
Instructional Equipment	41,638											41,638	
Noninstructional Equipment	61,054											61,054	
Total Facil. Acquis. & Const. Serv.	102,692											102,692	
Total Expenditures	\$ 3,907,766	\$ 7,892	\$ 1,985	\$ 76,983	\$ 60,227	\$ 97,162	\$ 45,570	\$ 256,487	\$ 94,853	\$ 95,762	\$ 317,049	\$ 4,961,736	

MORRIS SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	ATLANTIC HEALTH	ROSINA SANTORA FOUNDATION	NJSBAIG SAFETY GRANT	HSA CLUBS	PRESCHOOL EDUCATION	MORRIS EDUCATION FOUNDATION	MISCELLANEOUS GRANTS	Total Carried Forward
<u>REVENUES:</u>								
State Sources	\$	\$	\$	\$	\$	3,114,433	\$	\$ 3,114,433
Federal Sources								
Local Sources	35,000	991	38,000	40,032	464,448	177,972	36,890	793,333
Total Revenues	35,000	991	38,000	40,032	3,578,881	177,972	36,890	3,907,766
<u>EXPENDITURES:</u>								
Instruction:								
Salaries of Teachers				37,008	601,410	1,075	900	640,393
Salaries of Other Professional Staff						2,500		2,500
Other Salaries for Instruc.					285,420			285,420
Purch. Prof. - Educ. Services					28,889	24,082	1,265	54,236
Other Purchased Services (Incl. Tuition)						410	1,509	1,919
General Supplies					21,590	101,837	12,942	136,369
Textbooks								
Other Objects						4,600		4,600
Total Instruction				37,008	937,309	134,504	16,616	1,125,437
Support Services:								
Salaries of Teachers								
Salaries of Supervisors of Instruc.					72,392			72,392
Salaries of Program Directors					35,115			35,115
Salaries of Other Prof. Staff					135,245			135,245
Salaries of Sec. & Clerical Asst.					359			359
Other Salaries					83,700			83,700
Salaries of Community Parent Involvement Specialists					76,822			76,822
Personal Services - Empl. Benefits				3,024	276,019			279,043
Purchased Education Services - Contracted Pre-K					1,577,999			1,577,999
Purchased Education Services - Head Start					379,611			379,611
Travel					360			360
Supplies and Materials		991	38,000					38,991
Total Support Services		991	38,000	3,024	2,637,622			2,679,637
Facilities Acquis. & Const. Serv.:								
Instructional Equipment					3,950	37,688		41,638
Noninstructional Equipment	35,000					5,780	20,274	61,054
Total Facil. Acquis. & Const. Serv.	35,000				3,950	43,468	20,274	102,692
Total Expenditures	\$ 35,000	\$ 991	\$ 38,000	\$ 40,032	\$ 3,578,881	\$ 177,972	\$ 36,890	\$ 3,907,766

Exhibit E-2

MORRIS SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
PRESCHOOL EDUCATION AID  
STATEMENT OF EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<u>EXPENDITURES</u>			
Instruction:			
Salaries of Teachers	\$ 602,110	\$ 601,410	\$ 700
Other Salaries for Instruc.	304,738	285,420	19,318
Purchased Prof. Educational Services	28,916	28,889	27
General Supplies	22,098	21,590	508
Other Objects	1,980	-	1,980
Total Instruction	<u>959,842</u>	<u>937,309</u>	<u>22,533</u>
Support Services:			
Salaries of Program Directors	35,115	35,115	-
Salaries of Other Professional Staff	141,582	135,245	6,337
Salaries of Secr. and Clerical Assistants	5,000	359	4,641
Other Salaries	83,700	83,700	-
Salaries of Community Parent Involvement Spec.	76,822	76,822	-
Salaries of Master Teachers	72,392	72,392	-
Personnel Services - Employee Benefits	276,019	276,019	-
Purch. Prof. - Educ. Services	-	-	-
Purch. Prof. - Educ. Services - Contracted Pre-K	1,579,735	1,577,999	1,736
Purch. Prof. - Educ. Services - Head Start	379,742	379,611	131
Travel	2,658	360	2,298
Total Support Services	<u>2,652,765</u>	<u>2,637,622</u>	<u>15,143</u>
Facilities Acquis. & Const. Serv.:			
Instructional Equipment	3,950	3,950	-
Total Facil. Acquis. & Const. Serv.	<u>3,950</u>	<u>3,950</u>	<u>-</u>
Total Expenditures	<u>\$ 3,616,558</u>	<u>\$ 3,578,881</u>	<u>\$ 37,676</u>
Total Revised 2019-20 Preschool Education Aid Allocation		\$	3,016,464
Actual Preschool Aid Carryover (June 30, 2019)			135,646
Budgeted Transfer From General Fund			464,448
Total Preschool Education Funds Available 2019-20 Budget			3,616,558
Less: 2019-20 Budgeted Preschool Education Aid (Incl. Prior Year Budgeted Carryover)			<u>3,616,558</u>
Available & Unbudgeted Preschool Education Funds as of June 30, 2020			-
Add: June 30, 2020 Unexpended Preschool Education Aid			37,676
2019-2020 Actual Carryover - Preschool Education Aid			<u>37,676</u>
2019-20 Preschool Ed Aid Carryover Budgeted in 2020-2021		\$	<u>37,676</u>

## CAPITAL PROJECTS FUND

### SECTION - F

MORRIS SCHOOL DISTRICT  
SUMMARY STATEMENT OF PROJECT EXPENDITURES  
CAPITAL PROJECTS FUND  
FISCAL YEAR ENDED JUNE 30, 2020

<u>PROJECT TITLE / ISSUE</u>	<u>APPROPRIATIONS</u>	<u>EXPENDITURES</u>		<u>UNEXPENDED BALANCE</u>
		<u>PRIOR YEARS</u>	<u>CURRENT YEAR</u>	
<u>FY 2014</u>				
MHS Expansion	\$ 13,572,004	\$ 12,818,617	\$ 484,967	\$ 268,420
<u>FY 2019</u>				
TJ and MHS Toilet Renovation	909,000	69,411	685,849	153,740
AV Boiler	708,000	567,431	54,868	85,701
Transportation Building	255,905	64,962	98,535	92,408
<u>FY 2020</u>				
MHS Broadcasting	511,450		511,450	-
Electrical Upgrades	600,000			600,000
MHS Boiler #3	475,000			475,000
<b>Totals</b>	<b>\$ 17,031,359</b>	<b>\$ 13,520,421</b>	<b>\$ 1,835,669</b>	<b>\$ 1,675,269</b>

Analysis of Balance(s) - June 30, 2020:

2019/2020 Expenditures \$ 1,835,669

MORRIS SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGE IN FUND BALANCE - BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2020

Revenues and Other Financing Sources	
State Sources - SCC Grant	\$
Bond proceeds and transfers	
Contribution from private source	
Transfer from capital reserve	2,835,600
Transfer from capital outlay	
Total revenues	<u>2,835,600</u>
Expenditures and Other Financing Uses	
Purchased professional and technical services	116,811
Land and Improvements	
Construction services	1,718,858
Equipment purchases	
Total expenditures	<u>1,835,669</u>
Excess (deficiency) of revenues over (under) expenditures	999,931
Fund balance - beginning	675,338
Fund balance - ending	<u>\$ 1,675,269</u>



MORRIS SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS  
MHS EXPANSION  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$	\$	\$	\$
Bond proceeds and transfers				
Contribution from private source				
Transfer from capital reserve	12,585,057	382,150	12,967,207	12,967,207
Transfer from capital outlay	604,797		604,797	604,797
Total revenues	<u>13,189,854</u>	<u>382,150</u>	<u>13,572,004</u>	<u>13,572,004</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services	1,513,220	31,486	1,544,706	1,590,000
Land and Improvements			-	-
Construction services	11,305,397	453,481	11,758,878	11,982,004
Equipment purchases			-	-
Transfer to capital reserve				
Total expenditures	<u>12,818,617</u>	<u>484,967</u>	<u>13,303,584</u>	<u>13,572,004</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>\$ 371,237</b>	<b>\$ (102,817)</b>	<b>\$ 268,420</b>	<b>\$ -</b>

## 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	\$20,000
Additional Authorized Cost	\$13,552,004
Revised Authorized Cost	\$13,572,004

Percentage Increase over Original Authorized Cost	67760.0%
Percentage completion	98.0%
Original target completion date	Aug-09
Revised target completions date	Aug-14

MORRIS SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS  
THOMAS JEFFERSON AND MHS TOILET RENOVATION  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

	<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	232,000	677,000	909,000	909,000
Transfer from capital outlay			-	-
Total revenues	<u>232,000</u>	<u>677,000</u>	<u>909,000</u>	<u>909,000</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services	69,411	23,466	92,877	194,855
Land and Improvements			-	-
Construction services		662,383	662,383	714,145
Equipment purchases			-	-
Transfer to capital reserve			-	-
Total expenditures	<u>69,411</u>	<u>685,849</u>	<u>755,260</u>	<u>909,000</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>\$ <u>162,589</u></b>	<b>\$ <u>(8,849)</u></b>	<b>\$ <u>153,740</u></b>	<b>\$ <u>-</u></b>

## Additional project information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$232,000
Additional Authorized Cost	\$677,000
Revised Authorized Cost	\$909,000

## Percentage Increase over Original

Authorized Cost	291.8%
Percentage completion	0.83
Original target completion date	Aug-13
Revised target completions date	Dec-14

MORRIS SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS  
ALFRED VAIL BOILER  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$ -	\$ -	\$ -	\$ -
Bond proceeds and transfers	-	-	-	-
Contribution from private source	-	-	-	-
Transfer from capital reserve	708,000	-	708,000	708,000
Transfer from capital outlay	-	-	-	-
Total revenues	<u>708,000</u>	<u>-</u>	<u>708,000</u>	<u>708,000</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services	47,728	11,698	59,426	63,662
Land and Improvements	-	-	-	-
Construction services	519,703	43,170	562,873	644,338
Equipment purchases	-	-	-	-
Transfer to capital reserve	-	-	-	-
Total expenditures	<u>567,431</u>	<u>54,868</u>	<u>622,299</u>	<u>708,000</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>\$ 140,569</b>	<b>\$ (54,868)</b>	<b>\$ 85,701</b>	<b>\$ -</b>

## Additional project information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$708,000
Additional Authorized Cost	\$0
Revised Authorized Cost	\$708,000
Percentage Increase over Original Authorized Cost	N/A
Percentage completion	88%
Original target completion date	Aug-13
Revised target completions date	Dec-14

MORRIS SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS  
TRANSPORTATION BUILDING  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

	<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	65,905	190,000	255,905	341,000
Transfer from capital outlay			-	-
Total revenues	<u>65,905</u>	<u>190,000</u>	<u>255,905</u>	<u>341,000</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services	3,010	7,799	10,809	58,990
Land and Improvements			-	-
Construction services	61,952	90,736	152,688	282,010
Equipment purchases			-	-
Transfer to capital reserve			-	-
Total expenditures	<u>64,962</u>	<u>98,535</u>	<u>163,497</u>	<u>341,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 943</u>	<u>\$ 91,465</u>	<u>\$ 92,408</u>	<u>\$ -</u>
Additional project information:				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$151,000			
Additional Authorized Cost	\$190,000			
Revised Authorized Cost	\$341,000			
Percentage Increase over Original				
Authorized Cost	125.8%			
Percentage completion	47.9%			
Original target completion date	Aug-13			
Revised target completions date	Dec-14			

MORRIS SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS  
MHS BROADCASTING  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$ -	\$ -	\$ -	\$ -
Bond proceeds and transfers	-	-	-	-
Contribution from private source	-	-	-	-
Transfer from capital reserve	-	511,450	511,450	511,450
Transfer from capital outlay	-	-	-	-
Total revenues	<u>-</u>	<u>511,450</u>	<u>511,450</u>	<u>511,450</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services	-	42,362	42,362	42,362
Land and Improvements	-	-	-	-
Construction services	-	469,088	469,088	469,088
Equipment purchases	-	-	-	-
Transfer to capital reserve	-	-	-	-
Total expenditures	<u>-</u>	<u>511,450</u>	<u>511,450</u>	<u>511,450</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## Additional project information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$511,450
Additional Authorized Cost	\$0
Revised Authorized Cost	\$511,450

## Percentage Increase over Original

Authorized Cost	N/A
Percentage completion	100%
Original target completion date	Aug-21
Revised target completions date	Dec-21

MORRIS SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS  
ELECTRICAL UPGRADES  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

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

MORRIS SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS  
MHS BOILER #3  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$	\$	\$ -	\$
Bond proceeds and transfers			-	
Contribution from private source			-	
Transfer from capital reserve		475,000	475,000	475,000
Transfer from capital outlay			-	
Total revenues	<u>-</u>	<u>475,000</u>	<u>475,000</u>	<u>475,000</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services			-	
Land and Improvements			-	-
Construction services			-	
Equipment purchases			-	-
Transfer to capital reserve			-	
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>\$ -</b>	<b>\$ 475,000</b>	<b>\$ 475,000</b>	<b>\$ 475,000</b>

## Additional project information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$475,000
Additional Authorized reserve	\$0
Revised Authorized Cost	\$475,000

Percentage Increase over Original  
Authorized Cost

N/A

Percentage completion

Original target completion date

Aug-21

Revised target completions date

Dec-21

## PROPRIETARY FUND

### SECTION – G



## ENTERPRISE FUND

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

	<u>FOOD SERVICE</u>	<u>COMMUNITY SCHOOL</u>	<u>TOTALS</u>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 2,592	\$ 454,262	\$ 456,854
Accounts Receivable:			
State	5,271		5,271
Federal	76,796		76,796
Other	43,891	7,401	51,292
Interfunds Receivable	45,637	5,903	51,540
Prepaid Expenses		2,391	2,391
Inventories	14,746		14,746
<b>Total Current Assets</b>	<u>188,933</u>	<u>469,957</u>	<u>658,890</u>
<b>Noncurrent Assets:</b>			
Capital Assets:			
Equipment	768,080	16,528	784,608
Accumulated Depreciation	<u>(545,126)</u>	<u>(13,823)</u>	<u>(558,949)</u>
<b>Total Noncurrent Assets</b>	<u>222,954</u>	<u>2,705</u>	<u>225,659</u>
<b>Total Assets</b>	<u><b>\$ 411,887</b></u>	<u><b>\$ 472,662</b></u>	<u><b>\$ 884,549</b></u>
<b>Liabilities</b>			
Current Liabilities:			
Accounts Payable	\$ 65,938	\$ 20,610	\$ 86,548
Unearned Revenue	39,767		39,767
<b>Total Current Liabilities</b>	<u>105,705</u>	<u>20,610</u>	<u>126,315</u>
Noncurrent Liabilities:			
Compensated Absences Payable		21,331	21,331
<b>Total Noncurrent Liabilities</b>	<u>-</u>	<u>21,331</u>	<u>21,331</u>
<b>Total Liabilities</b>	<u>105,705</u>	<u>41,941</u>	<u>147,646</u>
<b>Net Position</b>			
Net Investment in Capital Assets	222,954	2,705	225,659
Unrestricted (Deficit)	83,228	428,016	511,244
<b>Total Net Position</b>	<u><b>\$ 306,182</b></u>	<u><b>\$ 430,721</b></u>	<u><b>\$ 736,903</b></u>

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

	<u>FOOD SERVICE</u>	<u>COMMUNITY SCHOOL</u>	<u>TOTALS</u>
Operating Revenues:			
Charges for Daily Services:			
Daily Sales - Reimbursable Programs	\$ 383,682	\$	\$ 383,682
Daily Sales - Non-Reimbursable Programs	<u>57,909</u>		<u>57,909</u>
Total - Daily Sales-Reimbursable Programs	<u>441,591</u>		<u>441,591</u>
Program Fees		<u>1,263,558</u>	<u>1,263,558</u>
Total Operating Revenues	<u>441,591</u>	<u>1,263,558</u>	<u>1,705,149</u>
Operating Expenses:			
Salaries	52,519	927,683	980,202
Employee Benefits	28,526	140,667	169,193
Purchased Professional Services	752,956	73,545	826,501
Other Purchased Services	20,129	47,915	68,044
Supplies and Materials		80,862	80,862
Depreciation	16,419	657	17,076
Rent		100,374	100,374
Other Expenses	52,299	76,793	129,092
Cost of sales - program	604,177		604,177
Cost of sales - nonprogram	<u>23,872</u>		<u>23,872</u>
Total Operating Expenses	<u>1,550,897</u>	<u>1,448,496</u>	<u>2,999,393</u>
Operating Income (Loss)	<u>(1,109,306)</u>	<u>(184,938)</u>	<u>(1,294,244)</u>
Nonoperating Revenues:			
State Sources:			
State School Lunch Program	19,019		19,019
Federal Sources:			
National School Lunch Program	706,196		706,196
National School Breakfast Program	265,143		265,143
Food Distribution Program	157,908		157,908
Interest Revenue	<u>117</u>	<u>1,589</u>	<u>1,706</u>
Total Non-Operating Revenues	<u>1,148,383</u>	<u>1,589</u>	<u>1,149,972</u>
Change in Net Position	39,077	(183,349)	(144,272)
Total Net Position Beginning	<u>267,105</u>	<u>614,070</u>	<u>881,175</u>
Total Net Position Ending	<u>\$ 306,182</u>	<u>\$ 430,721</u>	<u>\$ 736,903</u>

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

	FOOD SERVICE	COMMUNITY SCHOOL	TOTALS
<b>Cash Flows from Operating Activities:</b>			
Cash Received from Customers	\$ 427,072	\$ 813,625	\$ 1,240,697
Cash Payments to Suppliers for Goods and Services	(1,519,726)	(382,694)	(1,902,420)
Cash Payments for Employee Benefits		(138,154)	(138,154)
Cash Payments to Employees for Services		(927,683)	(927,683)
Net Cash (Used for) Operating Activities	(1,092,654)	(634,906)	(1,727,560)
<b>Cash Flows from Non-Capital Financing Activities:</b>			
Cash Received from State and Federal Sources	1,128,424		1,128,424
Net Cash Provided by Non-Capital Financing Activities	1,128,424	-	1,128,424
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Purchases of Capital Assets	(34,936)		(34,936)
Net Cash (Used for) Capital and Related Financing Activities	(34,936)	-	(34,936)
<b>Cash Flows from Investing Activities:</b>			
Interest on Deposits	117	1,589	1,706
Net Cash Provided by Investing Activities	117	1,589	1,706
Net Increase/(Decrease) in Cash and Cash Equivalents	951	(633,317)	(632,366)
Cash and Cash Equivalents at Beginning of Year	1,641	1,087,579	1,089,220
Cash and Cash Equivalents at End of Year	\$ 2,592	\$ 454,262	\$ 456,854
<b>Reconciliation of Operating (Loss) to Net Cash (Used) by Operating Activities:</b>			
Operating (Loss)	\$ (1,109,306)	\$ (184,938)	\$ (1,294,244)
Adjustments to Reconcile Operating Income to Net cash Provided by Operating Income:			
Depreciation Expense	16,419	657	17,076
USDA Commodities	157,908		157,908
Changes in Assets and Liabilities			
Decrease in Prepaid Expenses		31,012	31,012
(Increase) Decrease in Accounts Receivable - Net	(14,519)	32,933	18,414
Decrease in Inventory	5,484		5,484
(Increase) in Interfunds Receivable	(45,637)	(5,903)	(51,540)
(Decrease) in Interfunds Payable	(67,171)	(13,090)	(80,261)
Increase in Compensated Absences		2,513	2,513
(Decrease) in Accounts Payable	(53,505)	(15,224)	(68,729)
Increase (Decrease) in Unearned Revenue	17,673	(482,866)	(465,193)
Net Cash (Used for) Operating Activities	\$ (1,092,654)	\$ (634,906)	\$ (1,727,560)

## INTERNAL SERVICE FUND

## FIDUCIARY FUNDS

### SECTION - H

MORRIS SCHOOL DISTRICT  
 COMBINING STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
FOR YEAR ENDED JUNE 30, 2020

	TRUST FUND		AGENCY FUND		
	UNEMPLOYMENT COMPENSATION TRUST	PRIVATE PURPOSE SCHOLARSHIP	STUDENT ACTIVITY	PAYROLL	TOTALS
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ 2,130,870	\$ 97,673	\$ 168,866	\$ 666,312	\$ 3,063,721
Accounts Receivable - Federal	55,588				55,588
Total Assets	<u>2,186,458</u>	<u>97,673</u>	<u>\$ 168,866</u>	<u>\$ 666,312</u>	<u>\$ 3,119,309</u>
<u>LIABILITIES AND NET POSITION</u>					
Liabilities:					
Accounts Payable	100,479		\$	\$	\$ 100,479
Payroll Deductions and Withholdings				666,312	666,312
Due to Student Groups			168,866		168,866
Total Liabilities	<u>100,479</u>	<u>-</u>	<u>\$ 168,866</u>	<u>\$ 666,312</u>	<u>\$ 935,657</u>
Net Position:					
Held in trust for unemployment claims and other purposes	2,085,979				2,085,979
Reserved for Scholarships		97,673			97,673
Total Net Position	<u>\$ 2,085,979</u>	<u>\$ 97,673</u>			<u>\$ 2,183,652</u>

Exhibit - H-2

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

	TRUST FUND	
	UNEMPLOYMENT COMPENSATION	PRIVATE PURPOSE SCHOLARSHIP
ADDITIONS		
Contributions:		
Plan Member	\$ 100,601	\$
CARES Act Federal Contribution	55,588	
Other		1,100
Total Contributions	156,189	1,100
Investment Earnings:		
Interest	3,300	155
Total investment earnings	3,300	155
Total Additions	159,489	1,255
DEDUCTIONS		
Unemployment Claims	168,426	
Scholarships Awarded		15,500
Total Deductions	168,426	15,500
Change in Net Position	(8,937)	(14,245)
Net Position - beginning of the year	2,094,916	111,918
Net Position - end of the year	\$ 2,085,979	\$ 97,673



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

	BALANCE JUNE 30, 2019	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE JUNE 30, 2020
<u>ELEMENTARY SCHOOLS:</u>				
Thomas Jefferson	\$ 2,091	\$ 3	\$ 110	\$ 1,984
Woodland	926	941	1,367	500
Sussex Ave.	89	4,230	4,244	75
Alfred Vail	550	475	440	585
Hillcrest	519	2,494	1,280	1,733
Normandy Park	2,199	2,404	2,398	2,205
Alexander Hamilton	3,714	1,296	-	5,010
Coins for a Cause	131	-	-	131
Total Elementary Schools	10,219	11,843	9,839	12,223
<u>MIDDLE SCHOOLS:</u>				
Frelinghuysen MS	32,998	75,038	67,923	40,113
<u>HIGH SCHOOLS:</u>				
Morristown High School	135,539	295,335	314,344	116,530
<b>Total All Schools</b>	<b>\$ 178,756</b>	<b>\$ 382,216</b>	<b>\$ 392,106</b>	<b>\$ 168,866</b>

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

	<u>BALANCE JUNE 30, 2019</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE JUNE 30, 2020</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ <u>603,052</u>	\$ <u>71,085,462</u>	\$ <u>71,022,202</u>	\$ <u>666,312</u>
Total Assets	\$ <u><u>603,052</u></u>	\$ <u><u>71,085,462</u></u>	\$ <u><u>71,022,202</u></u>	\$ <u><u>666,312</u></u>
<u>LIABILITIES</u>				
Payroll Deductions and Withholdings	\$ <u>603,052</u>	\$ <u>71,085,462</u>	\$ <u>71,022,202</u>	\$ <u>666,312</u>
Total Liabilities	\$ <u><u>603,052</u></u>	\$ <u><u>71,085,462</u></u>	\$ <u><u>71,022,202</u></u>	\$ <u><u>666,312</u></u>

# LONG TERM DEBT

## SECTION - I

MORRIS SCHOOL DISTRICT  
STATEMENT OF OBLIGATIONS UNDER CAPITAL LEASES  
LONG-TERM DEBT  
JUNE 30, 2020

PURPOSE	DATE OF LEASE	TERM OF LEASE	AMOUNT OF ORIGINAL LEASE		INTEREST RATE	BALANCE JUNE 30,	ADDITIONS	RETIRED	BALANCE JUNE 30,
			PRINCIPAL	INTEREST		2019			2020
Various Equipment	09/01/14	5 Years	\$ 73,744	\$ 9,551	4.900%	\$ 2,458	\$	\$ 2,458	\$ -
Various Equipment	07/01/15	5 Years	58,872	7,126	4.590%	12,756		11,774	982
Copy Machine	01/01/16	5 Years	15,813	1,761	4.590%	5,535		3,163	2,372
Various Equipment	09/01/16	5 Years	78,815	8,767	4.230%	26,778		12,359	14,419
Copy Machine	05/01/17	5 Years	15,814	1,759	4.230%	8,961		3,163	5,798
Buses	04/01/17	6 Years	2,769,991	164,916	1.890%	1,986,183		382,910	1,603,273
Copy Machines	09/17/17	5 Years	124,887	11,845	3.150%	79,496		24,977	54,519
Copy Machines	09/01/18	5 Years	69,077	7,687	4.230%	57,564		13,816	43,748
Copy Machines	10/01/18	5 Years	40,713	5,973	5.520%	36,822		8,143	28,679
Buses	08/01/18	6 Years	108,000	10,394	3.220%	91,246		14,260	76,986
Computers	08/01/18	4 Years	200,000	9,659	3.025%	148,190		47,932	100,258
Teacher Laptops	08/01/18	3 Years	290,000	9,439	2.901%	191,262		94,263	96,999
Dump Trucks & Copiers	7/15//19	5 Years	320,000	16,725	2.614%		320,000	67,345	252,655
Buses	7/15//19	6 Years	610,000	46,881	2.687%		610,000	94,776	515,224
Total						\$ 2,647,251	\$ 930,000	\$ 781,339	\$ 2,795,912

Statistical Section (Unaudited)

SECTION - J

## Financial Trends

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

Exhibit J-1

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
Net Investment in capital assets	\$ 23,540,438	\$ 27,001,462	\$ 29,494,829	\$ 32,902,621	\$ 34,762,605	\$ 43,696,718	\$ 44,935,291	\$ 49,610,975	\$ 51,308,245	\$ 52,065,708
Restricted	14,276,096	16,999,113	16,211,969	26,706,016	30,024,003	23,910,031	23,357,422	22,058,286	21,658,087	24,096,324
Unrestricted	41,629	1,344,484	5,646,252	(32,520,686)	(32,984,938)	(31,840,835)	(31,684,701)	(32,720,614)	(29,763,515)	(29,215,685)
Total governmental activities net position/net assets	<u>\$ 37,858,163</u>	<u>\$ 45,345,059</u>	<u>\$ 51,353,050</u>	<u>\$ 27,087,951</u>	<u>\$ 31,801,670</u>	<u>\$ 35,765,914</u>	<u>\$ 36,608,012</u>	<u>\$ 38,948,647</u>	<u>\$ 43,202,817</u>	<u>\$ 46,946,347</u>
Business-type activities										
Investment in capital assets	\$ 87,599	\$ 105,258	\$ 95,899	\$ 107,935	\$ 74,299	\$ 95,157	\$ 117,324	\$ 173,851	\$ 207,799	\$ 225,659
Unrestricted	779,534	779,654	925,849	388,386	492,135	416,454	468,154	515,885	673,376	511,244
Total business-type activities net position/net assets	<u>\$ 867,133</u>	<u>\$ 884,912</u>	<u>\$ 1,021,748</u>	<u>\$ 496,321</u>	<u>\$ 566,434</u>	<u>\$ 511,611</u>	<u>\$ 585,478</u>	<u>\$ 689,736</u>	<u>\$ 881,175</u>	<u>\$ 736,903</u>
Government-wide										
Investment in capital assets	\$ 23,628,037	\$ 27,106,720	\$ 29,590,728	\$ 33,010,556	\$ 34,836,904	\$ 43,791,875	\$ 45,052,615	\$ 49,784,826	\$ 51,516,044	\$ 52,291,367
Restricted	14,276,096	16,999,113	16,211,969	26,706,016	30,024,003	23,910,031	23,357,422	22,058,286	21,658,087	24,096,324
Unrestricted	821,163	2,124,138	6,572,101	(32,132,300)	(32,492,803)	(31,424,381)	(31,216,547)	(32,204,729)	(29,090,139)	(28,704,441)
Total district net position/net assets	<u>\$ 38,725,296</u>	<u>\$ 46,229,971</u>	<u>\$ 52,374,798</u>	<u>\$ 27,584,272</u>	<u>\$ 32,368,104</u>	<u>\$ 36,277,525</u>	<u>\$ 37,193,490</u>	<u>\$ 39,638,383</u>	<u>\$ 44,083,992</u>	<u>\$ 47,683,250</u>

Source: CAFR Schedule A-1

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

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

Exhibit J-2

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Expenses</b>											
Governmental activities											
Instruction											
Regular	\$ 29,354,756	\$ 27,466,369	\$ 26,641,131	\$ 28,339,724	\$ 28,269,563	\$ 28,387,065	\$ 29,237,127	\$ 31,710,468	\$ 32,297,670	\$ 35,374,952	\$ 34,895,344
Special education	6,002,654	7,505,971	7,405,658	7,403,544	7,534,259	7,781,595	8,153,686	6,421,612	6,566,012	6,389,428	6,670,823
Other special education	2,068,521	1,622,266	1,808,002	1,665,510	1,508,020	1,496,083	1,894,853	1,953,758	2,166,629	2,338,259	3,165,913
Other instruction	1,516,716	1,372,398	1,282,083	1,233,558	1,282,881	1,371,203	1,391,027	1,470,913	1,508,941	1,571,308	1,458,586
Support Services:											
Tuition	5,104,929	5,491,794	5,661,436	5,240,128	5,718,344	5,628,722	5,846,949	5,681,478	5,926,763	5,753,469	5,370,532
Student & instruction related services	14,675,746	13,531,382	13,271,969	14,126,628	13,713,695	14,330,155	14,443,418	15,362,877	15,545,329	14,497,741	16,597,308
School administrative services	3,104,689	3,049,380	2,719,314	3,025,750	2,770,823	2,832,511	3,016,712	3,096,687	3,891,005	3,980,819	3,916,523
General administrative services	2,685,799	2,378,544	3,165,353	3,176,661	3,251,357	3,384,791	3,312,990	3,299,714	3,307,097	3,415,943	3,381,422
Plant operations and maintenance	7,860,570	7,350,373	7,249,905	6,688,214	7,393,248	7,784,633	7,443,979	7,703,340	8,040,375	9,165,015	9,492,529
Pupil transportation	6,282,479	5,763,837	5,774,002	5,842,404	6,019,131	6,041,059	6,249,298	6,961,605	6,242,152	6,761,122	6,945,237
Unallocated Benefits	18,659,036	19,616,582	20,179,876	22,097,857	20,952,645	21,966,032	25,046,260	47,304,559	51,278,533	43,295,649	37,997,650
Special Schools	97,606										
Interest on long-term debt	332,919	297,021	265,992	233,418	196,352	157,708	120,563	93,492	87,115	83,483	116,509
Unallocated depreciation	163,927	175,886	149,010	172,922	159,496	162,785	192,659	176,085	218,870	242,380	231,182
Total governmental activities expenses	97,910,347	95,621,803	95,573,731	99,246,318	98,769,814	101,324,342	106,349,521	131,236,588	137,076,491	132,869,568	130,239,558
Business-type activities:											
Food service	1,844,712	1,802,122	2,012,988	2,040,754	2,184,170	1,950,021	1,614,906	1,576,399	1,490,552	1,590,977	1,392,989
Community School	1,422,863	1,420,350	1,509,497	1,523,104	2,249,326	1,651,378	1,807,674	1,714,323	1,655,544	1,576,364	1,448,496
Total business-type activities expense	3,267,575	3,222,472	3,522,485	3,563,858	4,433,496	3,601,399	3,422,580	3,290,722	3,146,096	3,167,341	2,841,485
Total district expenses	\$ 101,177,922	\$ 98,844,275	\$ 99,096,216	\$ 102,810,176	\$ 103,203,310	\$ 104,925,741	\$ 109,772,101	\$ 134,527,310	\$ 140,222,587	\$ 136,036,909	\$ 133,081,043
<b>Program Revenues</b>											
Governmental activities:											
Charges for services:											
Business and other support services											
Operating grants and contributions	5,874,425	5,895,285	6,931,352	8,748,281	18,324,772	18,867,263	20,675,124	41,334,669	45,981,670	41,768,056	36,765,669
Total governmental activities program revenues	5,874,425	5,895,285	6,931,352	8,748,281	18,324,772	18,867,263	20,675,124	41,334,669	45,981,670	41,768,056	36,765,669
Business-type activities:											
Charges for services											
Food service	888,683	862,559	798,012	744,119	742,271	660,566	579,333	607,973	564,963	612,948	441,591
Community School	1,510,954	1,579,978	1,524,873	1,658,694	1,721,927	1,719,989	1,651,902	1,720,765	1,713,327	1,709,648	1,263,558
Operating grants and contributions	782,515	860,749	953,495	985,958	1,074,132	1,153,151	1,134,834	1,034,351	970,369	1,034,317	990,358
Total business type activities program revenues	3,182,152	3,303,286	3,276,380	3,388,771	3,538,330	3,533,706	3,366,069	3,363,089	3,248,659	3,356,913	2,695,507
Total district program revenues	\$ 9,056,577	\$ 9,198,571	\$ 10,207,732	\$ 12,137,052	\$ 21,863,102	\$ 22,400,969	\$ 24,041,193	\$ 44,697,758	\$ 49,230,329	\$ 45,124,969	\$ 39,461,176
<b>Net (Expense)/Revenue</b>											
Governmental activities	\$ (92,035,922)	\$ (89,726,518)	\$ (88,642,379)	\$ (90,498,037)	\$ (80,445,042)	\$ (82,457,079)	\$ (85,674,397)	\$ (89,901,919)	\$ (91,094,821)	\$ (91,101,512)	\$ (93,473,889)
Business-type activities	(85,423)	80,814	(246,105)	(175,087)	(895,166)	(67,693)	(56,511)	72,367	102,563	189,572	(145,978)
Total district-wide net expense	\$ (92,121,345)	\$ (89,645,704)	\$ (88,888,484)	\$ (90,673,124)	\$ (81,340,208)	\$ (82,524,772)	\$ (85,730,908)	\$ (89,829,552)	\$ (90,992,258)	\$ (90,911,940)	\$ (93,619,867)



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

Exhibit J-2

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>General Revenues and Other Changes in Net Position/Net Assets</b>											
Governmental activities:											
Property taxes levied for general purposes, net	\$ 76,445,575	\$ 79,468,289	\$ 80,807,655	\$ 80,807,655	\$ 82,423,847	\$ 83,248,085	\$ 85,246,039	\$ 86,834,961	\$ 88,571,660	\$ 91,073,093	\$ 92,894,555
Taxes levied for debt service	902,895	940,450	917,488	871,393	863,548	685,270	664,905	576,274	551,007	529,509	
Unrestricted grants and contributions	10,635,779	9,733,264	10,512,791	10,769,607	153,828	296,780	609,684	279,622	222,276	122,683	150,727
Restricted grants and contributions									829,475	2,656	
Payments in lieu of taxes (tuition)	5,249,858	4,625,182	4,473,185	4,666,255	4,362,470	3,962,529	4,029,709	4,148,439	4,261,293	4,432,790	4,674,766
Investment earnings	211,478	18,786	500,381	450,036	824,673	212,423	400,698	228,126	332,871	546,962	825,377
Miscellaneous income	140,252	185,681	122,903	66,814							
Special item(s)—Disposal of assets										(9,233)	(3,087)
Transfers	(694,982)	(675,523)	(1,205,128)	(1,125,732)	(1,196,555)	(1,234,289)	(1,312,394)	(1,323,405)	(1,333,126)	(1,342,778)	(1,324,919)
Total governmental activities	92,890,855	94,296,129	96,129,275	96,506,028	87,431,811	87,170,798	89,638,641	90,744,017	93,435,456	95,355,682	97,217,419
Business-type activities:											
Investment earnings	13,120	5,414	2,992	1,971	2,440	1,743	1,688	1,500	1,695	1,867	1,706
Miscellaneous earnings											
Transfers	151,868	77,774	260,892	309,952	367,299	136,063					
Total business-type activities	164,988	83,188	263,884	311,923	369,739	137,806	1,688	1,500	1,695	1,867	1,706
Total district-wide	\$ 93,055,843	\$ 94,379,317	\$ 96,393,159	\$ 96,817,951	\$ 87,801,550	\$ 87,308,604	\$ 89,640,329	\$ 90,745,517	\$ 93,437,151	\$ 95,357,549	\$ 97,219,125
<b>Change in Net Position/Net Assets</b>											
Governmental activities	\$ 854,933	\$ 4,569,611	\$ 7,486,896	\$ 6,007,991	\$ 6,986,769	\$ 4,713,719	\$ 3,964,244	\$ 842,098	\$ 2,340,635	\$ 4,254,170	\$ 3,743,530
Business-type activities	79,565	164,003	17,779	136,836	(525,427)	70,113	(54,823)	73,867	104,258	191,439	(144,272)
Total district	\$ 934,498	\$ 4,733,614	\$ 7,504,675	\$ 6,144,827	\$ 6,461,342	\$ 4,783,832	\$ 3,909,421	\$ 915,965	\$ 2,444,893	\$ 4,445,609	\$ 3,599,258

Source: CAFR Schedule A-2

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

Exhibit J-3

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Restricted	\$ 11,397,332	\$ 16,999,112	\$ 16,211,969	\$ 23,506,957	\$ 19,674,349	\$ 21,691,324	\$ 22,330,679	\$ 21,539,525	\$ 20,982,749	\$ 22,421,055
Assigned	2,944,943	3,105,825	5,743,904	1,426,731	1,927,287	3,290,983	6,082,562	4,294,986	4,607,208	5,534,612
Unassigned	1,520,217	1,266,338	1,311,052	1,311,515	210,331	484,887	365,078	1,516,141	3,584,943	2,407,440
Total general fund	<u>\$ 15,862,492</u>	<u>\$ 21,371,275</u>	<u>\$ 23,266,925</u>	<u>\$ 26,245,203</u>	<u>\$ 21,811,967</u>	<u>\$ 25,467,194</u>	<u>\$ 28,778,319</u>	<u>\$ 27,350,652</u>	<u>\$ 29,174,900</u>	<u>\$ 30,363,107</u>
All Other Governmental Funds										
Reserved	\$	\$ 1,330,575	\$ 2,695,033	\$ 3,199,059	\$ 10,349,654	\$ 2,218,707	\$ 971,344	\$ 518,761	\$ 675,338	\$ 1,675,269
Committed										
Unassigned, reported in:										
Special revenue fund										
Capital projects fund										
Debt service fund										
Total all other governmental funds	<u>\$ -</u>	<u>\$ 1,330,576</u>	<u>\$ 2,695,034</u>	<u>\$ 3,199,060</u>	<u>\$ 10,349,655</u>	<u>\$ 2,218,708</u>	<u>\$ 971,344</u>	<u>\$ 518,761</u>	<u>\$ 675,338</u>	<u>\$ 1,675,269</u>

Source: CAFR Schedule B-1

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

Exhibit J-4

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Revenues</b>										
Tax levy	\$ 80,408,739	\$ 81,725,143	\$ 81,679,048	\$ 83,287,395	\$ 83,933,355	\$ 85,910,944	\$ 87,411,235	\$ 89,122,667	\$ 91,602,602	\$ 92,894,555
Tuition charges	4,625,182	4,473,185	4,666,255	4,362,470	3,962,529	4,029,709	4,148,439	4,261,293	4,432,790	4,674,766
Miscellaneous	220,454	293,398	268,313	824,673	212,423	400,698	228,126	332,871	546,961	825,377
Local sources	249,463	206,983	181,723	111,633	216,109	216,142	229,319	264,250	279,602	328,885
State sources	11,952,227	14,471,467	16,719,016	15,852,446	16,887,795	18,479,127	20,561,821	23,554,058	28,056,633	28,307,681
Federal sources	3,426,859	2,972,676	2,798,872	2,514,521	2,591,004	2,589,539	2,716,579	2,816,277	2,649,571	2,498,380
Total revenue	100,882,924	104,142,852	106,313,227	106,953,138	107,803,215	111,626,159	115,295,519	120,351,416	127,568,159	129,529,644
<b>Expenditures</b>										
Instruction										
Regular Instruction	26,595,502	25,575,527	27,080,647	27,012,226	27,021,640	27,569,631	30,129,904	30,444,276	33,601,996	33,078,137
Special education instruction	7,437,821	7,405,658	7,403,544	7,534,259	7,781,595	8,153,686	6,421,612	6,566,012	6,389,428	6,670,823
Other special instruction	1,648,646	1,808,002	1,665,510	1,508,020	1,496,083	1,894,853	1,953,758	2,166,629	2,338,259	3,165,913
Other instruction	1,398,293	1,282,083	1,233,558	1,282,881	1,371,203	1,391,027	1,470,913	1,508,941	1,571,308	1,458,586
Support Services:										
Tuition	5,491,794	5,661,436	5,240,128	5,718,344	5,628,722	5,846,949	5,681,478	5,926,763	5,753,469	5,370,532
Student & instruction related services	13,555,244	13,271,969	14,126,628	13,713,695	14,330,155	14,443,418	15,362,877	15,545,329	14,497,741	16,597,308
Other administrative services	2,403,057	3,165,353	3,176,661	2,770,823	2,832,511	3,312,990	3,299,714	3,307,097	3,980,819	3,916,523
School Administrative services	3,051,208	2,719,314	3,025,750	3,251,357	3,384,791	3,016,712	3,096,687	3,891,005	3,415,943	3,381,422
Plant operations and maintenance	7,292,802	7,249,905	7,077,611	7,456,233	7,858,377	7,520,053	7,797,969	8,095,258	9,367,324	9,728,660
Pupil transportation	5,755,818	5,774,002	5,842,404	6,019,131	6,041,059	6,249,298	6,961,605	6,649,100	7,154,736	7,437,183
Unallocated employee benefits	19,616,582	19,975,591	22,355,941	21,050,299	22,638,339	24,538,580	26,707,566	30,400,226	33,000,335	33,020,740
Special Schools										
Capital outlay	1,826,848	4,096,409	2,786,532	3,957,666	2,632,336	10,046,862	7,894,881	5,792,291	3,178,988	3,076,098
Debt service:										
Principal	835,000	840,000	815,000	855,000	740,000	750,000	670,000	670,000	675,000	
Interest and other charges	305,645	274,783	243,320	207,330	168,500	131,500	94,000	60,500	27,000	
Total expenditures	97,214,260	99,100,032	102,073,234	102,337,264	103,925,311	114,865,559	117,542,964	121,023,427	124,952,346	126,901,925
Excess (Deficiency) of revenues over (under) expenditures	3,668,664	5,042,820	4,239,993	4,615,874	3,877,904	(3,239,400)	(2,247,445)	(672,011)	2,615,813	2,627,719
<b>Other Financing sources (uses)</b>										
Capital leases (non-budgeted)			66,814	62,985	73,744	76,074	2,864,620	124,887	707,790	
Capital Asset - Super Storm Sandy Lease Purchase Agreement - Buses			79,033							885,338
Transfers in	3,405,026	1,802,239	3,198,178	3,630,734	8,937,439	1,135,898	3,157,288	1,063,590	2,756,200	2,835,600
Transfers out	(3,946,696)	(2,884,466)	(4,323,910)	(4,827,289)	(10,171,728)	(2,448,292)	(4,480,693)	(2,396,716)	(4,098,978)	(4,160,519)
Total other financing sources (uses)	(541,670)	(1,082,227)	(979,885)	(1,133,570)	(1,160,545)	(1,236,320)	4,311,206	(1,208,239)	(634,988)	(439,581)
Net change in fund balances	\$ 3,126,994	\$ 3,960,593	\$ 3,260,108	\$ 3,482,304	\$ 2,717,359	\$ (4,475,720)	\$ 2,063,761	\$ (1,880,250)	\$ 1,980,825	\$ 2,188,138
Debt service as a percentage of noncapital expenditures	1.2%	1.2%	1.1%	1.1%	0.9%	0.8%	0.7%	0.6%	0.6%	0.0%

Source: CAFR Schedule B-2

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

Fiscal Year Ended June 30,	Interest on Investments	Refund of Prior Year Expenditures	E-Rate	Rentals	Misc.	Total
2011	\$ 80,013	\$ -	\$ -	\$ 116,341	\$ 24,101	\$ 220,454
2012	45,344			121,609	97,911	264,864
2013	28,668			151,284	51,347	231,299
2014	25,960			769,053	23,428	818,441
2015	30,769			162,085	12,565	205,419
2016	33,427	193,821		147,790	19,487	394,525
2017	33,180			154,183	69,874	257,237
2018	35,640		93,493	152,648	46,435	328,215
2019	31,304		106,942	154,207	254,508	546,961
2020	28,990		170,621	166,633	450,473	816,717

Source: District Records

## Revenue Capacity

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

Exhibit J-6

N/A - Information not available

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax- Exempt Property	Public Utilities <sup>a</sup>	Net Valuation Taxable	Total General Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
2011	\$2,772,364,270	\$3,179,827,892	n/a	n/a	n/a	n/a	n/a	\$5,952,192,162		\$18,375,853	\$5,970,568,015	2.507	\$8,556,080,360
2012	2,765,887,570	3,160,675,492	n/a	n/a	n/a	n/a	n/a	5,926,563,062		17,941,508	5,944,504,570	2.524	8,283,785,483
2013	2,763,442,370	3,111,504,567	n/a	n/a	n/a	n/a	n/a	5,874,946,937		8,529	5,874,955,466	2.543	7,859,394,521
2014	2,769,065,270	3,123,447,767	n/a	n/a	n/a	n/a	n/a	5,892,513,037		8,529	5,892,521,566	2.550	7,759,749,747
2015	2,770,110,170	3,129,238,667	n/a	n/a	n/a	n/a	n/a	5,899,348,837		8,555	5,899,357,392	2.581	7,720,859,104
2016	3,424,205,800	4,092,368,100	n/a	n/a	n/a	n/a	n/a	7,516,573,900		8,555	7,516,582,455	2.231	7,823,533,777
2017	3,429,261,638	4,097,706,400	n/a	n/a	n/a	n/a	n/a	7,526,968,038		8,555	7,526,976,593	2.011	8,201,288,043
2018	3,430,902,438	4,104,701,500	n/a	n/a	n/a	n/a	n/a	7,535,603,938		8,555	7,535,612,493	2.329	8,490,038,294
2019	3,449,047,138	4,136,672,800	n/a	n/a	n/a	n/a	n/a	7,585,719,938		8,555	7,585,728,493	2.328	8,583,058,995
2020	3,443,701,038	4,218,857,800	n/a	n/a	n/a	n/a	n/a	7,662,558,838		8,555	7,662,567,393	2.373	8,826,525,851

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

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

Reassessment occurs when ordered by the County Board of Taxation

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

**b** Tax rates are per \$100

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

Exhibit J-7

Fiscal Year Ended June 30,	Morris School District			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct School Tax Rate	Municipal	Morris County	
Morris Township						
2011	\$ 1.339	\$ 0.016	\$ 1.355	n/a	n/a	n/a
2012	1.431	0.017	1.448	0.630	0.362	2.440
2013	1.485	0.015	1.500	0.640	0.360	2.500
2014	1.506	0.012	1.518	0.646	0.339	2.503
2015	1.520	0.012	1.532	0.658	0.346	2.536
2016	1.063	0.008	1.071	0.461	0.241	1.773
2017	1.070	0.006	1.076	0.464	0.261	1.801
2018	1.089	0.006	1.095	0.455	0.263	1.813
2019	1.101	0.006	1.106	0.457	0.270	1.833
2020	1.128	0.000	1.128	0.457	0.277	1.862
Morristown						
2011	\$ 1.230	\$ 0.014	\$ 1.244	n/a	n/a	n/a
2012	1.228	0.014	1.242	1.077	0.289	2.608
2013	1.227	0.013	1.240	1.049	0.296	2.585
2014	1.237	0.008	1.245	1.052	0.299	2.596
2015	1.268	0.010	1.278	1.051	0.296	2.625
2016	1.328	0.008	1.336	1.034	0.319	2.689
2017	1.382	0.007	1.389	1.035	0.336	2.760
2018	1.429	0.006	1.435	1.052	0.358	2.845
2019	1.458	0.006	1.464	1.069	0.348	2.882
2020	1.458	0.000	1.458	1.070	0.354	2.882

Source: District Records and Municipal Tax Collector

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

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

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

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

Exhibit J-8

Taxpayer	2020			2011		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
<b>Morris Township</b>						
H'Y2 Mt. Kemble, LLC	\$ 59,240,000	1	1.10%			
Morristown SG, LLC	50,680,000	2	0.94%			
HSRE AHS Morristown 435, LLC	34,040,000	3	0.63%			
United States Fire Insurance	32,921,800	4	0.61%			
MCP II 44 Whippany LLC	30,000,000	5	0.56%			
Mount Kemble Corporate Center, LLC	29,620,000	6	0.55%			
Olde Forge East	28,373,000	7	0.53%			
Bayer Healthcare, LLC	27,994,400	8	0.52%			
HSRE AHS Morristown 475, LLC	25,930,000	9	0.48%			
Grand Prix Morristown	25,825,800	10	0.48%			
Allied Signal Corporation				\$ 64,900,000	1	1.07%
Kemble Assoc. c/o AT&T				52,500,000	2	0.87%
Mack-Cali Realty Corp				50,000,000	3	0.83%
Brickman Mt. Kemble				35,244,000	4	0.58%
Columbia Assoc./Bayer				27,835,000	5	0.46%
44 Whippany Rd./Rexcore				26,057,000	6	0.43%
Advanced at Southgate				23,667,000	7	0.39%
Madison Motown/Crum&Foster				21,535,200	8	0.36%
JCP&L				21,000,000	9	0.35%
Southgate Center Four				20,833,300	10	0.35%
<b>Morristown</b>						
AHS Hospital Corp	40,000,000	1	1.76%			
2nd Roc Jersey Associates	33,615,200	2	1.48%	24,500,000	3	1.09%
PMI Morristown LLC	29,746,300	3	1.31%			
Parsons Village	27,300,000	4	1.20%	27,300,000	2	1.23%
Rosewood Lafayette Commons				28,100,000	1	1.25%
Epsteins B. Metrop Rosewood	26,000,000	5	1.15%			
5th Roc Jersey Assoc	24,500,000	6	1.08%			
AMLG-TTG on the Plaza LLC				20,160,000	5	0.90%
GAHC3 Morr NJ MOB LLC	23,900,000	7	1.05%			
Kadima Medical Properties				23,900,000	4	1.06%
GS Morristown Plaza LLC	20,160,800	8	0.89%			
2nd Roc Jersey Associates/North				18,115,200	7	0.81%
Memorial Inv. Corp.	19,505,400	9	0.86%	19,300,000	6	0.86%
The Realty Assoc. Fund				18,100,000	8	0.81%
161-163 Madison Ave LLC				17,000,000	9	0.76%
Nights Vision 1776 LLC	18,100,000	10	0.80%			
Mor Med Investors				16,950,000	10	0.76%
Total	<u>\$ 607,452,700</u>		<u>17.99%</u>	<u>\$ 556,996,700</u>		<u>15.22%</u>

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

See Exhibit J-6 District Combined Taxable Value.



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

**Exhibit J-9**

Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy	
		Amount	Percentage of Levy
<b>Morris Township</b>			
2011	\$ 52,185,620	\$ 52,185,620	100.00%
2012	53,431,898	53,431,898	100.00%
2013	53,768,317	53,768,317	100.00%
2014	55,244,776	55,244,776	100.00%
2015	55,974,957	55,974,957	100.00%
2016	56,938,423	56,938,423	100.00%
2017	55,715,537	55,715,537	100.00%
2018	57,610,506	57,610,506	100.00%
2019	57,671,769	57,671,769	100.00%
2020	59,960,475	59,960,475	100.00%
<b>Morristown</b>			
2011	\$ 28,223,119	\$ 28,223,119	100.00%
2012	28,293,245	28,293,245	100.00%
2013	27,039,338	27,039,338	100.00%
2014	27,179,071	27,179,071	a 100.00%
2015	27,958,398	27,958,398	100.00%
2016	28,972,521	28,972,521	100.00%
2017	31,695,698	31,695,698	100.00%
2018	31,512,161	31,512,161	100.00%
2019	33,930,833	33,930,833	100.00%
2020	32,934,080	32,934,080	100.00%

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

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

## Debt Capacity

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

Exhibit J-10

Fiscal Year Ended June 30,	Governmental Activities				Business- Type Activities		Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds <sup>b</sup>	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
<b>Morris Township</b>								
2011	\$ 3,902,728	-	\$ 135,496	-	-	\$ 4,038,223	0.23%	180
2012	3,358,575	-	132,894	-	-	3,491,469	0.19%	155
2013	2,901,144	-	138,804	-	-	3,039,948	0.17%	136
2014	2,349,402	-	134,555	-	-	2,483,957	0.13%	111
2015	1,844,255	-	124,576	-	-	1,968,831	0.10%	88
2016	1,283,555	-	112,001	-	-	1,395,556	0.07%	62
2017	868,870	-	1,903,272	-	-	2,772,142	0.13%	125
2018	424,237	-	1,622,963	-	-	2,047,200	N/A	92
2019	-	-	1,711,183	-	-	1,711,183	N/A	N/A
2020	-	-	1,818,182	-	-	1,818,182		
<b>Morristown</b>								
2011	\$ 2,112,272	-	\$ 73,334	-	-	\$ 2,185,607	0.15%	118
2012	1,816,425	-	71,873	-	-	1,888,298	0.13%	102
2013	1,458,856	-	69,798	-	-	1,528,654	0.10%	82
2014	1,155,598	-	66,184	-	-	1,221,782	0.08%	66
2015	920,745	-	62,195	-	-	982,940	0.06%	53
2016	731,445	-	63,824	-	-	795,269	0.05%	42
2017	476,130	-	1,042,969	-	-	1,519,099	0.09%	81
2018	250,763	-	959,317	-	-	1,210,080	N/A	63
2019	-	-	936,068	-	-	936,068	N/A	N/A
2020	-	-	977,730	-	-	977,730		

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

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

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

N/A = Not Available

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

Exhibit J-11

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2011	\$ 6,015,000	-	\$ 6,015,000	0.10%	147
2012	5,175,000	-	5,175,000	0.09%	126
2013	4,360,000	-	4,360,000	0.07%	106
2014	3,505,000	-	3,505,000	0.06%	86
2015	2,765,000	-	2,765,000	0.05%	68
2016	2,015,000	-	2,015,000	0.03%	49
2017	1,345,000	-	1,345,000	0.02%	33
2018	675,000	-	675,000	0.01%	16
2019	-	-	-	0.00%	-
2020	-	-	-	0.00%	-

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

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

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

N/A = Not Available

Morris School District  
Ratios of Overlapping Governmental Activities Debt  
As of June 30, 2020  
Unaudited

**Exhibit J-12**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Morristown Town	\$ 26,224,600	100%	\$ 26,224,600
Morris Township	25,970,300	100%	25,970,300
<b>Other debt</b>			
Morris County - Morristown	256,222,760	3.182%	8,154,236
Morris County - Morris Township	256,222,760	5.919%	15,166,839
<b>Total direct and overlapping debt</b>			<b><u>\$ 75,515,976</u></b>

**Sources:** Morristown Town  
Morris Township

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

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

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

Exhibit J-13

<u>Year</u>	<u>Morris Twsp Equal Valuation</u>	<u>Morristown Equal. Valuation</u>
2019	\$5,631,486,057	\$3,065,780,224
2018	5,474,115,884	3,006,721,581
2017	5,308,242,301	3,123,063,380

**Legal Debt Margin Calculation for Fiscal Year 2019**

Total Equalized valuation basis	
2019	\$8,697,266,281
2018	8,480,837,465
2017	8,431,305,681
<b>[A]</b>	<b><u>\$25,609,409,427</u></b>
<b>[A/3]</b>	<b>\$ 8,536,469,809</b>
<b>[B]</b>	<b>256,094,094 a</b>
<b>[C]</b>	<b>-</b>
<b>[B-C]</b>	<b><u>\$ 256,094,094</u></b>

Average equalized valuation of taxable property

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt limit	\$ 271,020,708	\$ 266,701,712	\$ 246,797,070	\$ 238,195,198	\$ 232,335,133	\$ 230,336,706	\$ 234,866,986	\$ 243,707,679	\$ 250,538,864	\$ 256,094,094
Total net debt applicable to limit	<u>6,015,000</u>	<u>5,175,000</u>	<u>4,360,000</u>	<u>3,505,000</u>	<u>2,765,000</u>	<u>2,015,000</u>	<u>1,345,000</u>	<u>675,000</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u>\$ 265,005,708</u>	<u>\$ 261,526,712</u>	<u>\$ 242,437,070</u>	<u>\$ 234,690,198</u>	<u>\$ 229,570,133</u>	<u>\$ 228,321,706</u>	<u>\$ 233,521,986</u>	<u>\$ 243,032,679</u>	<u>\$ 250,538,864</u>	<u>\$ 256,094,094</u>
Total net debt applicable to the limit as a percentage of debt limit	2.22%	1.94%	1.77%	1.47%	1.19%	0.87%	0.57%	0.28%		

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

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

## Demographic and Economic Information

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

Exhibit J-14

Year	Population <sup>a</sup>		Personal Income (thousands of dollars) <sup>b</sup>		Per Capita Personal Income <sup>c</sup>		Unemployment Rate <sup>d</sup>
Morris Twp							
2011	22,420	R \$	1,658,698,860	R \$	73,983	R	9.2%
2012	22,470	R	1,724,055,690	R	76,727	R	9.1%
2013	22,462	R	1,791,681,430	R	79,765	R	7.0%
2014	22,429	R	1,812,375,345	R	80,805	R	6.3%
2015	22,321	R	1,880,767,460	R	84,260	R	4.2%
2016	22,383	R	1,974,605,877	R	88,219	R	3.5%
2017	22,398	R	2,034,925,494	R	90,853	R	3.3%
2018	22,266	R	2,083,095,630	R	93,555	R	3.2%
2019	22,184	R	2,192,710,928		98,842		2.6%
2020	22,156		N/A		N/A		2.5%
Morristown							
2011	18,391	R \$	1,360,621,353	R \$	73,983	R	9.2%
2012	18,476	R	1,417,608,052	R	76,727	R	9.1%
2013	18,503	R	1,475,891,795	R	79,765	R	7.1%
2014	18,534	R	1,497,639,870	R	80,805	R	5.1%
2015	18,491	R	1,558,051,660	R	84,260	R	4.3%
2016	18,481	R	1,630,375,339	R	88,219	R	3.8%
2017	18,892	R	1,716,394,876	R	90,853	R	3.6%
2018	18,817	R	1,760,424,435	R	93,555	R	3.1%
2019	19,100	R	1,887,882,200		98,842		2.8%
2020	19,261		N/A		N/A		2.5%

Source:

<sup>a</sup> Population information provided by the NJ Dept of Labor and Workforce Development

<sup>b</sup> Personal income has been estimated based upon population and per capita personal income

<sup>c</sup> Per Capita income provided by US Dept of Commerce, Bureau of Economic Analysis

<sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development

R - Revised



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

Exhibit J-15

<u>Employer</u>	<u>2020</u>			<u>2011</u>		
	<u>Approximate Number of Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Employment</u>	<u>Approximate Number of Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Employment</u>
n/a	n/a		n/a	n/a		n/a

n/a - information not available for audit period

## Operating Information

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

Exhibit J-16

<u>Function/Program</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Instruction										
Regular	326	318	340	341	345	353	354	352	349	339
Special education	99	95	92	96	107	109	105	104	101	107
Other special education	23	24	24	24	25	25	31	29	33	45
Other instruction	3	3	3	3	3	3	3	3	3	3
Support Services:										
Student & instruction related services	154	164	176	178	168	172	168	166	158	160
General administrative services	2	2	2	2	2	3	3	2	2	2
School administrative services	35	35	35	34	35	35	35	38	38	39
Business administrative services	19	19	19	18	18	18	18	16	16	16
Plant operations and maintenance	86	85	82	82	84	85	86	85	89	87
Pupil transportation	26	24	32	33	34	39	34	63	68	68
Food Service	29	28	26	26	24	-	-	-	1	1
<b>Total</b>	<b>801</b>	<b>796</b>	<b>829</b>	<b>837</b>	<b>844</b>	<b>842</b>	<b>837</b>	<b>858</b>	<b>858</b>	<b>867</b>

**Source:** District Personnel Records

Morris School District  
Operating Statistics  
Last Ten Fiscal Years  
Unaudited

Exhibit J-17

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Pupil/Teacher Ratio				Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff <sup>b</sup>	Elementary	Middle School	High School				
2011	4,940	\$ 90,587,820	\$ 18,338	-9.53%	518	8.9:1	9.7:1	10.8:1	4,892	4,686	2.01%	95.78%
2012	4,987	90,779,829	18,203	-0.73%	517	8.9:1	9.7:1	10.8:1	4,927	4,719	0.71%	95.78%
2013	5,076	98,228,382	19,352	6.31%	524	9.7:1	9.6:1	10.2:1	4,996	4,774	1.40%	95.56%
2014	5,084	97,317,268	19,142	-1.08%	529	9.6:1	9.5:1	10.1:1	5,111	4,889	2.30%	95.66%
2015	5,232	100,384,475	19,187	0.23%	544	9.7:1	9.1:1	9.8:1	5,239	5,012	2.50%	95.67%
2016	5,238	103,937,197	19,843	3.42%	557	9.9:1	9.0:1	10.1:1	5,249	5,002	0.19%	95.29%
2017	5,210	108,884,083	20,899	5.32%	548	10.2:1	9.8:1	11.2:1	5,198	4,925	-0.97%	94.75%
2018	5,091	114,500,636	22,491	7.62%	536	10.1:1	9.7:1	11.2:1	5,057	4,776	-2.71%	94.44%
2019	5,110	121,071,358	23,693	5.35%	538	9.0:1	8.6:1	10.9:1	5,117	4,852	1.19%	94.82%
2020	5,228	123,825,827	23,685	-0.03%	545	9.1:1	9.0:1	10.7:1	5,205	5,005	1.72%	96.16%

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

**Note:** Enrollment based on annual October district count.

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

Morris School District  
School Building Information  
Last Ten Fiscal Years  
Unaudited

Exhibit J-18

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b><u>District Building</u></b>										
<b><u>Early Learning Center</u></b>										
Early Learning Center										
Square Feet	35,277	35,277	35,277	35,277	35,277	35,277	35,277	35,277	35,277	35,277
Capacity (students)	74	74	74	74	74	74	74	74	74	74
Enrollment										
<b><u>Elementary</u></b>										
Alexander Hamilton (1933)										
Square Feet	90,078	90,078	90,078	90,078	90,078	90,078	90,078	90,078	90,078	90,078
Capacity (students)	652	652	652	652	652	652	652	652	652	652
Enrollment										
Alfred Vail (1930)										
Square Feet	119,628	119,628	119,628	119,628	119,628	119,628	119,628	119,628	119,628	119,628
Capacity (students)	859	859	859	859	859	859	859	859	859	859
Enrollment <sup>a</sup>										
Hillcrest (1956)										
Square Feet	80,116	80,116	80,116	80,116	80,116	80,116	80,116	80,116	80,116	80,116
Capacity (students)	574	574	574	574	574	574	574	574	574	574
Enrollment										
Normandy Park (1964)										
Square Feet	75,438	75,438	75,438	75,438	75,438	75,438	75,438	75,438	75,438	75,438
Capacity (students)	547	547	547	547	547	547	547	547	547	547
Enrollment										
Sussex Ave. (1954)										
Square Feet	83,119	83,119	83,119	83,119	83,119	83,119	83,119	83,119	83,119	83,119
Capacity (students)	596	596	596	596	596	596	596	596	596	596
Enrollment										
Thomas Jefferson (1958)										
Square Feet	75,726	75,726	75,726	75,726	75,726	75,726	75,726	75,726	75,726	75,726
Capacity (students)	531	531	531	531	531	531	531	531	531	531
Enrollment										

Morris School District  
School Building Information  
Last Ten Fiscal Years  
Unaudited

Exhibit J-18

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b><u>District Building</u></b>										
Woodland Ave (1967)										
Square Feet	72,234	72,234	72,234	72,234	72,234	72,234	72,234	72,234	72,234	72,234
Capacity (students)	518	518	518	518	518	518	518	518	518	518
Enrollment										
<b><u>Middle School</u></b>										
Frelinghuysen (1965)										
Square Feet	227,837	227,837	227,837	227,837	227,837	227,837	227,837	227,837	227,837	227,837
Capacity (students)	1,553	1,553	1,553	1,553	1,553	1,553	1,553	1,553	1,553	1,553
Enrollment										
<b><u>High School</u></b>										
Morristown (1928)										
Square Feet	415,631	415,631	415,631	415,631	415,631	439,631	439,631	439,631	439,631	439,631
Capacity (students)	2,629	2,629	2,629	2,629	2,629	2,952	2,952	2,952	2,952	2,952
Enrollment										
Maintenance Offices										
Square Feet	900	900	900	900	900	900	900	900	900	900
Number of Schools at June 30, 2020										
Early Learning Center = 1										
Elementary = 7										
Middle School = 1										
High School= 1										

**Source:** District records, ASSA

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

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

Exhibit J - 19

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

School Facilities	Project # (s)	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Morristown High	N/A	\$ 707,702	\$ 941,350	\$ 875,691	\$ 687,569	\$ 525,289	\$ 756,167	\$ 565,937	\$ 513,709	\$ 697,495	\$ 639,642
Alexander Hamilton	N/A	80,062	152,618	153,872	159,529	179,087	120,916	129,662	120,494	121,110	173,975
Alfred Vail	N/A	19,320	92,060	130,772	90,029	153,754	141,462	75,124	123,806	73,822	128,526
Frelinghuysen	N/A	799,739	296,423	262,244	253,709	428,258	309,925	231,782	216,145	186,878	217,936
Lafayette Learning Cente	N/A	155,339	83,381	170,310	120,715	117,114	85,746	84,516	79,898	89,984	49,955
Hillcrest	N/A	133,326	110,199	92,657	128,949	91,097	145,466	196,806	104,935	169,749	90,187
Normandy Park	N/A	154,950	89,274	68,039	74,802	78,049	121,527	104,759	74,866	89,131	103,184
Sussex Avenue	N/A	224,277	97,241	79,568	110,597	70,432	87,518	74,489	80,133	92,090	99,063
Thomas Jefferson	N/A	150,079	81,118	132,744	77,014	69,863	121,654	104,528	110,188	124,690	109,277
Woodland Avenue	N/A	118,525	102,689	53,161	118,030	122,037	96,666	78,257	80,938	99,813	68,662
<b>Total School Facilities</b>		<b>\$ 2,543,319</b>	<b>\$ 2,046,353</b>	<b>\$ 2,019,058</b>	<b>\$ 1,820,943</b>	<b>\$ 1,834,980</b>	<b>\$ 1,987,047</b>	<b>\$ 1,645,860</b>	<b>\$ 1,505,112</b>	<b>\$ 1,744,762</b>	<b>\$ 1,680,407</b>

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

MORRIS SCHOOL DISTRICT  
INSURANCE SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
UNAUDITED

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



MORRIS SCHOOL DISTRICT  
INSURANCE SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
UNAUDITED

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

Source: District Records

## Single Audit Section

### SECTION - K

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



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

INDEPENDENT AUDITORS' REPORT

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Morris School District (the "District"), in the County of Morris, State of New Jersey, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 3, 2021.

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 Morris School District's internal control.

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

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

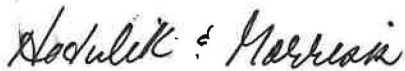
#### Compliance and Other Matters

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

We noted other matters that we reported to the Board of Education of the Morris School District in a separate report entitled, Auditors Management Report on Administrative Findings dated February 3, 2021.

#### 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.



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



Andrew G. Hodulik  
Public School Accountant  
PSA # 841

Cranford, New Jersey  
February 3, 2021

# HODULIK & MORRISON, P.A.



K-2

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

### INDEPENDENT AUDITORS' REPORT

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

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

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

#### Management's Responsibility

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

#### Auditor's Responsibility

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

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



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

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

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

#### Report on Internal Control Over Compliance

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

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

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

Purpose of this Report

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

*Hodulik & Morrison*

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



Andrew G. Hodulik  
Public School Accountant  
PSA # 841

Cranford, New Jersey  
February 3, 2021

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

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL C.F.D.A NO.	FEDERAL FAIN NO.	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	DEF. REVENUE/ (ACCTS. REC.) AT JUNE 30, 2019	ADJUSTMENTS	CASH RECEIVED	BUDGETARY EXPENDITURES	BALANCE JUNE 30, 2020 ACCOUNTS RECEIVABLE
<b>U.S. Department of Agriculture</b>										
Passed-through State Department of Agriculture:										
<b>Enterprise Fund:</b>										
Child Nutrition Program Cluster										
Food Distribution Program	10.555	201NJ304N1099	N/A	07/01/19-06/30/20	\$ 157,908	\$	\$	\$ 157,908	\$ (157,908)	\$
School Breakfast Program	10.553	201NJ304N1099	N/A	07/01/19-06/30/20	265,143			235,502	(265,143)	(29,641)
School Breakfast Program	10.553	191NJ304N1099	N/A	07/01/18-06/30/19	250,646	(55,594)		55,594		
National School Lunch Program	10.555	201NJ304N1099	N/A	07/01/19-06/30/20	706,196			659,041	(706,196)	(47,155)
National School Lunch Program	10.555	191NJ304N1099	N/A	07/01/18-06/30/19	766,344	(160,937)		160,937		
Total Enterprise Fund						(216,531)		1,268,982	(1,129,247)	(76,796)
<b>U.S. Department of Education</b>										
Passed-through NJDOE:										
<b>General Fund:</b>										
Special Education Medical Initiative (SEMI)	93.778	2005NJ5MAP	N/A	07/01/19-06/30/20	150,727			150,727	(150,727)	
Total General Fund								150,727	(150,727)	
<b>U.S. Department of Education</b>										
Passed-through NJDOE:										
<b>Special Revenue Fund</b>										
Title I Cluster:										
Title I, Part A	84.010	S010A190030	ESEA-20	07/01/19-09/30/20	531,441	(256,009)		570,942	(479,620)	(164,687)
Title I, Distinguished School	84.010	S010A170030	ESEA-18	07/01/17-06/30/18	10,000	676				676
Title I Part D	84.013	S013A190030	ESEA-20	07/01/19-09/30/20	43,330	(53,234)		82,768	(43,330)	(13,796)
Total Title I						(308,567)		653,710	(522,950)	(177,807)
Special Education Cluster:										
I.D.E.A. Part B, Full-time	84.027	H027A190100	IDEA-20	07/01/19-09/30/20	1,599,430	(305,011)		1,801,662	(1,588,812)	(92,161)
I.D.E.A. Part B, Preschool	84.173	H173A190114	IDEA-20	07/01/19-09/30/20	53,009	-		47,631	(53,009)	(5,378)
Total Special Education Cluster						(305,011)		1,849,293	(1,641,821)	(97,539)
Title II Part A	84.367	S367A190029	ESEA-20	07/01/19-09/30/20	189,081	(27,154)		71,886	(59,993)	(15,261)
Total Title II						(27,154)		71,886	(59,993)	(15,261)
Title III	84.365	S365A190030	ESEA-20	07/01/19-09/30/20	207,009	(53,511)		121,182	(88,080)	(20,409)
Total Title III						(53,511)		121,182	(88,080)	(20,409)
Title IV Part A	84.424	S424A190031	ESEA-20	07/01/19-09/30/20	35,582	(2,852)		4,322	(2,996)	(1,526)
Career Academy	84.048	V048A140030	N/A	07/01/09-06/30/10		(3,985)				(3,985)
Vocational Education:										
Secondary(Carl Perkins)	84.048	V048A190030	PERK-20	07/01/19-06/30/20	35,043	(10,711)		42,349	(31,813)	(175)
Total Carl Perkins						(10,711)		42,349	(31,813)	(175)
Total Special Revenue Fund						(711,791)		2,742,742	(2,347,653)	(316,702)
<b>U.S. Department of Labor and Workforce Development</b>										
Passed-through NJDOL:										
<b>Agency Fund</b>										
Cares Act DOL Unemployment Grant	17.000	N/A	N/A	07/01/19-06/30/20	55,588				(55,588)	(55,588)
Total Agency Fund									(55,588)	(55,588)
Total Expenditures of Federal Awards						\$ (928,322)	\$	\$ 4,162,451	\$ (3,683,215)	\$ (449,086)

N/A - Not Available

See Accompanying Notes to Schedules of Expenditures of Federal Awards



**MORRIS SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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Schedule - B

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NO.	GRANT PERIOD	AWARD AMOUNT	BALANCE AT JUNE 30, 2019		CASH RECEIVED	BUDGETARY EXPEND.	ADJ./ REPAY. PR. YRS. BALANCES	BALANCE JUNE 30, 2020			MEMO
				DEF.REVENUE/ (ACCTS. REC.)	DUE TO GRANTOR				DEF.REVENUE/ (ACCTS. REC.)	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
State Department of Education:												
General Fund:												
Categorical Transportation Aid	20-495-034-5120-014	7/1/19-6/30/20	\$ 1,736,086	\$		\$ 1,494,091	\$ (1,736,086)	\$	\$	\$	(241,995)	\$ (1,736,086)
Categorical Transportation Aid	19-495-034-5120-014	7/1/18-6/30/19	1,736,086		(195,665)	195,665						
Categorical Special Education Aid	20-495-034-5120-089	7/1/19-6/30/20	3,684,870			3,175,038	(3,684,870)				(509,832)	(3,684,870)
Categorical Special Education Aid	19-495-034-5120-089	7/1/18-6/30/19	3,521,639		(393,110)	393,110						
Categorical Security Aid	20-495-034-5120-084	7/1/19-6/30/20	994,301			855,705	(994,301)				(138,596)	(994,301)
Categorical Security Aid	19-495-034-5120-084	7/1/18-6/30/19	994,301		(112,060)	112,060						
School Choice Aid	20-495-034-5120-068	7/1/19-6/30/20	523,519			450,545	(523,519)				(72,974)	(523,519)
School Choice Aid	19-495-034-5120-068	7/1/18-6/30/19	757,545		(85,383)	85,383						
Adjustment Aid	20-495-034-5120-085	7/1/19-6/30/20	218,451			188,001	(218,451)				(30,450)	(218,451)
Adjustment Aid	19-495-034-5120-085	7/1/18-6/30/19	218,451		(24,613)	24,613						
Non-public Transportation Aid	20-495-034-5120-078	7/1/19-6/30/20	48,299				(48,299)		(48,299)			(48,299)
Non-public Transportation Aid	19-495-034-5120-078	7/1/18-6/30/19	119,705		(119,705)	119,705						
Extraordinary Aid	20-495-034-5120-044	7/1/19-6/30/20	1,257,356				(1,257,356)		(1,257,356)			(1,257,356)
Extraordinary Aid	19-495-034-5120-044	7/1/18-6/30/19	2,189,466		(2,189,466)	2,189,466						
Homeless Tuition Reimbursement	19-495-034-5120-005	7/1/18-6/30/19	8,077		(8,077)	8,077						
T.P.A.F. Social Security Aid	20-495-034-5094-003	7/1/19-6/30/20	3,183,570			3,024,586	(3,183,570)		(158,984)			(3,183,570)
On-behalf T.P.A.F. Pension Contribution	20-495-034-5094-002	7/1/19-6/30/20	8,744,285			8,744,285	(8,744,285)					(8,744,285)
On-behalf T.P.A.F. Non-Contributory Insurance	20-495-034-5094-004	7/1/19-6/30/20	156,731			156,731	(156,731)					(156,731)
On-behalf T.P.A.F. Non-Contributory Insurance - LTDL	20-495-034-5094-004	7/1/19-6/30/20	8,264			8,264	(8,264)					(8,264)
On-behalf T.P.A.F. Post Retirement Medical Contribution	20-495-034-5094-001	7/1/19-6/30/20	3,302,114			3,302,114	(3,302,114)					(3,302,114)
Total General Fund					(3,128,079)	24,527,439	(23,857,846)		(1,464,639)		(993,847)	(23,857,846)
Special Revenue Fund:												
N.J. Nonpublic Aid:												
Textbook Aid	20-100-034-5120-064	7/1/19-6/30/20	107,686			107,686	(95,762)			11,924		(95,762)
Textbook Aid	19-100-034-5120-064	7/1/18-6/30/19	106,213					838		-		
Auxiliary Services:												
Compensatory	20-100-034-5120-067	7/1/19-6/30/20	83,553			74,962	(76,983)		(8,591)	6,570		(76,983)
Compensatory	19-100-034-5120-067	7/1/18-6/30/19	66,668			5,756		5,756				
ESL	20-100-034-5120-067	7/1/19-6/30/20	4,136			3,728	(1,985)		(410)	2,151		(1,985)
Home Instruction	20-100-034-5120-067	7/1/19-6/30/20	7,892				(7,892)		(7,892)			(7,892)
Home Instruction	19-100-034-5120-067	7/1/18-6/30/19	8,010		(8,010)	8,010						
Handicapped Services:												
Supplementary Instruction	20-100-034-5120-066	7/1/19-6/30/20	62,088			55,590	(60,227)		(6,498)	1,861		(60,227)
Supplementary Instruction	19-100-034-5120-066	7/1/18-6/30/19	85,102			6,024		6,024				
Examination & Classification	20-100-034-5120-066	7/1/19-6/30/20	106,274			86,375	(97,162)		(19,899)	9,112		(97,162)
Examination & Classification	19-100-034-5120-066	7/1/18-6/30/19	93,748			13,647		13,647				
Corrective Speech	20-100-034-5120-066	7/1/19-6/30/20	49,033			43,715	(45,570)		(5,318)	3,463		(45,570)
Corrective Speech	19-100-034-5120-066	7/1/18-6/30/19	60,710			17,498		17,498				
Nursing Services	20-100-034-5120-070	7/1/19-6/30/20	257,341			257,341	(256,487)			854		(256,487)
Technology Initiative Aid	20-100-034-5120-373	7/1/19-6/30/20	95,040			95,040	(94,853)			187		(94,853)
Technology Initiative Aid	19-100-034-5120-373	7/1/18-6/30/19	91,944			102		102				
Security Aid	20-100-034-5120-509	7/1/19-6/30/20	397,950			397,950	(317,049)			80,901		(317,049)
Security Aid	19-100-034-5120-509	7/1/18-6/30/19	384,150			23,918		23,918				
Security Aid	18-100-034-5120-509	7/1/17-6/30/18	197,625		(50)	50						
Preschool Aid	20-495-034-5120-086	7/1/19-6/30/20	3,016,464			3,016,464	(2,978,788)		37,676			(2,978,788)
Preschool Aid	19-495-034-5120-086	7/1/18-6/30/19	1,162,095		135,845		(135,845)					(135,845)
Total Special Revenue Fund					127,585	67,783	4,146,909	(4,168,403)	67,783	(10,932)	117,023	(4,168,403)

MORRIS SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

K-4  
Schedule - B

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NO.	GRANT PERIOD	AWARD AMOUNT	BALANCE AT JUNE 30, 2019		CASH RECEIVED	BUDGETARY EXPEND.	ADJU./ REPAY. PR. YRS. BALANCES	BALANCE JUNE 30, 2020			MEMO CUMULATIVE TOTAL EXPENDITURES
				DEF. REVENUE/ (ACCTS. REC.)	DUE TO GRANTOR				DEF. REVENUE/ (ACCTS. REC.)	DUE TO GRANTOR	BUDGETARY RECEIVABLE	
Enterprise Fund:												
National School Lunch Prog. (State Share)	20-100-010-3350-023	7/1/19-6/30/20	\$ 19,019	\$	\$	\$ 13,748	\$ (19,019)	\$	\$ (5,271)	\$	\$	(19,019)
Lunch Prog. (State Share)	19-100-010-3350-023	7/1/18-6/30/19	17,326	(3,602)		3,602			-			
Total Enterprise Fund				(3,602)		17,350	(19,019)		(5,271)			(19,019)
Capital Projects Fund:												
Schools Development Agency	3385-050-13-G2HB	unspecified	130,789	(130,789)		130,789			-			
Capital Projects Fund				(130,789)		130,789						
Total State Financial Assistance				\$ (3,134,885)	\$ 67,783	\$ 28,822,487	\$ (28,045,268)	\$ 67,783	\$ (1,480,842)	\$ 117,023	\$ (993,847)	\$ (28,045,268)
Less: State Financial Assistance Not Subject to Single Audit Determination												
On-behalf T.P.A.F. Pension Contribution						\$ 8,744,285						
On-behalf T.P.A.F. Non-Contributory Insurance						158,731						
On-behalf T.P.A.F. Non-Contributory Insurance - LTDI						8,264						
On-behalf T.P.A.F. Post Retirement Medical Contribution						3,302,114						
State Financial Assistance Subject to Single Audit Determination						\$ (15,833,874)						

See Accompanying Notes to Schedules of Expenditures of State Financial Assistance.

MORRIS SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL  
AWARDS AND STATE FINANCIAL ASSISTANCE  
JUNE 30, 2020

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

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

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

MORRIS SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF AWARDS  
AND FINANCIAL ASSISTANCE  
JUNE 30, 2020

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(183,016) for the general fund. See Note 1 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$150,727	\$23,674,830	\$23,825,557
Special Revenue Fund	2,347,653	4,168,403	6,516,056
Trust Fund	55,588		55,588
Food Service Fund	<u>1,129,247</u>	<u>19,019</u>	<u>1,148,266</u>
Total financial awards revenue	<u>\$3,683,215</u>	<u>\$27,862,252</u>	<u>\$31,545,467</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions and Post-Retirement Medical represents the amount paid by the state on behalf of the District for the year ended June 30, 2020. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2020.

NOTE 6. INDIRECT COSTS

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

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

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Section 1 - Summary of Auditor's Results

**Financial Statements**

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

Unmodified

Internal Control over financial reporting:

1) Material weakness(es) identified?

\_\_\_\_\_ Yes       X       No

2) Significant Deficiency(s) identified that are not considered to be material weaknesses?

\_\_\_\_\_ Yes       X       None reported

Noncompliance material to basic financial statements noted?

\_\_\_\_\_ Yes       X       No

**Federal Awards**

Internal Control over major federal programs:

1) Material weakness(es) identified?

\_\_\_\_\_ Yes       X       No

2) Significant Deficiency(s) identified that are not considered to be material weaknesses?

\_\_\_\_\_ Yes       X       None reported

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

Unmodified

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

\_\_\_\_\_ Yes       X       No

Identification of major federal programs:

CFDA Number(s)	FAIN Numbers	Name of Federal Program or Cluster
84.027	H027A190100	Special Education Cluster: IDEA, Part B
84.173	H173A190114	IDEA Preschool

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

\$750,000.00

Auditee qualified as low-risk auditee?

      X       Yes \_\_\_\_\_ No

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Page 2 of 3

### **State Financial Assistance**

Identification of major state programs:

**T.P.A.F. Social Security Aid**

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

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Page 3 of 3

Section II - Financial Statement Findings

This section identifies significant deficiencies, material weaknesses, and instances of noncompliance related to the general-purpose financial statements that are required to be reported in accordance with chapter 5.18 of *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) of New Jersey State OMB Circular 15-08.

**Noncompliance**

None Noted.

MORRIS SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

No prior year audit findings were noted.