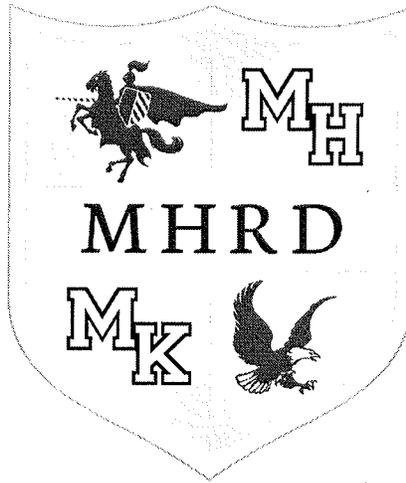


**SCHOOL DISTRICT
OF
MORRIS HILLS REGIONAL**



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

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2015**

**Comprehensive Annual
Financial Report**

of the

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

Rockaway, New Jersey

For the Fiscal Year Ended June 30, 2015

Prepared by

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

Business Office

MORRIS HILLS REGIONAL SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2015

INTRODUCTORY SECTION (Unaudited)

Letter of Transmittal.....	1
Organizational Chart	7
Roster of Officials	9
Consultants and Advisors	10
ASBO International Certificate of Excellence.....	11

FINANCIAL SECTION.....12

Independent Auditors' Report	13
Required Supplementary Information.....	16

Management's Discussion and Analysis (Unaudited).....17

Basic Financial Statements (Sections A. and B.)28

A. District-Wide Financial Statements	29
A-1 Statement of Net Position.....	30
A-2 Statement of Activities.....	31

B. Fund Financial Statements.....	33
B-1 Balance Sheet – Governmental Funds	34
B-2 Statement of Revenue, Expenditures and Changes in Fund Balance – Governmental Funds.....	35
B-3 Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	37
B-4 Statement of Net Position – Proprietary Funds.....	38
B-5 Statement of Revenue, Expenses and Changes in Net Position – Proprietary Funds.....	40
B-6 Statement of Cash Flows – Proprietary Funds.....	42
B-7 Statement of Fiduciary Net Position – Fiduciary Funds	44
B-8 Statement of Changes in Fiduciary Net Position – Fiduciary Funds.....	45
Notes to the Basic Financial Statements.....	46

Required Supplementary Information (Unaudited)

L. Schedules Related to Accounting and Reporting for Pensions (GASB 68) (Unaudited)	77
L-1 Schedule of District's Proportionate Share of the Net Pension Liability – Public Employees' Retirement System.....	77
L-2 Schedule of District Contributions – Public Employees' Retirement System	78
L-3 Schedule of District's Proportionate Share of the Net Pension Liability – Teachers' Pension and Annuity Fund.....	79
Notes to Required Supplementary Information	80

C. Budgetary Comparison Schedules (Unaudited).....	81
C-1 Budgetary Comparison Schedule – General Fund	82
C-2 Budgetary Comparison Schedule – Special Revenue Fund	104
C-3 Budgetary Comparison Schedule – Note to Required Supplementary Information	105

MORRIS HILLS REGIONAL SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

FINANCIAL SECTION (Cont'd)

Other Supplementary Schedules (Sections D. to I.)

D. School Level Schedules (Not Applicable).....	107
E. Special Revenue Fund.....	108
E-1 Combining Schedule of Revenue and Expenditures Special Revenue Fund – Budgetary Basis	109
E-2 Preschool Education Aid Schedule of Expenditures – Budgetary Basis (Not Applicable)	
F. Capital Projects Fund.....	111
F-1 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance	112
F-1a Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Morris Knolls High School Roof Replacement	113
F-1b Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Morris Knolls High School Multipurpose Field	114
F-1c Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Morris Hills and Morris Knolls High Schools Athletic Field Refurbishment	115
F-1d Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Morris Hills High School Electrical Service Replacement.....	116
F-1e Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Morris Knolls High School Electrical Service Replacement.....	117
F-1f Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Morris Hills High School Window Replacement	118
F-1g Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Morris Hills High School Piping Replacement.....	119
G. Proprietary Funds	
Enterprise Funds:	120
G-1 Combining Statement of Net Position.....	121
G-2 Combining Statement of Revenue, Expenses and Changes in Net Position	122
G-3 Combining Statement of Cash Flows.....	123
H. Fiduciary Funds	125
H-1 Combining Statement of Fiduciary Net Position	126
H-2 Statement of Changes in Fiduciary Net Position	127
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements.....	128
H-4 Student Activity Agency Fund Statement of Activity.....	129
H-5 Payroll Agency Fund Schedule of Receipts and Disbursements.....	130
I. Long-Term Debt	131
I-1 Schedule of Serial Bonds	132
I-2 Schedule of Obligations Under Capital Leases	133
I-3 Debt Service Fund Budgetary Comparison Schedule (Unaudited).....	134

MORRIS HILLS REGIONAL SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

STATISTICAL SECTION (Unaudited)	135
J. Statistical Schedules	
J-1 Net Position by Component	136
J-2 Changes in Net Position	137
J-3 Fund Balances - Governmental Funds	140
J-4 Changes in Fund Balances - Governmental Funds	141
J-5 General Fund Other Local Revenue by Source.....	143
J-6 Assessed Value and Estimated Actual Value of Taxable Property	144
J-7 Direct and Overlapping Property Tax Rates	146
J-8 Principal Property Taxpayers.....	148
J-9 Property Tax Levies and Collections	150
J-10 Ratios of Outstanding Debt by Type.....	152
J-11 Ratios of Net General Bonded Debt Outstanding	153
J-12 Ratios of Overlapping Governmental Activities Debt	154
J-13 Legal Debt Margin Information	155
J-14 Demographic and Economic Statistics.....	156
J-15 Principal Employers.....	158
J-16 Full-Time Equivalent District Employees by Function/Program.....	159
J-17 Operating Statistics	160
J-18 School Building Information.....	161
J-19 Schedule of Required Maintenance for School Facilities	162
J-20 Insurance Schedule.....	163
SINGLE AUDIT SECTION.....	165
K. Single Audit Schedules	
K-1 Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	166
K-2 Report on Compliance for Each Major Federal and State Program; Report on Internal Control over Compliance Required by OMB Circular A-133 and New Jersey's OMB Circulars 04-04 and 15-08.....	168
Schedule of Expenditures of Federal Awards	170
Schedule of Expenditures of State Awards	172
Notes to Schedules of Expenditures of Federal and State Awards	174
Schedule of Findings and Questioned Costs	176
Summary Schedule of Prior Audit Findings	178

INTRODUCTORY SECTION

MORRIS HILLS REGIONAL DISTRICT

48 KNOLL DRIVE

ROCKAWAY, NEW JERSEY 07866-4088

FAX: (973) 627-6588

www.mhrd.org

SUPERINTENDENT OF SCHOOLS
JAMES J. JENCARELLI
 (973) 664-2291

ASSISTANT SUPERINTENDENT
 FOR CURRICULUM & INSTRUCTION
NISHA ZOELLER, D.Litt.
 (973) 664-2293

BUSINESS ADMINISTRATOR &
 BOARD SECRETARY
JOANN GILMAN AURICCHIO
 (973) 664-2281

DISTRICT DIRECTOR OF EDUCATION
 & ADMINISTRATIVE SERVICES
BRIAN BULGER, Ed.D.
 (973) 664-2298

November 16, 2015

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

Dear Board Members:

The comprehensive annual financial report of the Morris Hills Regional School District (the "District") for the fiscal year ended June 30, 2015, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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 Independent Auditors' Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected financial and demographic information, financial trends and the fiscal capacity of the District, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*, and New Jersey's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, is included in the single audit section of this report.

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

The Morris Hills Regional School District is a comprehensive educational organization that provides academic, technological, and vocational programs for grades 9, 10, 11 and 12 as well as adult programs. The District has enhanced program offerings that make it unique among high schools in the state; in fact, school choice applications have grown drastically as a result of the enhanced opportunities available to students.

The Citizens, Honorable President and Members of
the Board of Education
Morris Hills Regional School District
Page 2
November 16, 2015

1) REPORTING ENTITY AND ITS SERVICES:

Program Highlights

- AP Program: We have expanded our AP Program and now offer 23 Advanced Placement options for students. AP offers students the opportunity to earn college credits while in high school, a major NJDOE initiative. In 2010, we were 1 of only 367 schools in the US and Canada to be recognized by the College Board for excellence in access and equity. In other words, we have open enrollment for our Advanced Placement courses and high scores even though we have no minimum grade prerequisite to enter the course. This past year, 82% of the students taking 996 AP exams scored 3 or higher, scores high enough to earn college credit. 27% of exams taken earned a perfect score of 5.
- International Baccalaureate: We are one of only 14 schools in New Jersey to offer the International Baccalaureate Diploma Program, an extremely competitive, internationally-recognized program for juniors and seniors. IB courses are as rigorous, if not more rigorous than AP courses and provide students the opportunity to earn college credit while in high school, a major NJDOE initiative. Our graduating classes in the IB Diploma Program continue to out-perform graduates of established IB Programs around the world, including areas in which the United States is considered weak, such as world language.
- Magnet Program for Math and Science: We are in our seventh year of offering a specialized program that emphasizes statistical analysis and scientific research and which includes coursework that is offered by no other high school in the state (and only typically seen at the collegiate level.) This past year, we were one of only a handful of districts in the country authorized to offer the AP Capstone Program, a new certificate program in collegiate-level research offered by the College Board. This program, combined with our specialized Magnet coursework, offers a 3-year sequence in Research Methods and provides students with training and skills to conduct collegiate level research and advanced STEM coursework. The NJDOE has been emphasizing the incorporation of STEM into high school curriculum; the Magnet Program exemplifies the type of STEM curricula that is going on in the best schools in the country. The Magnet Program is part of the National Consortium for Secondary Stem Schools (NCSSSS), which requires that programs be aligned to the consortium's STEM standards.
- AVID Program: We are in our fourth year of implementing the AVID Program (Advancement Via Individual Determination), a national and international program that helps students in the academic middle take more rigorous coursework and provides access to college for historically under-represented groups. Teachers are trained in research-based instructional strategies to work with this population, and students are provided access to upper level coursework traditionally reserved for the academic elite.
- Gifted and Talented Program: Unlike many high schools in the state, that only offer "gifted" programs through honors and AP coursework, we also address the other areas of giftedness that are recognized by the National Association for Gifted Children through seminars, pull out programs and a vast independent study program.

The Citizens, Honorable President and Members of
the Board of Education
Morris Hills Regional School District
Page 3
November 16, 2015

- School Choice Program: The District continued two school choice programs that began in 2011-2012. The first, an intra-district school choice program allowed resident students to apply to either high school regardless of their address. Approximately 18 students participated in 2014-2015. Also in 2011-2012, Morris Hills Regional District was approved by the New Jersey Department of Education as a Choice School District. There were 121 students at MHRD in the 2014-15 school year. Funding is received directly from the State of New Jersey for these students.
- General Education Program: Our general education program provides all students with access to a truly comprehensive curriculum, including technology education, computer science, world languages, the academic core, and visual and performing arts. Both high schools are consistently ranked in the top 100 high schools in the state.

The District enrollment as of June 30, 2015 was 2,777 students, compared to 2,738 students as of June 30, 2014. Adult school enrollment was 96 students. This enrollment fluctuates from year to year.

2) ECONOMIC CONDITION AND OUTLOOK: The population of all four municipalities, Denville Township, Rockaway Township, Rockaway Borough and Wharton Borough is experiencing modest growth. Wharton Borough is expecting future growth as a result of the new construction of a 200+ unit apartment complex to be completed soon which will also increase the tax base. Rockaway Township is expecting 300+ additional students in five years as a result of construction of a new development in town. The tax collection rate in all four municipalities remains close to 98%. The regional high school enrollment however, has seen growth and is projecting an increase next year. Enrollment grows moderately but steadily each year.

Long Term Financial Planning: New Jersey law limits the increase in NJ school districts' tax levies to 2% annually. In order to exceed the cap, a public vote is required. The Morris Hills Regional District Board of Education is committed to limiting tax increases and has explored alternate funding sources. In 2011 Morris Hills became a School Choice District which created a new source of aid for the District. Enrollments and aid attributable to this program increased. The District is also committed to sharing resources with our elementary school districts. There is a commitment from the elementary districts as well as the high school districts to continue these cost saving measures.

3) MAJOR INITIATIVES: Morris Hills Regional District is in its third round of successful ten-year strategic planning. Each round began with a process of outreach and collaboration by teachers, support staff, administrators, students and community members to identify and articulate common goals for the decade.

The Goals outlined in the 2020 plan are:

Curriculum and Instruction

Morris Hills Regional District will develop a personalized learning experience through a comprehensive and diverse curriculum that empowers all students to become meaningful contributors to a global society through innovative instructional practices and authentic measures for assessing understanding.

Professional Development

Morris Hills Regional District will promote and facilitate standards-based professional development that is relevant to all stakeholders and responds to emerging needs. Targeted areas include, but are not limited to, developing effective teaching skills that meet the specific needs of all learners, infusing technology throughout instruction and infrastructure, fostering collegial relationships that advance learning communities, and providing the appropriate resources to empower life-long learners.

The Citizens, Honorable President and Members of
the Board of Education
Morris Hills Regional School District
Page 4
November 16, 2015

3) MAJOR INITIATIVES: (Cont'd)

The Goals outlined in the 2020 plan are: (Cont'd)

Community and Security

Morris Hills Regional District will encourage a relationship between the District and community that incorporates parental, student, and community involvement to promote mutual support for instructional and volunteer endeavors. Within this learning community, the District will provide an environment that is physically and emotionally secure.

Integrity and Ethics

The Morris Hills Regional District will empower the entire community to respect and celebrate the diverse strengths and experiences of each individual in the global community through civic service and an appreciation of various perspectives with an emphasis on personal integrity, ethical responsibility, team-building, persistence, and accountability.

Technology & Globalization

Morris Hills Regional District will provide resources for efficient integration of technology into its schools and curriculum through economically and environmentally responsible means while connecting to the global community and facilitating intercultural collaboration.

Fiscal Responsibility and Infrastructure

Morris Hills Regional District will appropriately and responsibly allocate fiscal resources to provide all students with an effective learning environment. The District will seek alternative funding, share resources and services, and pursue viable opportunities to reduce the tax burden on the District's residents without compromising the quality of education.

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

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

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

The Citizens, Honorable President and Members of
the Board of Education
Morris Hills Regional School District
Page 5
November 16, 2015

5) BUDGETARY CONTROLS: In addition to internal accounting 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 a vote of the Board of Education. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service fund. Project length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at fiscal year-end are either canceled or are included as reappropriations of fund balance in the subsequent fiscal year. Those amounts to be reappropriated are reported as fund balance restrictions, commitments and assignments at June 30, 2015.

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

7) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. 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.

8) RISK MANAGEMENT: The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. New Jersey Schools Insurance Group "NJSIG" oversees risk management for the District. A schedule of insurance coverage is found on Exhibit J-20.

The District is a member of the New Jersey Schools Insurance Group ("NJSIG"). The NJSIG is a risk-sharing public entity risk pool that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage to its members. Additional information on the NJSIG is included in the "Notes to the Basic Financial Statements", Note 11.

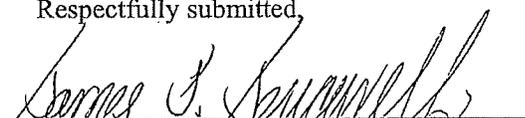
9) OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related Federal OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*, and New Jersey's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

The Citizens, Honorable President and Members of
the Board of Education
Morris Hills Regional School District
Page 6
November 16, 2015

10) AWARDS: The Association of School Business Officials International (“ASBO”) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Morris Hills Regional District for its Comprehensive Annual Financial Report (“CAFR”) for the fiscal years ended June 30, 2012, 2013 and 2014. This program contributes to the enhancement of credibility of financial management, the adoption of accounting principles generally accepted in the United States of America, and sound budgetary and reporting purposes. In order to be awarded the Certificate of Excellence, the District must prepare the CAFR in a fashion that strictly conforms to generally accepted accounting principles and program requirements. The Certificate of Excellence is valid for a period of one year, and the District feels confident that it will continue to meet the program requirements and will apply for the award for the fiscal year ended June 30, 2015.

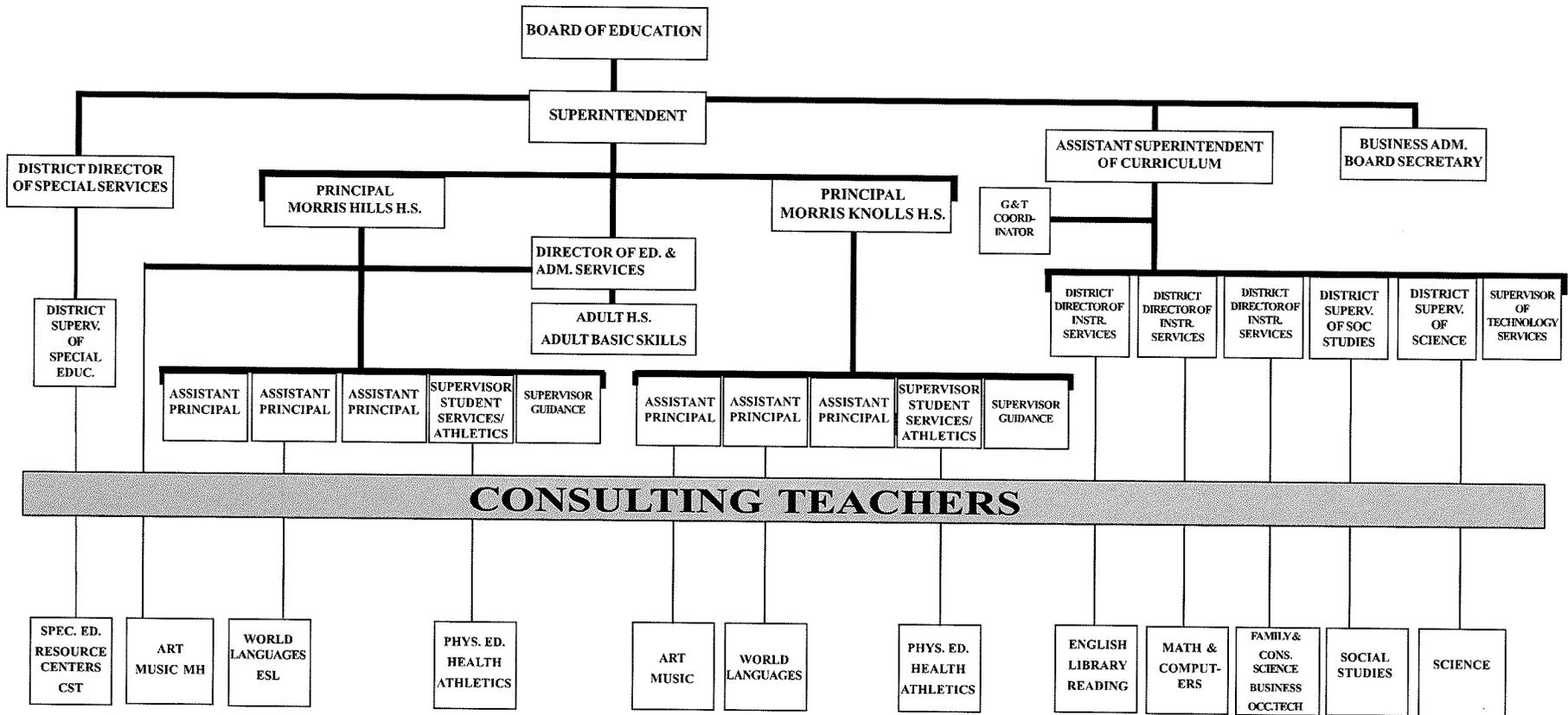
11) ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Morris Hills Regional School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance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

Respectfully submitted,

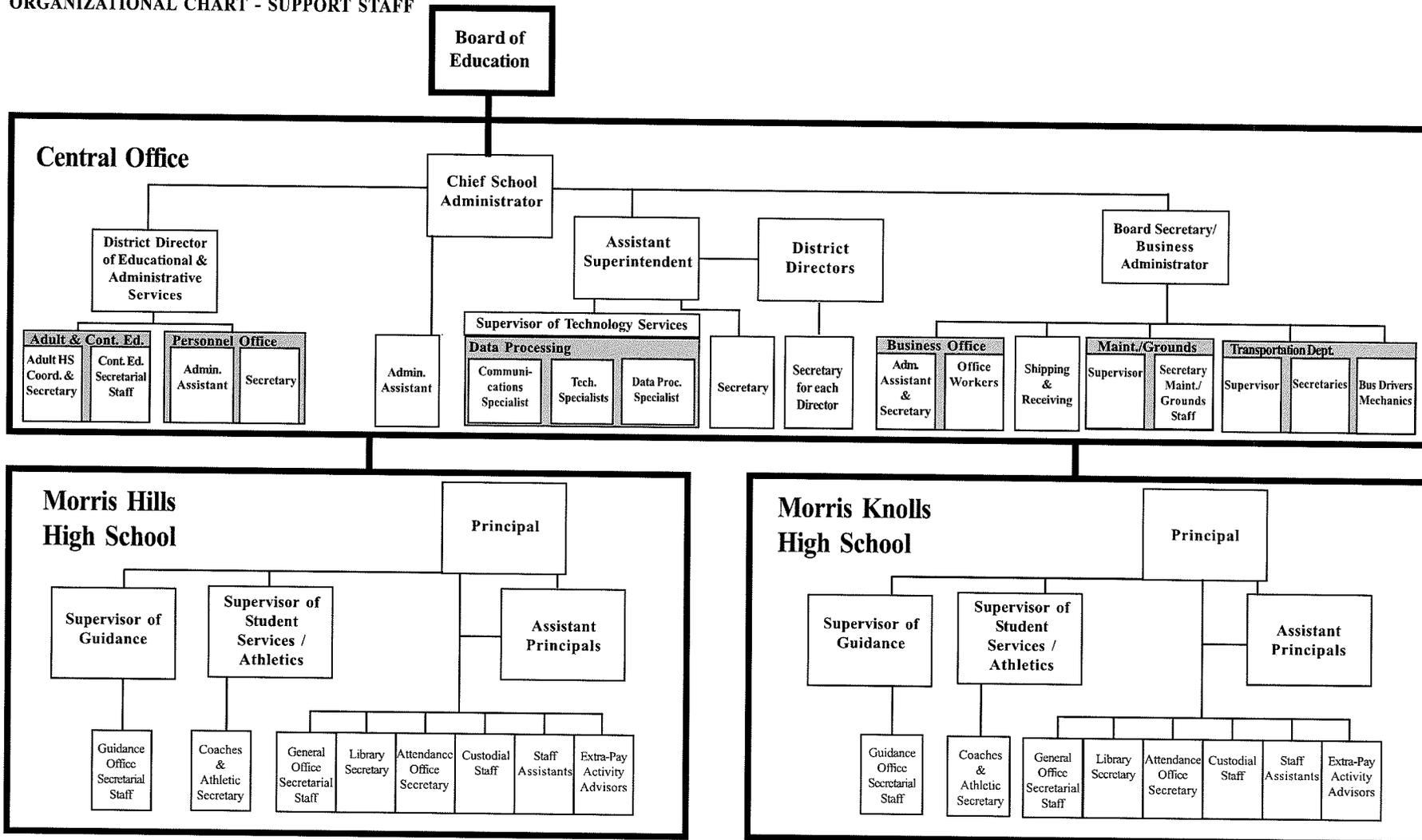

James J. Jencarelli
Superintendent


Joann Gilman Auricchio
Board Secretary/Business Administrator

**MORRIS HILLS REGIONAL DISTRICT
ORGANIZATIONAL CHART - CERTIFIED STAFF
2014-15**



**MORRIS HILLS REGIONAL DISTRICT
ORGANIZATIONAL CHART - SUPPORT STAFF**



**MORRIS HILLS REGIONAL SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2015**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Mark DiGennaro, President	2015
Robert Crocetti, Jr., Vice President	2017
Michael Bertram	2015
Paula Gilbert	2016
Barbara C. Guerra	2016
Rob Izsa	2015
Steven Kovacs	2017
William Serafin	2015
Michael Wiczczak	2015

Other OfficialsTitle

James J. Jencarelli	Superintendent of Schools
Dr. Nisha Zoeller	Assistant Superintendent of Schools
Joann Gilman Auricchio	Board Secretary/School Business Administrator
Dr. Brian Bulger	Director of Educational and Administrative Services
Comegno Law Group, P.C.	Board Attorney

**MORRIS HILLS REGIONAL SCHOOL DISTRICT
CONSULTANTS AND ADVISORS**

Attorney

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

Audit Firm

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

Official Depository

PNC Bank
55 West Main Street
Rockaway, New Jersey 07866

Association of School Business Officials International



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

Morris Hills Regional District

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2014*

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards



A handwritten signature in black ink, appearing to read 'M. Pepera', written over a horizontal line.

Mark C. Pepera, MBA, RSBO, SFO
President

A handwritten signature in black ink, appearing to read 'John D. Musso', written over a horizontal line.

John D. Musso, CAE, RSBA
Executive Director

FINANCIAL SECTION



Mount Arlington Corporate Center
 200 Valley Road, Suite 300
 Mt. Arlington, NJ 07856
 973-328-1825 | 973-328-0507 Fax

Lawrence Business Center
 11 Lawrence Road
 Newton, NJ 07860
 973-383-6699 | 973-383-6555 Fax

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Morris Hills Regional School District (the "District") in the County of Morris as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Morris Hills Regional School District, in the County of Morris, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 9 to the basic financial statements, the District implemented Governmental Accounting Standards Board (“GASB”) Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment to GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* during the fiscal year ended June 30, 2015. Our opinions are not modified with respect to this matter. The implementation resulted in the restatement of certain balances on the Statement of Net Position and the ending balance for Net Position for the Governmental Activities as of June 30, 2014 as detailed in Note 18 to the basic financial statements.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal and state awards, as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey’s OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

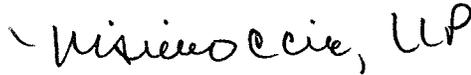
The Honorable President and Members
of the Board of Education
Morris Hills Regional School District
Page 3

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

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

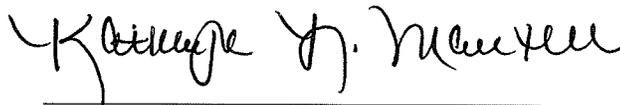
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2015 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



NISIVOCCIA, LLP

Mount Arlington, New Jersey
November 16, 2015



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

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

**Morris Hills Regional School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited)**

This section of Morris Hills Regional School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2015. Please read it in conjunction with the transmittal letter at the front of this report and the District's basic financial statements, which immediately follow this section.

Financial Highlights

- The District's net position increased by \$1,235,639 during the course of the fiscal year.
- Overall revenue was \$80,297,786 for the fiscal year.
- Overall expenditures were \$79,062,147 for the fiscal year.

Overview of the Financial Statements

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

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

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the fiscal year.

Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Morris Hills Regional School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited)**

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

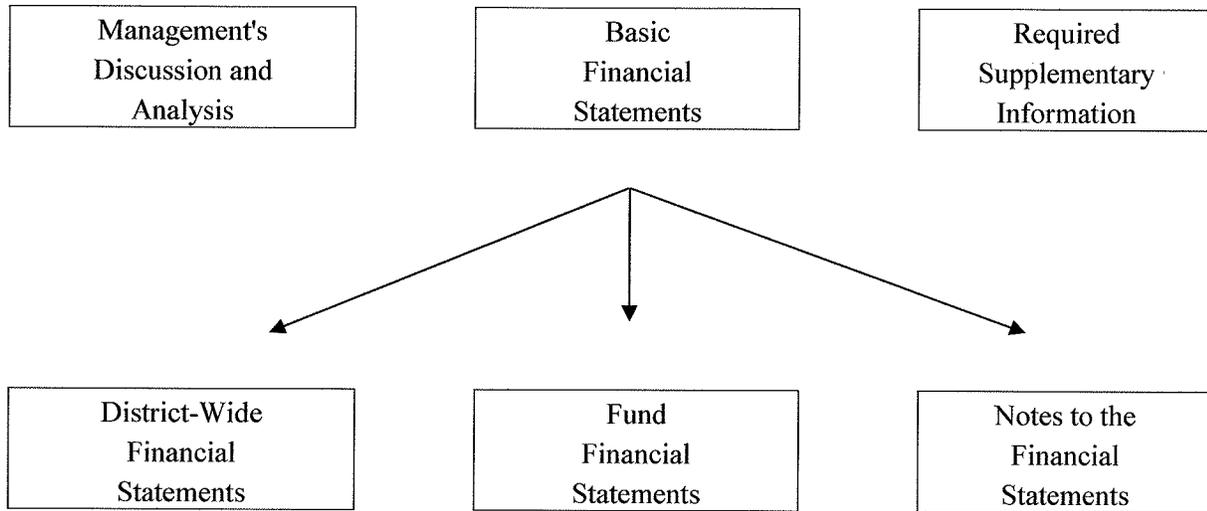


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

**Morris Hills Regional School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited)**

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building Maintenance	Activities the District operates similar to private businesses: food services, academy for technology, adult continuing education, and shared services (technology, special education, transportation and custodial)	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenue, expenses, and changes in net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the fiscal year or soon thereafter; no capital assets or long-term liabilities are included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenue and expenses during the fiscal year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the fiscal year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the fiscal year, regardless of when cash is received or paid	All additions and deductions during the fiscal year, regardless of when cash is received or paid

**Morris Hills Regional School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited)**

District-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

**Morris Hills Regional School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited)**

Fund Financial Statements

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

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

Financial Analysis of the District as a Whole

Net Position. The District's combined net position (deficit) was \$(6,206,753) on June 30, 2015, \$1,235,639 or 16.6% more than it was the year before (See Figure A-3). Net investment in capital assets increased by \$915,079 due to capital additions of \$1,805,099 and the retirement of \$1,470,000 of bonded debt and \$279,308 of capital leases, offset by \$2,609,858 and \$29,470 of depreciation related to governmental and business-type capital assets, respectively. Restricted net position increased by \$704,332 primarily due to a significant net increase in the capital reserve of \$647,418 due to a capital reserve deposit by Board resolution and interest earnings totaling \$1,800,200, offset by withdrawals by budget and Board resolution totaling \$1,152,782. In addition, there was a net increase in the maintenance reserve of \$57,329 due to maintenance reserve deposits by Board resolution and the return of unexpended withdrawals totaling \$207,329, offset by maintenance reserve withdrawals by budget and Board resolution totaling \$150,000. Lastly, there was an offset of \$415 representing the net decrease in the debt service fund balance. Unrestricted net position decreased by \$383,772 primarily due to a \$131,953 net increase in compensated absences, decreases in unassigned fund balance of \$283,009, deferred amount on refunding of \$147,155, investment gains in pensions of \$1,074,404 and increase in net pension liability of \$717,091, offset by a \$86,326 net increase in the capital projects fund, \$285,733 of bond premiums amortized, an increase in the operations of the business-type activities of \$84,679, a decrease in accrued interest of \$23,828, changes in pension assumptions of \$566,915 and changes in proportion in pensions of \$922,359.

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

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change 2014/15
	2014/15	2013/14 (Restated)	2014/15	2013/14	2014/15	2013/14 (Restated)	
Current and							
Other Assets	\$ 4,737,415	\$ 4,474,267	\$ 341,529	\$ 511,943	\$ 5,078,944	\$ 4,986,210	1.86%
Capital Assets, Net	41,194,463	42,041,423	576,583	563,852	41,771,046	42,605,275	-1.96%
Total Assets	45,931,878	46,515,690	918,112	1,075,795	46,849,990	47,591,485	-1.56%
Deferred Outflows of Resources	3,696,599	2,354,480			3,696,599	2,354,480	57.00%
Long-Term Debt Outstanding	50,508,808	51,409,072			50,508,808	51,409,072	-1.75%
Other Liabilities	5,134,981	5,689,043	35,149	290,242	5,170,130	5,979,285	-13.53%
Total Liabilities	55,643,789	57,098,115	35,149	290,242	55,678,938	57,388,357	-2.98%
Deferred Inflows of Resources	1,074,404				1,074,404		100.00%
Net Position:							
Net Investment in Capital Assets	12,675,910	11,773,562	576,583	563,852	13,252,493	12,337,414	7.42%
Restricted	2,356,403	1,652,071			2,356,403	1,652,071	42.63%
Unrestricted (Deficit)	(22,122,029)	(21,653,578)	306,380	221,701	(21,815,649)	(21,431,877)	-1.79%
Total Net Position (Deficit)	\$ (7,089,716)	\$ (8,227,945)	\$ 882,963	\$ 785,553	\$ (6,206,753)	\$ (7,442,392)	16.60%

**Morris Hills Regional School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited)**

Financial Analysis of the District as a Whole

Changes in Net Position. The District's combined net position increased by \$1,235,639, or 16.6%. Net position from governmental activities increased \$1,138,229 and net position from business-type activities increased by \$97,410 (See Figure A-4).

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

	Governmental Activities		Business-Type Activities		Total School District		Percentage
	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	Change 2014/15
Revenue:							
Program Revenue:							
Charges for Services			\$ 3,474,848	\$ 3,149,309	\$ 3,474,848	\$ 3,149,309	10.34%
Grants and Contributions:							
Operating	\$ 15,142,605	\$ 8,499,818	230,898	196,639	15,373,503	8,696,457	76.78%
Capital	11,321				11,321		100.00%
General Revenue:							
Property Taxes	55,801,310	54,366,697			55,801,310	54,366,697	2.64%
Unrestricted Federal and State Aid	5,300,269	5,280,609			5,300,269	5,280,609	0.37%
Other	336,535	269,391			336,535	269,391	24.92%
Total Revenue	<u>76,592,040</u>	<u>68,416,515</u>	<u>3,705,746</u>	<u>3,345,948</u>	<u>80,297,786</u>	<u>71,762,463</u>	11.89%
Expenses:							
Instruction	40,064,071	34,592,776			40,064,071	34,592,776	15.82%
Pupil and Instruction Services	15,305,835	14,277,491			15,305,835	14,277,491	7.20%
Administration and Business	6,134,063	5,568,347			6,134,063	5,568,347	10.16%
Maintenance and Operations	5,182,146	6,012,276			5,182,146	6,012,276	-13.81%
Transportation	4,760,225	4,567,508			4,760,225	4,567,508	4.22%
Other	4,007,471	3,966,289	3,608,336	3,273,674	7,615,807	7,239,963	5.19%
Total Expenses	<u>75,453,811</u>	<u>68,984,687</u>	<u>3,608,336</u>	<u>3,273,674</u>	<u>79,062,147</u>	<u>72,258,361</u>	9.42%
Increase/(Decrease) in Net Position	1,138,229	(568,172)	97,410	72,274	1,235,639	(495,898)	349.17%
Beginning Net Position (Deficit) (Restated)	(8,227,945)	9,651,692	785,553	713,279	(7,442,392)	10,364,971	-171.80%
Ending Net Position (Deficit)	<u>\$ (7,089,716)</u>	<u>\$ 9,083,520</u>	<u>\$ 882,963</u>	<u>\$ 785,553</u>	<u>\$ (6,206,753)</u>	<u>\$ 9,869,073</u>	-162.89%

Revenue Sources. The District's total revenue for the 2014/2015 school year was \$80,297,786 (See Figure A-4). Property taxes and state formula aid accounted for most of the District's revenue, with local taxes accounting for \$55,801,310 of the total, or 69.49 percent (See Figure A-5). The remaining 30.51 percent of revenue is comprised of 25.76 percent from state formula aid and federal and state categorical grants, 4.33 percent from charges for services and .42 percent from other miscellaneous sources. The \$13,324,660 of federal and state categorical grants revenue includes \$9,584,438 of funds that are not paid to the District, but are included in funding for TPAF Post-Retirement Medical Benefits and Pension Contributions that the State of New Jersey is paying on behalf of the District as well as \$1,950,515 of reimbursed TPAF Social Security Contributions. The Morris Hills Regional School District primarily conducts its operations from the revenue it receives from its local taxpayers and State Aid.

**Morris Hills Regional School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited)**

**Figure A-5
Sources of Revenue for Fiscal Year 2015 and 2014**

Sources of Income:	2014/15		2013/14	
	Amount	Percentage	Amount	Percentage
State Formula Aid	\$ 7,360,433	9.17%	\$ 7,288,302	10.16%
Property Taxes	55,801,310	69.49%	54,366,697	75.76%
Federal and State Categorical Grants	13,324,660	16.59%	6,688,764	9.32%
Charges for Services	3,474,848	4.33%	3,149,309	4.39%
Other	336,535	0.42%	269,391	0.37%
	<u>\$ 80,297,786</u>	<u>100.00%</u>	<u>\$ 71,762,463</u>	<u>100.00%</u>

The total cost of all programs and services was \$79,062,147. The District's expenses are predominantly related to instructing, caring for (pupil and instruction services) and transporting students (76.05 percent) (See Figure A-6). The District's administrative and business costs accounted for 7.76 percent of total costs and maintenance and operations costs accounted for 6.56 percent of total costs. It is important to note that other expenses included \$485,762 for special schools, \$2,355,536 of unallocated depreciation, \$1,096,240 of interest on long-term debt and \$3,608,336 for business-type activities expenses and represented 9.63 percent of total costs.

**Figure A-6
Expenses for Fiscal Year 2015 and 2014**

Expense Category:	2014/15		2013/14	
	Amount	Percentage	Amount	Percentage
Instruction	\$ 40,064,071	50.67%	\$ 34,592,776	47.87%
Pupil and Instruction Services	15,305,835	19.36%	14,277,491	19.76%
Administration and Business	6,134,063	7.76%	5,568,347	7.71%
Maintenance and Operations	5,182,146	6.56%	6,012,276	8.32%
Transportation	4,760,225	6.02%	4,567,508	6.32%
Other	7,615,807	9.63%	7,239,963	10.02%
	<u>\$ 79,062,147</u>	<u>100.00%</u>	<u>\$ 72,258,361</u>	<u>100.00%</u>

Governmental Activities

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

Figure A-7 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

**Morris Hills Regional School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited)**

**Figure A-7
Net Cost of Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2014/2015	2013/2014	2014/2015	2013/2014
Instruction	\$ 40,064,071	\$ 34,592,776	\$ 28,135,042	\$ 27,671,945
Pupil and Instruction Services	15,305,835	14,277,491	13,214,426	13,342,733
Administration and Business	6,134,063	5,568,347	5,442,783	5,275,268
Maintenance and Operations	5,182,146	6,012,276	5,170,825	6,012,276
Transportation	4,760,225	4,567,508	4,458,279	4,264,051
Other	4,007,471	3,966,289	3,878,530	3,918,596
	<u>\$ 75,453,811</u>	<u>\$ 68,984,687</u>	<u>\$ 60,299,885</u>	<u>\$ 60,484,869</u>

- The cost of all governmental activities this fiscal year was \$75,453,811.
- The federal and state governments subsidized certain programs with grants and contributions (\$13,324,660).
- Most of the District's costs, however, were financed by District taxpayers (\$55,801,310).
- A portion of governmental activities was financed with state aid based on the SFRA formula (\$7,360,433).
- The remainder of funding came from tuition, investment earnings and miscellaneous revenue (\$336,535).

Business-Type Activities

The net position of the District's business-type activities increased by \$97,410, which was comprised of a \$117,013 increase in net position for the food service fund, offset by decreases in the net position of the academy for technology program of \$19,573 and the adult continuing education program of \$30. (Refer to Figure A-4). The increase in the food service fund is primarily attributable to the change in food service vendor which led to a significant turnaround from the prior year. The decrease in the academy for technology was strictly associated with the annual depreciation of its capital assets.

Financial Analysis of the District's Funds

The District's General Fund fund balance increased \$421,358 on the budgetary basis during the fiscal year primarily due to a \$59,608 excess in anticipated revenue and \$2,287,332 of unexpended budget appropriations, offset by the transfer of \$1,152,782 from the Capital Reserve Account to the District's Capital Projects Fund for the local share of current year capital projects and \$623,000 of fund balance and \$150,000 of maintenance reserve utilized in the 2014-2015 budget. Within the General Fund, the District was able to deposit \$1,800,000 into the Capital Reserve Account during the fiscal year as a result of spending under budgeted amounts. The District's Capital Projects Fund fund balance increased \$86,326 as a result of the \$1,152,782 transfers from the General Fund and \$11,321 of SDA grant revenue, offset by \$1,077,777 in expenditures relating to various capital projects.

**Morris Hills Regional School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited)**

Financial Analysis of the District's Funds

The State imposes spending and tax levy limits on the District in its budget process. The financial condition has been directly affected in recent years by legislation titled "S1701" which reduced the amount of allowable General Fund unassigned fund balance to 2% of adjusted expenditures. At June 30, 2015 the District's 2% limit is \$1,219,957 plus adjustments for additional State Aid of \$91,297, for a total of \$1,311,254 as allowable General Fund unassigned fund balance. However, since the District appropriated \$623,000 of fund balance as revenue in its 2015-2016 budget, only \$644,228 (or .98%) is unassigned at June 30, 2015.

General Fund Budgetary Highlights

Over the course of the fiscal year, the District revised the annual operating budget between budgetary line items for changes in school-based needs. Special education instruction and extraordinary services for special education increased 6.8% and 34.5%, respectively, above budgeted amounts due to the needs of incoming students. Student transportation services also increased 8.08% over budgeted amounts. The District transferred \$40,000 from the Maintenance Reserve for costs associated with HVAC and weatherproofing.

Capital Asset and Debt Administration

Figure A-8

Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total School District		Percentage
	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	Change
Sites (Land)	\$ 288,500	\$ 288,500			\$ 288,500	\$ 288,500	0.00%
Construction in Progress	2,962,013	1,884,236			2,962,013	1,884,236	57.20%
Buildings and Building Improvements	34,907,801	36,987,799			34,907,801	36,987,799	-5.62%
Land Improvements	974,476	1,136,530			974,476	1,136,530	-14.26%
Machinery & Equipment	2,061,673	1,744,358	\$ 576,583	\$ 563,852	2,638,256	2,308,210	14.30%
Total Capital Assets, Net of Depreciation	\$ 41,194,463	\$ 42,041,423	\$ 576,583	\$ 563,852	\$ 41,771,046	\$ 42,605,275	-1.96%

The District invested \$1,805,099 in capital assets, \$1,077,777 in capital projects, \$685,121 in capital outlay for equipment purchases and facilities acquisition and construction services for a total of \$1,762,898 in governmental activities, and \$42,201 from business-type activities. The District incurred \$2,609,858 and \$29,470 of depreciation related to governmental and business-type capital assets, respectively. (More detailed information about the District's capital assets is presented in Note 6 to the Basic Financial Statements).

Long-term Debt

The District's long-term debt decreased by \$900,264, or 1.75%, during the fiscal year. At fiscal year-end, the District had \$28,230,000 in general obligation bonds outstanding, \$3,961,699 in compensated absences payable, \$18,028,556 in net pension liability and \$288,553 in capital leases payable as shown in Figure A-9. (More detailed information about the District's long-term liabilities is presented in Note 8 to the Basic Financial Statements).

**Morris Hills Regional School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited)**

Long-term Debt

**Figure A-9
Outstanding Long-Term Debt**

	Total School District		Percentage Change 2014/15
	2014/15	2013/14 (Restated)	
General Obligation Bonds (Financed with Property Taxes), Net	\$ 28,230,000	\$ 29,700,000	-4.95%
Net Pension Liability	18,028,556	17,311,465	4.14%
Other Long-Term Liabilities	4,250,252	4,397,607	-3.35%
	<u>\$ 50,508,808</u>	<u>\$ 51,409,072</u>	-1.75%

- The District retired \$1,470,000 of its general obligation bonds during the fiscal year.
- The District's net pension liability increased by \$717,091.
- The District's liability for compensated absences increased by the net amount of \$131,953.
- The District paid down \$279,308 of capital leases payable during the 2014-2015 fiscal year for the local share of the Morris Knolls High School's roof replacement capital project.

Factors Bearing on the District's Future

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

- The labor unit contract agreements with the District's Teachers bargaining unit and the Custodial bargaining unit expire June 30, 2016. The labor unit contract agreements with the District's Administrators' bargaining units expire June 30, 2017, and the contract agreement with the District's Bus Drivers' bargaining unit expires June 30, 2018.
- Meeting the needs of increasing salary and health benefit costs have been major budget concerns to the District. Increased employee contributions and positive experience ratings have been helpful in addressing health benefit premium increases. The largest group of employees, teachers, staff assistants and secretaries, entered Tier 2 in the 2014-15 school year. Bus drivers were on Tier 3 and Administrators and Custodians were on Tier 4. The District is expecting significant increases in contributions as these groups move up in the tiers.
- Legislation titled S1701 and A-99, passed by the State in June 2004, required school districts to reduce unassigned fund balance in the General Fund to 2% of annual budget expenditures for the past three years. The law reduced the amount by which Districts could increase their budgets to 2% and imposed tight restrictions on their ability to transfer funds within the budget, from existing fund balance or from capital reserve. The District has been left with limited resources to fund unanticipated costs and future budgets. Legislation in 2010 has further restricted the allowable tax levy increase to 2%.
- The District is committed to remaining within the 2% cap increase allowed on school levy. Other sources of revenue have been pursued including School Choice dollars. State Aid is again on the rise due to increased enrollment and the District will continue to monitor costs by implementing best practices which result in efficient operations including sharing services with our elementary districts.

**Morris Hills Regional School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited)**

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

Exhibit A-1

MORRIS HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 812,574	\$ 314,658	\$ 1,127,232
Internal Balances	93,534	(93,534)	
Tax Levy Receivable	355,745		355,745
Receivables from Federal Government	391,791	13,677	405,468
Receivables from State Government	634,173	636	634,809
Receivables - Other	94,451	97,803	192,254
Inventories		8,289	8,289
Restricted Assets - Cash and Cash Equivalents:			
Capital Reserve Account	2,097,818		2,097,818
Maintenance Reserve Account	257,329		257,329
Capital Assets, Net:			
Sites (Land) and Construction in Progress	3,250,513		3,250,513
Depreciable Buildings and Building Improvements, Land Improvements, and Machinery & Equipment	37,943,950	576,583	38,520,533
Total Assets	<u>45,931,878</u>	<u>918,112</u>	<u>46,849,990</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Refunding	2,207,325		2,207,325
Changes in Assumptions - Pensions	566,915		566,915
Changes in Proportion - Pensions	922,359		922,359
Total Deferred Outflows of Resources	<u>3,696,599</u>		<u>3,696,599</u>
LIABILITIES			
Current Liabilities:			
Payable to State Government	10,396		10,396
Accounts Payable	503,818	21,299	525,117
Accrued Interest Payable	310,572		310,572
Unamortized Bond Premiums, Net	4,285,995		4,285,995
Unearned Revenue	24,200	13,850	38,050
Noncurrent Liabilities:			
Due Within One Year	1,708,553		1,708,553
Due Beyond One Year	48,800,255		48,800,255
Total Liabilities	<u>55,643,789</u>	<u>35,149</u>	<u>55,678,938</u>
DEFERRED INFLOWS OF RESOURCES			
Investment Gains - Pensions	1,074,404		1,074,404
Total Deferred Inflows of Resources	<u>1,074,404</u>		<u>1,074,404</u>
NET POSITION			
Net Investment in Capital Assets	12,675,910	576,583	13,252,493
Restricted for:			
Capital Projects	2,097,818		2,097,818
Debt Service	1,256		1,256
Other Purposes	257,329		257,329
Unrestricted (Deficit)	(22,122,029)	306,380	(21,815,649)
Total Net Position (Deficit)	<u>\$ (7,089,716)</u>	<u>\$ 882,963</u>	<u>\$ (6,206,753)</u>

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expenses)/Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 29,949,751		\$ 6,611,031		\$ (23,338,720)		\$ (23,338,720)
Special Education	5,359,840		4,172,905		(1,186,935)		(1,186,935)
Other Special Instruction	935,752		248,891		(686,861)		(686,861)
School-Sponsored Other Instruction	3,818,728		896,202		(2,922,526)		(2,922,526)
Support Services:							
Tuition	5,155,195				(5,155,195)		(5,155,195)
Student & Instruction Related Services	10,150,640		2,091,409		(8,059,231)		(8,059,231)
General Administration Services	997,602				(997,602)		(997,602)
School Administration Services	3,154,101		691,280		(2,462,821)		(2,462,821)
Central Services	1,274,972				(1,274,972)		(1,274,972)
Administrative Information Technology	707,388				(707,388)		(707,388)
Plant Operations and Maintenance	5,182,146			\$ 11,321	(5,170,825)		(5,170,825)
Pupil Transportation	4,760,225		301,946		(4,458,279)		(4,458,279)
Special Schools	555,695		128,941		(426,754)		(426,754)
Interest on Long-Term Debt	1,096,240				(1,096,240)		(1,096,240)
Unallocated Depreciation	2,355,536				(2,355,536)		(2,355,536)
Total Governmental Activities	75,453,811		15,142,605	11,321	(60,299,885)		(60,299,885)

MORRIS HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expenses)/Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Business-Type Activities:							
Food Service	\$ 1,039,193	\$ 925,308	\$ 230,898		\$ 117,013	\$ 117,013	
Academy for Technology	1,137,373	1,117,800			(19,573)	(19,573)	
Adult Continuing Education	160,274	160,244			(30)	(30)	
Shared Services	1,271,496	1,271,496					
Total Business-Type Activities	3,608,336	3,474,848	230,898		97,410	97,410	
Total Primary Government	\$ 79,062,147	\$ 3,474,848	\$ 15,373,503	\$ 11,321	\$ (60,299,885)	97,410	(60,202,475)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					53,092,975	53,092,975	
Taxes Levied for Debt Service					2,708,335	2,708,335	
Federal and State Aid Not Restricted					5,300,269	5,300,269	
Tuition Charges					135,152	135,152	
Investment Earnings					7,690	7,690	
Miscellaneous Income					193,693	193,693	
Total General Revenues					61,438,114	- 0 -	61,438,114
Change in Net Position					1,138,229	97,410	1,235,639
Net Position (Deficit) - Beginning (Restated)					(8,227,945)	785,553	(7,442,392)
Net Position (Deficit) - Ending					\$ (7,089,716)	\$ 882,963	\$ (6,206,753)

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

FUND FINANCIAL STATEMENTS

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents			\$ 811,318	\$ 1,256	\$ 812,574
Tax Levy Receivable	\$ 355,745				355,745
Interfund Receivable	466,021		494,977		960,998
Receivables from Federal Government		\$ 391,791			391,791
Receivables from State Government	617,383	5,469	11,321		634,173
Receivables - Other	94,451				94,451
Restricted Cash and Cash Equivalents	2,355,147				2,355,147
Total Assets	\$ 3,888,747	\$ 397,260	\$ 1,317,616	\$ 1,256	\$ 5,604,879
LIABILITIES AND FUND BALANCES					
Liabilities:					
Interfund Payable	\$ 494,977	\$ 372,487			\$ 867,464
Payable to State Government		10,396			10,396
Accounts Payable	446,306	14,377	\$ 43,135		503,818
Unearned Revenue	24,200				24,200
Total Liabilities	965,483	397,260	43,135		1,405,878
Fund Balances:					
Restricted:					
Capital Reserve Account	2,097,818				2,097,818
Maintenance Reserve Account	257,329				257,329
Debt Service Fund				\$ 1,256	1,256
Committed			1,274,481		1,274,481
Assigned:					
For Subsequent Year's Expenditures	568,117				568,117
Total Fund Balances	2,923,264	- 0 -	1,274,481	1,256	4,199,001
Total Liabilities and Fund Balances	\$ 3,888,747	\$ 397,260	\$ 1,317,616	\$ 1,256	\$ 5,604,879
Amounts Reported for <i>Governmental Activities</i> in the Statement of Net Position (A-1) are Different because:					
Total Fund Balances (Per Above)					\$ 4,199,001
Capital Assets Used in Governmental Activities are not Financial Resources and therefore are not reported in the Funds. The Cost of the assets is \$107,467,601 and the accumulated depreciation is \$66,273,138.					41,194,463
Deferred interest costs are not reported as expenditures in the Governmental Funds in the year of the expenditure. The Deferred Interest is \$2,795,959 and the accumulated amortization is \$588,634.					2,207,325
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.					(18,028,556)
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:					
Changes in Assumptions - Pensions					566,915
Investment Gains - Pensions					(1,074,404)
Changes in Proportions - Pensions					922,359
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.					(32,480,252)
Bond Premiums are reported as revenue in the Funds. These premiums total \$5,428,927 and the accumulated amortization is \$1,142,932.					(4,285,995)
Interest on Long-Term Debt is not accrued in the Governmental Funds, but rather is recognized as an expenditure when due.					(310,572)
Net Position of Governmental Activities					\$ (7,089,716)

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources:					
Local Tax Levy	\$ 53,092,975			\$ 2,708,335	\$ 55,801,310
Tuition Charges	135,152				135,152
Miscellaneous	200,283		\$ 1,100		201,383
Total - Local Sources	<u>53,428,410</u>		<u>1,100</u>	<u>2,708,335</u>	<u>56,137,845</u>
State Sources	13,522,990	\$ 191,522	11,321		13,725,833
Federal Sources	5,949	725,292			731,241
Total Revenues	<u>66,957,349</u>	<u>916,814</u>	<u>12,421</u>	<u>2,708,335</u>	<u>70,594,919</u>
EXPENDITURES					
Current:					
Regular Instruction	19,786,511	72,927			19,859,438
Special Education Instruction	2,820,105	758,294			3,578,399
Other Special Instruction	681,272				681,272
School-Sponsored Other Instruction	2,902,401				2,902,401
Support Services and Undistributed Costs:					
Tuition	5,155,195				5,155,195
Student & Instruction Related Services	6,399,354	85,593			6,484,947
General Administration Services	864,209				864,209
School Administration Services	1,976,936				1,976,936
Central Services	993,118				993,118
Administrative Information Technology	489,631				489,631
Plant Operations and Maintenance	4,034,861				4,034,861
Pupil Transportation	3,671,722				3,671,722

MORRIS HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

EXPENDITURES	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Current:					
Allocated Benefits	\$ 8,432,827				\$ 8,432,827
Unallocated Benefits	5,537,742				5,537,742
Capital Outlay	1,213,086		\$ 1,077,777		2,290,863
Special Schools	423,859				423,859
Debt Service:					
Principal				\$ 1,470,000	1,470,000
Interest and Other Charges				1,239,850	1,239,850
Total Expenditures	65,382,829	\$ 916,814	1,077,777	2,709,850	70,087,270
Excess/(Deficiency) of Revenues					
Over/(Under) Expenditures	1,574,520	- 0 -	(1,065,356)	(1,515)	507,649
OTHER FINANCING SOURCES/(USES)					
Transfers In			1,152,782	1,100	1,153,882
Transfers Out	(1,152,782)		(1,100)		(1,153,882)
Total Other Financing Sources/(Uses)	(1,152,782)	- 0 -	1,151,682	1,100	- 0 -
Net Change in Fund Balances	421,738	- 0 -	86,326	(415)	507,649
Fund Balance—July 1	2,501,526	- 0 -	1,188,155	1,671	3,691,352
Fund Balance—June 30	<u>\$ 2,923,264</u>	<u>\$ - 0 -</u>	<u>\$ 1,274,481</u>	<u>\$ 1,256</u>	<u>\$ 4,199,001</u>

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2)	\$ 507,649
Amounts Reported for Governmental Activities in the Statement of Activities (Exhibit A-2) are Different Because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation differs from capital outlays.	
Depreciation Expense	\$ (2,609,858)
Capital Outlays	<u>1,762,898</u>
	(846,960)
Repayment of debt service principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.	1,470,000
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when accrued, regardless of when due. In the governmental funds, interest is reported when due. When the accrued interest exceeds the interest paid, the difference is reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+).	23,828
The governmental funds report the effect of bond premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities (+)	285,733
The governmental funds report the effect of deferred bond interest when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities (-)	(147,155)
Repayment of capital lease 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.	279,308
The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:	
Change in Net Pension Liability	(717,091)
Deferred Outflows:	
Changes in Assumptions	566,915
Changes in Proportion	922,359
Deferred Inflows:	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	(1,074,404)
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 a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).	<u>(131,953)</u>
Change in Net Position of Governmental Activities (Exhibit A-2)	<u>\$ 1,138,229</u>

MORRIS HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	Business-Type Activities - Enterprise Funds				Total Enterprise Funds
	Major Funds			Non-Major Fund	
	Food Service	Academy for Technology	Shared Services	Adult Continuing Education	
ASSETS:					
Current Assets:					
Cash and Cash Equivalents	\$ 291,281	\$ 6,619		\$ 16,758	\$ 314,658
Receivable from:					
Federal Government	13,677				13,677
State Government	636				636
Receivables - Other			\$ 97,803		97,803
Inventories	8,289				8,289
Total Current Assets	313,883	6,619	97,803	16,758	435,063
Non-Current Assets:					
Capital Assets	457,962	1,002,113			1,460,075
Less: Accumulated Depreciation	(370,685)	(512,807)			(883,492)
Total Non-Current Assets	87,277	489,306			576,583
Total Assets	401,160	495,925	97,803	16,758	1,011,646

MORRIS HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	Business-Type Activities - Enterprise Funds				Total Enterprise Funds
	Major Funds			Non-Major Fund	
	Food Service	Academy for Technology	Shared Services	Adult Continuing Education	
LIABILITIES:					
Current Liabilities:					
Interfund Payable - General Fund			\$ 93,534		\$ 93,534
Accounts Payable	\$ 16,510		4,269	\$ 520	21,299
Unearned Revenue - Prepaid Sales	13,850				13,850
Total Current Liabilities	30,360		97,803	520	128,683
Total Liabilities	30,360		97,803	520	128,683
NET POSITION:					
Net Investment in Capital Assets	87,277	\$ 489,306			576,583
Unrestricted	283,523	6,619		16,238	306,380
Total Net Position	\$ 370,800	\$ 495,925	\$ -0-	\$ 16,238	\$ 882,963

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Business-Type Activities - Enterprise Funds				Total Enterprise Funds
	Major Funds			Non-Major Fund	
	Food Service	Academy for Technology	Shared Services	Adult Continuing Education	
Operating Revenue:					
Charges for Services:					
Daily Sales	\$ 889,192				\$ 889,192
Special Events	36,116				36,116
Tuition		\$ 1,117,800		\$ 160,244	1,278,044
Service Fees			\$ 1,271,496		1,271,496
Total Operating Revenue	925,308	1,117,800	1,271,496	160,244	3,474,848
Operating Expenses:					
Cost of Sales	484,486				484,486
Salaries	289,805	840,491	820,878	21,946	1,973,120
Payroll Taxes	45,796	31,372	28,634	505	106,307
Employee Benefits	53,765	235,227	165,569		454,561
Purchased Professional - Educational Services			102,750		102,750
Purchased Property Services	78,074	10,710	1,076	132,982	222,842
Supplies and Materials	67,282		152,589		219,871
Other Objects	10,088			4,841	14,929

MORRIS HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Business-Type Activities - Enterprise Funds				Total Enterprise Funds
	Major Funds			Non-Major Fund	
	Food Service	Academy for Technology	Shared Services	Adult Continuing Education	
Operating Expenses:					
Depreciation Expense	\$ 9,897	\$ 19,573			\$ 29,470
Total Operating Expenses	1,039,193	1,137,373	\$ 1,271,496	\$ 160,274	3,608,336
Operating Income/(Loss)	(113,885)	(19,573)	-0-	(30)	(133,488)
Non-Operating Revenue:					
Federal Sources:					
School Breakfast Program	33,540				33,540
National School Lunch Program	177,471				177,471
Food Distribution Program	12,588				12,588
State Sources:					
School Lunch Program	7,299				7,299
Total Non-Operating Revenue	230,898				230,898
Change in Net Position	117,013	(19,573)	-0-	(30)	97,410
Net Position - Beginning of Year	253,787	515,498	-0-	16,268	785,553
Net Position - End of Year	\$ 370,800	\$ 495,925	\$ -0-	\$ 16,238	\$ 882,963

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Business-Type Activities - Enterprise Funds</u>				
	<u>Major Funds</u>			<u>Non-Major</u>	<u>Total</u>
	<u>Food</u>	<u>Academy</u>	<u>Shared</u>	<u>Fund</u>	
	<u>Service</u>	<u>for</u>	<u>Services</u>	<u>Adult</u>	<u>Enterprise</u>
	<u></u>	<u>Technology</u>	<u></u>	<u>Continuing</u>	<u>Funds</u>
	<u></u>	<u></u>	<u></u>	<u>Education</u>	<u></u>
Cash Flows from Operating Activities:					
Receipts from Customers	\$ 932,093	\$ 1,117,800	\$ 1,344,366	\$ 160,244	\$ 3,554,503
Payments to Employees		(871,863)	(847,259)	(22,451)	(1,741,573)
Payments to Food Service Vendor	(1,167,633)				(1,167,633)
Payments to Suppliers	(98,044)	(254,140)	(497,107)	(139,362)	(988,653)
Net Cash Provided by/(Used for) Operating Activities	(333,584)	(8,203)	-0-	(1,569)	(343,356)
Cash Flows from Noncapital and Related Financing Activities:					
Federal Subsidy Reimbursements	207,142				207,142
State Subsidy Reimbursements	7,304				7,304
Net Cash Provided by Noncapital and Related Financing Activities	214,446				214,446
Cash Flows from Capital and Related Financing Activities:					
Purchase of Capital Assets	(42,201)				(42,201)
Net Cash Used for Capital and Related Financing Activities	(42,201)	-0-	-0-	-0-	(42,201)
Net Increase/(Decrease) in Cash and Cash Equivalents	(161,339)	(8,203)	-0-	(1,569)	(171,111)
Cash and Cash Equivalents, July 1	452,620	14,822	-0-	18,327	485,769
Cash and Cash Equivalents, June 30	\$ 291,281	\$ 6,619	\$ -0-	\$ 16,758	\$ 314,658

MORRIS HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Business-Type Activities - Enterprise Funds				
	Major Funds			Non-Major Fund	Total Enterprise Funds
	Food Service	Academy for Technology	Shared Services	Adult Continuing Education	
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:					
Operating Income/(Loss)	\$ (113,885)	\$ (19,573)	\$ -0-	\$ (30)	\$ (133,488)
Adjustment to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:					
Depreciation	9,897	19,573			29,470
Federal Food Distribution Program	12,588				12,588
Changes in Assets and Liabilities:					
(Increase)/Decrease in Other Receivables			72,870		72,870
(Increase)/Decrease in Inventory	(5,870)				(5,870)
Increase/(Decrease) in Accounts Payable	(243,099)	(8,203)	(9,037)	(1,539)	(261,878)
Increase/(Decrease) in Interfund Payable			(63,833)		(63,833)
Increase/(Decrease) in Unearned Revenue	6,785				6,785
Net Cash Provided by/(Used for) Operating Activities	<u>\$ (333,584)</u>	<u>\$ (8,203)</u>	<u>\$ -0-</u>	<u>\$ (1,569)</u>	<u>\$ (343,356)</u>

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received and utilized commodities from the Federal Food Distribution Program valued at \$12,588 for the fiscal year ended June 30, 2015.

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

Exhibit B-7

MORRIS HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Trust</u>
ASSETS:			
Cash and Cash Equivalents	\$ 376,394	\$ 120,384	\$ 261,139
Total Assets	<u>376,394</u>	<u>120,384</u>	<u>261,139</u>
LIABILITIES:			
Payroll Deductions and Withholdings	6,804		
Due to Student Groups	<u>369,590</u>		
Total Liabilities	<u>376,394</u>	<u>- 0 -</u>	<u>- 0 -</u>
NET POSITION:			
Held in Trust for:			
Unemployment Claims		120,384	
Scholarships			<u>261,139</u>
Total Net Position	<u>\$ - 0 -</u>	<u>\$ 120,384</u>	<u>\$ 261,139</u>

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

Exhibit B-8

MORRIS HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Trust</u>
ADDITIONS:		
Contributions:		
Employee	\$ 91,615	
Donations		\$ 17,720
Total Contributions	<u>91,615</u>	<u>17,720</u>
Investment Earnings:		
Interest	9	442
Net Investment Earnings	<u>9</u>	<u>442</u>
Total Additions	<u>91,624</u>	<u>18,162</u>
DEDUCTIONS:		
Unemployment Claims	56,386	
Scholarships Awarded		22,708
Total Deductions	<u>56,386</u>	<u>22,708</u>
Change in Net Position	35,238	(4,546)
Net Position - Beginning of the Year	<u>85,146</u>	<u>265,685</u>
Net Position - End of the Year	<u>\$ 120,384</u>	<u>\$ 261,139</u>

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency and a resulting financial benefit or burden relationship, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significances) should be included in the reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include two high schools which comprise the Morris Hills Regional School District. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

District-Wide Financial Statements:

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

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

B. Basis of Presentation: (Cont'd)

Fund Financial Statements:

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

The District reports the following governmental funds:

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

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

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

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

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

B. Basis of Presentation: (Cont'd)

The District reports the following proprietary funds:

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

Additionally, the District reports the following fund type:

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

C. Measurement Focus and Basis of Accounting

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

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

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

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

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2015 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2 (m) 1. All budget amendments/transfers must be made by School Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the fiscal year).

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

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

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 66,956,969	\$ 916,814
Difference - Budget to GAAP:		
Prior Year State aid payments recognized for GAAP statements, not recognized for budgetary purposes	699,491	
Current Year State aid payments recognized for budgetary purposes, not recognized for GAAP statements	<u>(699,111)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 66,957,349</u>	<u>\$ 916,814</u>

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

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

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 65,382,829	\$ 916,814
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 65,382,829	\$ 916,814
	Capital Projects Fund	
	SDA Revenue	Fund Balance
Summary Schedule of Revenue, Expenditures and Changes in Fund Balance (Budgetary Basis) (Exhibit F-1)	\$ 635,188	\$ 1,898,348
Reconciliation to Governmental Funds Statement (GAAP):		
SDA Grants are recognized as revenue on the budgetary basis when awarded but are recognized when expended and submitted for reimbursement on the GAAP Basis	(623,867)	(623,867)
Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds (GAAP Basis) (Exhibit B-2)	\$ 11,321	\$ 1,274,481

E. Cash and Cash Equivalents and Investments:

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

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

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

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

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2015.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

K. Capital Assets:

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

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

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

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

L. Long Term Liabilities:

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

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year; therefore, there are no accrued salaries and wages as of June 30, 2015.

N. 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.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

N. Compensated Absences: (Cont'd)

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

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

O. Unearned Revenue:

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

P. Fund Balance Appropriated:

General Fund: Of the \$2,923,264 General Fund balance at June 30, 2015, \$2,097,818 is restricted in the capital reserve account; \$257,329 is restricted in the maintenance reserve account; \$568,117 is assigned and included as anticipated revenue for the fiscal year ending June 30, 2016; and \$0 is unassigned fund balance which is \$644,228 less on the GAAP basis than the calculated maximum unassigned fund balance (budgetary basis) due to the June state aid payments which are not recognized until the fiscal year ended June 30, 2016.

Capital Projects Fund: The \$1,274,481 Capital Projects Fund balance at June 30, 2015 is committed, which is \$623,867 less on the GAAP basis due to SDA grants receivable which are not recognized on the GAAP basis of accounting until expended and submitted for reimbursement.

Debt Service Fund: The Debt Service Fund balance at June 30, 2015 of \$1,256 is restricted, of which \$1,250 is included as anticipated revenue for the fiscal year ending June 30, 2016.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7 as amended, the designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent fiscal year's budget. The District did not have excess surplus at June 30, 2015.

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$644,228 in unassigned fund balance and \$54,883 in fund balance assigned for subsequent year's expenditures as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event one or more state school aid payments are not made until the following school budget year, districts must record those state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the school district cannot recognize the June state aid payments on the GAAP financial statements until the fiscal year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the June state aid payments and not the fund balance reported on the fund statement which excludes the June state aid payments.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

Q. Fund Balance Restrictions, Commitments and Assignments:

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

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

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has \$1,274,481 of committed resources in the Capital Projects Fund at June 30, 2015.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has \$568,117 of assigned resources for subsequent fiscal year's expenditures in the General Fund at June 30, 2015 on the GAAP Basis.

R. Deficit Net Position:

The District has a \$22,122,029 deficit in unrestricted net position and a \$7,089,716 deficit in total net position from governmental activities, primarily due to the accrual of \$3,961,699 in compensated absences payable, \$310,572 in accrued interest payable, \$4,285,995 of unamortized bond premiums, investment gains in pensions of \$1,074,404, and net pension liability of \$18,028,556, offset by deferred interest of \$2,207,325, changes in pension assumptions of \$566,915, changes in proportion in pensions of \$922,359 and Governmental Funds committed and assigned fund balances. The deficit balances do not indicate that the District is having financial difficulties and is a permitted practice under generally accepted accounting principles.

S. Net Position:

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. The District had a deferred outflow of resources at June 30, 2015 for the deferred amount on refunding of debt related to the District's 2012 refunding bonds and changes in assumptions and changes in proportion in pensions.

A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period.

The District had deferred inflows of resources at June 30, 2015 for the net difference between projected and actual investment earnings on pension plan investments.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

S. Net Position: (Cont'd)

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

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

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

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

T. Revenue - Exchange and Nonexchange Transactions:

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

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

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

U. Operating Revenue and Expenses:

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

V. Management Estimates:

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

W. Pensions

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

Investments are stated at cost, which approximates market. The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB Statement No. 40, *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures*, requires disclosure of the level of custodial credit risk assumed by the Board in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

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

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

Deposits:

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

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

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

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

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund; or
- (7) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in statute; and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

As of June 30, 2015, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents		Total
		Capital Reserve Account	Maintenance Reserve Account	
Checking and Savings Accounts	<u>\$ 1,885,149</u>	<u>\$ 2,097,818</u>	<u>\$ 257,329</u>	<u>\$ 4,240,296</u>

During the period ended June 30, 2015, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2015 was \$4,240,296 and the bank balance was \$4,751,315.

NOTE 4. CAPITAL RESERVE ACCOUNT

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

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

The activity of the capital reserve for the July 1, 2014 to June 30, 2015 fiscal year is as follows:

Beginning Balance, July 1, 2014	\$ 1,450,400
Interest Earnings	200
Increase by Board Resolution - June 8, 2015	1,800,000
Budgeted Withdrawals	(952,782)
Withdrawals by Board Resolution	<u>(200,000)</u>
Ending Balance, June 30, 2015	<u>\$ 2,097,818</u>

The balance in the capital reserve account at June 30, 2015 does not exceed the balance of local support costs of uncompleted capital projects in the District's Long Range Facilities Plan ("LRFP"). Withdrawals from the capital reserve were for use in DOE approved facilities projects, consistent with the District's LRFP.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 5. MAINTENANCE RESERVE ACCOUNT

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

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

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

The activity of the maintenance reserve for the July 1, 2014 to June 30, 2015 fiscal year is as follows:

Beginning Balance, July 1, 2014	\$ 200,000
Increase by Board Resolution - June 8, 2015	200,000
Unexpended Funds Returned	7,329
Budgeted Withdrawals	(110,000)
Withdrawals by Board Resolution	<u>(40,000)</u>
Ending Balance, June 30, 2015	<u>\$ 257,329</u>

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the fiscal year ended June 30, 2015 were as follows:

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 288,500			\$ 288,500
Construction in Progress	1,884,236	\$ 1,077,777		2,962,013
Total Capital Assets Not Being Depreciated	<u>2,172,736</u>	<u>1,077,777</u>		<u>3,250,513</u>
Capital Assets Being Depreciated:				
Buildings and Building Improvements	89,311,128			89,311,128
Land Improvements	3,893,811			3,893,811
Machinery and Equipment	10,327,028	685,121		11,012,149
Total Capital Assets Being Depreciated	<u>103,531,967</u>	<u>685,121</u>		<u>104,217,088</u>
Governmental Activities Capital Assets	<u>105,704,703</u>	<u>1,762,898</u>		<u>107,467,601</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(52,323,329)	(2,079,998)		(54,403,327)
Land Improvements	(2,757,281)	(162,054)		(2,919,335)
Machinery and Equipment	(8,582,670)	(367,806)		(8,950,476)
	<u>(63,663,280)</u>	<u>(2,609,858)</u>		<u>(66,273,138)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$42,041,423</u>	<u>\$ (846,960)</u>	<u>\$ -0-</u>	<u>\$41,194,463</u>

Capital asset balances and activity for the fiscal year ended June 30, 2015 were as follows:

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Business Type Activities:				
Capital Assets Being Depreciated:				
Buildings and Building Improvements	\$ 782,890			\$ 782,890
Machinery and Equipment	634,984	\$ 42,201		677,185
Total Capital Assets Being Depreciated	<u>1,417,874</u>	<u>42,201</u>		<u>1,460,075</u>
Less Accumulated Depreciation	<u>(854,022)</u>	<u>(29,470)</u>		<u>(883,492)</u>
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 563,852</u>	<u>\$ 12,731</u>	<u>\$ -0-</u>	<u>\$ 576,583</u>

The increases totaling \$1,805,099 represent current fiscal year capitalized expenditures in the General, and Capital Projects Funds and Business-Type Activities. The District had active construction projects balances totaling \$1,898,348 as of June 30, 2015. The District had no outstanding construction encumbrances as of June 30, 2015.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 6. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged directly to governmental functions as follows:

Regular Instruction	\$ 16,041
Student and Instruction Related Services	31,651
General Administrative Services	78,031
Plant Operations and Maintenance	15,557
Pupil Transportation	113,042
Unallocated (Not Associated with an Identifiable Function or Program)	2,355,536
	<u>\$ 2,609,858</u>

NOTE 7: TRANSFERS TO/FROM CAPITAL OUTLAY

During the fiscal year ended June 30, 2015, the District transferred \$50,850 from the capital outlay accounts for equipment which did not require County Superintendent approval.

NOTE 8. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2015, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance 6/30/2014 (Restated)	Added	Retired	Balance 6/30/2015	Balance Due Within One Year
Serial Bonds Payable	\$29,700,000		\$ 1,470,000	\$28,230,000	\$ 1,420,000
Compensated Absences Payable	3,829,746	\$ 263,524	131,571	3,961,699	- 0 -
Net Pension Liability	17,311,465	717,091		18,028,556	- 0 -
Capital Lease Payable	567,861		279,308	288,553	288,553
	<u>\$51,409,072</u>	<u>\$ 980,615</u>	<u>\$ 1,880,879</u>	<u>\$50,508,808</u>	<u>\$ 1,708,553</u>

A. Bonds Payable:

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

The District had bonds outstanding as of June 30, 2015 as follows:

<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
10/01/2029	2.00%-5.00%	<u>\$28,230,000</u>

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(Continued)

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

A. Bonds Payable: (Cont'd)

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

Fiscal Year Ended June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 1,420,000	\$ 1,196,250	\$ 2,616,250
2017	1,450,000	1,167,550	2,617,550
2018	1,500,000	1,123,050	2,623,050
2019	1,555,000	1,061,950	2,616,950
2020	1,610,000	1,006,700	2,616,700
Thereafter:			
2021-2025	9,105,000	3,995,675	13,100,675
2026-2030	11,590,000	1,505,750	13,095,750
	<u>\$28,230,000</u>	<u>\$ 11,056,925</u>	<u>\$ 39,286,925</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2015, the Board had no bonds authorized but not issued.

C. Capital Leases Payable:

In fiscal year 2011, the District entered into a \$1,355,400 capital lease agreement for the local share of the Morris Knolls High School roof replacement capital project of which \$1,066,847 has been amortized. The lease agreement is for a term of five years. The following is a schedule of the future minimum lease payments under this capital lease and the present value of the net minimum lease payments at June 30, 2015.

<u>Fiscal Year</u>	<u>Amount</u>
2016	\$ 298,104
Less: Amount representing interest	<u>(9,551)</u>
Present value of net minimum lease payments	<u>\$ 288,553</u>

Capital leases payable are liquidated by the General Fund (not the Debt Service Fund) as required.

D. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities and are liquidated by the General Fund.

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, 2015, no liability existed for compensated absences in the Proprietary Funds.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

E. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2015 is \$-0- and the long-term portion is \$18,028,556. See Note 9 for further information on the PERS.

NOTE 9. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP).

A. Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. 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 to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit 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 members 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 50 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 HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$793,820 for fiscal year 2015.

The employee contribution rate was 6.92% effective July 1, 2014. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2015, the District reported a liability of \$18,028,556 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2014, the District's proportion was 0.096%, which was an increase of 0.006% from its proportion measured as of June 30, 2013.

For the fiscal year ended June 30, 2015, the District recognized pension expense of \$1,099,496. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	\$ 566,915	
Changes in Proportion	922,359	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		\$ 1,074,404
	<u>\$ 1,489,274</u>	<u>\$ 1,074,404</u>

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2015	\$ (164,389)
2016	(164,389)
2017	(164,389)
2018	(164,389)
2019	104,212
Thereafter	45,855
	<u>\$ (507,489)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	3.01%
Salary Increases:	
2012-2021	2.15 – 4.40% based on age
Thereafter	3.15 – 5.40% based on age
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments is 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. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2014 are summarized in the table on the following page:

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad U.S. Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

Discount Rate

The discount rate used to measure the total pension liability was 5.39% as of June 30, 2014. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 4.29% as of June 30, 2014 based on 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. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2014 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Fiscal Year Ended June 30, 2014		
	1% Decrease (4.39%)	Current Discount Rate (5.39%)	1% Increase (6.39%)
District's proportionate share of the Net Pension Liability	\$ 22,680,537	\$ 18,028,556	\$ 14,122,076

Pension plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

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

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, 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. The following represents the membership tiers for TPAF:

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2014, the State's pension contribution was less than the actuarially determined amount.

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2015, the State of New Jersey contributed \$1,386,367 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$7,383,488.

The employee contribution rate was 6.92% effective July 1, 2014. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2015, the State's proportionate share of the net pension liability associated with the District was \$137,215,600. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2014, the District's proportion was 0.257%, which was an increase of 0.002% from its proportion measured as of June 30, 2013.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 137,215,600
Total	<u>\$ 137,215,600</u>

For the fiscal year ended June 30, 2014, the State recognized pension expense on behalf of the District in the amount of \$7,383,488 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2015 financial statements.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 2,306,623,861	
Difference Between Expected and Actual Experience		\$ 21,969,019
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		1,741,236,574
	<u>\$ 2,306,623,861</u>	<u>\$ 1,763,205,593</u>

The \$2,306,623,861 reported as deferred outflows of resources related to pensions resulting from changes in assumptions will be amortized over a period of 8.5 years. The \$21,969,019 reported as reported as deferred outflows of resources related to pensions resulting from changes in assumptions will be amortized over a period of 8.5 years. The \$1,741,236,574 reported as a deferred inflow of resources resulting from the difference between projected and actual investment earnings on pension plan investments will be amortized over 5 years.

Fiscal Year Ending June 30,	Total
2016	\$ (130,688,498)
2017	(130,688,498)
2018	(130,688,498)
2019	(130,688,496)
2020	304,620,646
Thereafter	761,551,612
	<u>\$ 543,418,268</u>

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Actuarial Assumptions (Cont'd)

Mortality rates were based on the RP-2000 Health Annuitant Mortality Tables for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments is 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. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2014 is summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate-Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-U.S. Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad U.S. Equities	25.90%	5.88%
Large CAP U.S. Equities	0.00%	5.62%
Mid CAP U.S. Equities	0.00%	6.39%
Small CAP U.S. Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Funds/Absolute Return	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long Credit Bonds	0.00%	3.74%

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.68% as of June 30, 2014. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 4.29% as of June 30, 2014 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the net pension liability of the State as of June 30, 2014 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Fiscal Year Ended June 30, 2014		
	1% Decrease (3.68%)	Current Discount Rate (4.68%)	1% Increase (5.68%)
Total Net Pension Liability	\$ 64,722,984,539	\$53,813,067,539	\$44,738,870,539

Pension Plan Fiduciary Net Position

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

C. Defined Contribution Retirement Program (DCRP)

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

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

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

For DCRP, the District recognized pension expense of \$6,393 for the fiscal year ended June 30, 2015. Employee contributions to DCRP amounted to \$11,722 for the fiscal year ended June 30, 2015.

NOTE 10. POST-RETIREMENT BENEFITS

P.L. 1987, c.384 and P.L. 1990, c.6 required the TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 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. As of June 30, 2014, there were 103,432 retirees receiving post-retirement medical benefits, and the State contributed \$1.04 billion on their behalf. 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 premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributed to P.L. 1992, c.126 which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members for Fiscal Year 2014.

The State's on behalf Post-Retirement Medical Contributions to TPAF for the District amounted to \$2,200,806, \$1,780,775 and \$1,862,205 for 2015, 2014 and 2013, respectively.

NOTE 11. RISK MANAGEMENT

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

Property and Liability Insurance

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

The June 30, 2015 audit was not available as of the date of this report. Selected, summarized financial information for the Group as of June 30, 2014 is as follows:

	New Jersey Schools Insurance Group (NJSIG)
	<hr/>
Total Assets	\$ 293,795,686
Net Position	\$ 66,169,762
Total Revenue	\$ 120,623,875
Total Expenses	\$ 119,843,435
Change in Net Position	\$ 780,440
Member Dividends	\$ - 0 -

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

New Jersey Schools Insurance Group
450 Veterans Drive
Burlington, NJ 08016
(609) 386-6060
www.njsig.org

New Jersey Unemployment Compensation Insurance

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2014-2015	\$ -0-	\$ 9	\$ 91,615	\$ 56,386	\$ 120,384
2013-2014	-0-	7	89,066	100,018	85,146
2012-2013	-0-	8	82,331	102,432	96,091

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 12. DEFERRED COMPENSATION

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

The plan administrators are as follows:

403b

The Variable Annuity Life Insurance Co. c/o Chase Bank of Texas P.O. Box 201001 Houston, TX 77216-1001	The Equitable Assurance Co. Individual Annuity Center P.O. Box 2996 New York, NY 10116-2996	American Funds c/o Capital Bank & Trust P.O. Box 1570 Norfolk, VA 23501-1570
T-Rowe Price Retirement Operations Group P.O. Box 17479 Baltimore, MD 21298-9014	Lincoln Investment Planning, Inc. P.O. Box 13813 Philadelphia, PA 19101-3813	Vanguard Small Business Services P.O. Box 1106 Valley Forge, PA 19482-1106
Lincoln National Life Insurance Co. 1300 South Clinton Street Fort Wayne, IN 46802	The Legend Group 1200 Route 22 East Bridgewater, NJ 08807	MetLife P.O. Box 120945 Dallas, TX 75312
Mass Mutual Financial Group 1295 State Street Springfield, MA 01111		

457

The Equitable Assurance Co. Individual Annuity Center P.O. Box 2996 New York, NY 10116-2996	The Legend Group 1200 Route 22 East Bridgewater, NJ 08807	MetLife P.O. Box 120945 Dallas, TX 75312
--	---	--

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2015:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 466,021	\$ 494,977
Special Revenue Fund		372,487
Capital Projects Fund	494,977	
Proprietary Funds		93,534
	<u>\$ 960,998</u>	<u>\$ 960,998</u>

The interfund receivable balance in the General Fund represents interfund loans advanced to the Special Revenue Fund while awaiting collection of federal grant reimbursements and to the Proprietary Funds while awaiting the collection of accounts receivable. The interfund receivable balance in the Capital Projects Fund represents an interfund loan advanced to the General Fund while awaiting the collection of the June state aid payments.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES (Cont'd)

During the fiscal year, the General Fund transferred \$1,152,782 to the Capital Projects Fund for the local share of capital projects, and the Capital Projects Fund transferred \$1,100 of interest earnings to the Debt Service Fund.

NOTE 14. ACCOUNTS PAYABLE

The following accounts payable balances existed as of June 30, 2015:

	Governmental Activities			Total Governmental Funds	Business-Type Activities
	General Fund	Special Revenue Fund	Capital Projects Fund		Proprietary Funds
Salaries	\$ 153,952	\$ 2,003		\$ 155,955	
Vendors	292,354	12,374	\$ 43,135	347,863	\$ 21,299
	<u>\$ 446,306</u>	<u>\$ 14,377</u>	<u>\$ 43,135</u>	<u>\$ 503,818</u>	<u>\$ 21,299</u>

NOTE 15. CONTINGENCIES

Litigation

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

Grant Programs

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

NOTE 16. ECONOMIC DEPENDENCY

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 17. TAX CALENDAR

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

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

NOTE 18. PRIOR PERIOD ADJUSTMENTS

The District made a prior year adjustment in the District Wide Financial Statements to record the net pension liability as of June 30, 2014 as a result of implementing Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment to GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*.

	Balance 6/30/2014 as Previously Reported	Retroactive Adjustments	Balance 6/30/2014 Restated
<u>Statement of Net Position - Governmental Activities:</u>			
Liabilities:			
Noncurrent Liabilities:			
Due Beyond One Year	\$32,348,299	\$17,311,465	\$49,659,764
Total Liabilities	39,786,650	17,311,465	57,098,115
Net Position - Unrestricted (Deficit)	(4,342,113)	(17,311,465)	(21,653,578)
Total Net Position (Deficit)	9,083,520	(17,311,465)	(8,227,945)

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

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

	<u>Fiscal Year Ending June 30,</u>	
	<u>2014</u>	<u>2015</u>
District's proportion of the net pension liability	0.0905790976%	0.0962923203%
District's proportionate share of the net pension liability	\$ 17,311,465	\$ 18,028,556
District's covered employee payroll	\$ 6,627,964	\$ 6,819,569
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	261.19%	264.37%
Plan fiduciary net position as a percentage of the total pension liability	48.72%	52.08%

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

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

	<u>Fiscal Year Ending June 30,</u>	
	<u>2014</u>	<u>2015</u>
Contractually required contribution	\$ 677,199	\$ 793,820
Contributions in relation to the contractually required contribution	<u>(677,199)</u>	<u>(793,820)</u>
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 6,627,964	\$ 6,819,569
Contributions as a percentage of covered employee payroll	10.22%	11.64%

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

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

	<u>Fiscal Year Ending June 30,</u>	
	<u>2014</u>	<u>2015</u>
State's proportion of the net pension liability attributable to the District	0.2548739076%	0.2567333136%
State's proportionate share of the net pension liability attributable to the District	\$ 128,811,268	\$ 137,215,600
District's covered employee payroll	\$ 26,259,124	\$ 27,301,314
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	490.54%	502.60%
Plan fiduciary net position as a percentage of the total pension liability	33.76%	33.64%

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.55% as of June 30, 2013 to 5.39% as of June 30, 2014 in accordance with Paragraph 44 of GASB Statement No. 67.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.95% as of June 30, 2013 to 4.68% as of June 30, 2014 in accordance with Paragraph 44 of GASB Statement No. 67.

BUDGETARY COMPARISON SCHEDULES

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 53,092,975		\$ 53,092,975	\$ 53,092,975	
Tuition From Other LEA's Within the State	146,384		146,384	110,346	\$ (36,038)
Tuition From Summer School	42,500		42,500	24,806	(17,694)
Interest Earned on Capital Reserve Fund	200		200	200	
Miscellaneous	158,548		158,548	200,083	41,535
Total - Local Sources	53,440,607		53,440,607	53,428,410	(12,197)
State Sources:					
Special Education Categorical Aid	1,787,677		1,787,677	1,787,677	
Equalization Aid	3,682,325		3,682,325	3,682,325	
School Choice Aid	1,669,074	\$ (165,528)	1,503,546	1,503,546	
Security Aid	49,538		49,538	49,538	
Transportation Aid	278,987		278,987	278,987	
Per Pupil Growth Aid	28,990		28,990	28,990	
PARCC Readiness Aid	28,990		28,990	28,990	
Extraordinary Special Education Aid	533,518		533,518	601,782	68,264
Nonpublic School Transportation Costs				23,033	23,033
On-Behalf Contributions:					
TPAF Post Retirement Medical Benefits (Non-Budgeted)				2,200,860	2,200,860
TPAF Pension (Non-Budgeted)				1,386,367	1,386,367
TPAF Social Security (Reimbursed - Non-Budgeted)				1,950,515	1,950,515
Total State Sources	8,059,099	(165,528)	7,893,571	13,522,610	5,629,039
Federal Sources:					
Medicaid Reimbursement (SEMI)	25,441		25,441		(25,441)
Medicaid Reimbursement (SEMI/ARRA)				5,949	5,949
Total Federal Sources	25,441		25,441	5,949	(19,492)
TOTAL REVENUES	61,525,147	(165,528)	61,359,619	66,956,969	5,597,350

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Grades 9-12 - Salaries of Teachers	\$ 18,188,937	\$ (279,420)	\$ 17,909,517	\$ 17,806,447	\$ 103,070
Regular Programs - Home Instruction:					
Salaries of Teachers	150,000	(15,000)	135,000	89,873	45,127
Purchased Professional - Educational Services	40,000	15,000	55,000	51,196	3,804
Regular Programs - Undistributed Instruction:					
Purchased Professional - Educational Services	106,750		106,750	103,736	3,014
Other Purchased Services (400-500 series)	551,285	(5,325)	545,960	496,839	49,121
General Supplies	946,097	143,138	1,089,235	1,074,718	14,517
Textbooks	193,876	(46,260)	147,616	146,310	1,306
Other Objects	10,044	11,101	21,145	17,392	3,753
Total Regular Programs - Instruction	20,186,989	(176,766)	20,010,223	19,786,511	223,712
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	333,560	11,995	345,555	344,938	617
Other Salaries for Instruction	31,470		31,470	30,279	1,191
Other Purchased Services (400-500 series)	300		300	295	5
General Supplies	6,000		6,000	2,868	3,132
Textbooks	3,000		3,000	2,720	280
Total Learning and/or Language Disabilities	374,330	11,995	386,325	381,100	5,225

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Special Education - Instruction:					
Multiple Disabilities:					
Salaries of Teachers	\$ 118,890	\$ 64,000	\$ 182,890	\$ 119,823	\$ 63,067
Other Salaries for Instruction	61,960	2,005	63,965	63,965	
Other Purchased Services (400-500 series)	200	20	220	218	2
General Supplies	4,000	(20)	3,980	584	3,396
Textbooks	2,000		2,000	1,437	563
Total Multiple Disabilities	187,050	66,005	253,055	186,027	67,028
Resource Room/Resource Center:					
Salaries of Teachers	2,039,891	135,000	2,174,891	2,035,132	139,759
Other Salaries for Instruction	261,865	(17,000)	244,865	213,251	31,614
Other Purchased Services (400-500 series)	600		600	378	222
General Supplies	5,500		5,500	3,349	2,151
Textbooks	1,500		1,500	868	632
Other Objects	500		500		500
Total Resource Room/Resource Center	2,309,856	118,000	2,427,856	2,252,978	174,878
Total Special Education Instruction	2,871,236	196,000	3,067,236	2,820,105	247,131
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	617,996	2,400	620,396	602,151	18,245
Total Basic Skills/Remedial - Instruction	617,996	2,400	620,396	602,151	18,245

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Bilingual Education - Instruction:					
Salaries of Teachers	\$ 78,840	\$ 4,000	\$ 82,840	\$ 79,121	\$ 3,719
Other Purchased Services (400-500 series)	200	(200)			
General Supplies	200	(200)			
Textbooks	200	(200)			
Total Bilingual Education - Instruction	79,440	3,400	82,840	79,121	3,719
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	508,619	3,020	511,639	508,759	2,880
Purchased Services (300-500 series)	24,325	11,745	36,070	32,949	3,121
Supplies and Materials	18,755	(1,770)	16,985	12,179	4,806
Other Objects	13,165	(1,275)	11,890	9,600	2,290
Total School-Sponsored Cocurricular Activities - Instruction	564,864	11,720	576,584	563,487	13,097
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	1,937,037	14,432	1,951,469	1,944,355	7,114
Purchased Services (300-500 series)	181,680	(11,993)	169,687	156,291	13,396
Supplies and Materials	178,373	14,261	192,634	187,750	4,884
Other Objects	48,945	5,145	54,090	50,518	3,572
Total School-Sponsored Cocurricular Athletics - Instruction	2,346,035	21,845	2,367,880	2,338,914	28,966
Total Instruction	26,666,560	58,599	26,725,159	26,190,289	534,870

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Special	\$ 401,591	\$ 140,839	\$ 542,430	\$ 473,288	\$ 69,142
Tuition to County Vocational Schools - Regular	1,161,790	66,250	1,228,040	1,215,989	12,051
Tuition to County Vocational Schools - Special	51,140	(10,000)	41,140	40,505	635
Tuition to County Special Services Schools and Regional Day Schools	264,087	(201,176)	62,911	62,911	
Tuition to Private Schools for the Disabled - Within the State	2,768,278	158,983	2,927,261	2,677,335	249,926
Tuition to Private Schools for the Disabled and Other LEAs - Special - Outside the State	743,162	(79,746)	663,416	662,667	749
Tuition - State Facilities	22,500		22,500	22,500	
Total Undistributed Expenditures - Instruction	5,412,548	75,150	5,487,698	5,155,195	332,503
Attendance and Social Work Services:					
Salaries	97,494	(1,765)	95,729	94,827	902
Supplies and Materials	4,300		4,300	2,777	1,523
Total Attendance and Social Work Services	101,794	(1,765)	100,029	97,604	2,425
Health Services:					
Salaries	373,087	545	373,632	373,584	48
Purchased Professional and Technical Services	109,400	48,100	157,500	134,973	22,527
Other Purchased Services (400-500 series)	25,500	6,176	31,676	21,571	10,105
Supplies and Materials	5,375	(276)	5,099	4,635	464
Total Health Services	513,362	54,545	567,907	534,763	33,144

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Other Support Services - Speech, OT, PT and Related Services:					
Salaries	\$ 364,901	\$ 27,850	\$ 392,751	\$ 391,845	\$ 906
Purchased Professional - Educational Services	409,823	(28,108)	381,715	381,715	
Total Other Support Services - Speech, OT, PT and Related Services	<u>774,724</u>	<u>(258)</u>	<u>774,466</u>	<u>773,560</u>	<u>906</u>
Other Support Services - Students - Extraordinary Services:					
Salaries	264,535	119,690	384,225	381,859	2,366
Supplies and Materials	32,000	(17,305)	14,695	14,005	690
Total Other Support Services - Students - Extraordinary Services	<u>296,535</u>	<u>102,385</u>	<u>398,920</u>	<u>395,864</u>	<u>3,056</u>
Other Support Services - Students - Guidance:					
Salaries of Other Professional Staff	1,411,576	(69,170)	1,342,406	1,341,501	905
Salaries of Secretarial and Clerical Assistants	248,265	(4,785)	243,480	237,500	5,980
Purchased Professional - Educational Services	2,300	(344)	1,956		1,956
Other Purchased Services (400-500 series)	24,558	22,275	46,833	37,557	9,276
Supplies and Materials	10,894	1,200	12,094	8,339	3,755
Total Other Support Services - Students - Guidance	<u>1,697,593</u>	<u>(50,824)</u>	<u>1,646,769</u>	<u>1,624,897</u>	<u>21,872</u>
Other Support Services - Child Study Teams:					
Salaries of Other Professional Staff	1,009,127	(55,605)	953,522	912,576	40,946
Salaries of Secretarial and Clerical Assistants	124,354	12,160	136,514	136,476	38
Purchased Professional - Educational Services	10,000	2,180	12,180	9,960	2,220
Other Purchased Services (400-500 series)	17,600	(2,307)	15,293	14,716	577
Supplies and Materials	9,500	(3,165)	6,335	6,134	201
Other Objects	500	1,000	1,500	776	724
Total Other Support Services - Child Study Teams	<u>1,171,081</u>	<u>(45,737)</u>	<u>1,125,344</u>	<u>1,080,638</u>	<u>44,706</u>

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	\$ 677,648	\$ 52,070	\$ 729,718	\$ 707,853	\$ 21,865
Salaries of Secretarial and Clerical Assistants	289,971	100	290,071	289,998	73
Purchased Professional - Educational Services	8,500	(2,179)	6,321	4,928	1,393
Other Purchased Services (400-500 series)	19,510		19,510	16,178	3,332
Supplies and Materials	2,000	80	2,080	1,580	500
Other Objects	2,050		2,050	273	1,777
Total Improvement of Instructional Services	999,679	50,071	1,049,750	1,020,810	28,940
Educational Media Services/School Library:					
Salaries	355,152	1,855	357,007	355,252	1,755
Other Purchased Services (400-500 series)	27,910	(8,844)	19,066	18,815	251
Supplies and Materials	199,555	30,981	230,536	227,019	3,517
Total Educational Media Services/School Library	582,617	23,992	606,609	601,086	5,523
Instructional Staff Training Services:					
Salaries of Supervisors of Instruction	159,168	(2,325)	156,843	152,450	4,393
Salaries of Other Professional Staff	10,000	7,955	17,955	17,871	84
Salaries of Secretarial and Clerical Assistants	51,171	25	51,196	51,176	20
Other Salaries	79,411	(33,700)	45,711	45,619	92
Purchased Professional - Educational Services	51,000	(51,000)			
Other Purchased Services (400-500 series)	7,363	(4,840)	2,523	689	1,834
Supplies and Materials	10,187	(7,700)	2,487	2,327	160
Total Instructional Staff Training Services	368,300	(91,585)	276,715	270,132	6,583

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Support Services - General Administration:					
Salaries	\$ 269,526	\$ 10,400	\$ 279,926	\$ 279,857	\$ 69
Legal Services	60,000	22,000	82,000	66,284	15,716
Audit Fees	77,180	9,000	86,180	81,000	5,180
Architectural/Engineering Services	34,000	(5,000)	29,000	8,770	20,230
Other Purchased Professional Services	4,500	59,028	63,528		63,528
Communications/Telephone	147,300	(3,549)	143,751	121,841	21,910
BOE Other Purchased Services	2,000		2,000	1,110	890
Miscellaneous Purchased Services (400-500 series)	324,718	(41,220)	283,498	256,507	26,991
General Supplies	15,005	3,100	18,105	15,190	2,915
Miscellaneous Expenditures	5,575	1,203	6,778	6,477	301
BOE Membership Dues and Fees	29,000		29,000	27,173	1,827
Total Support Services - General Administration	968,804	54,962	1,023,766	864,209	159,557
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	1,561,865	20,030	1,581,895	1,367,502	214,393
Salaries of Secretarial and Clerical Assistants	500,145	142,000	642,145	524,692	117,453
Other Purchased Services (400-500 series)	95,592	(1,695)	93,897	60,442	33,455
Supplies and Materials	21,426	8,140	29,566	22,442	7,124
Other Objects	2,232	195	2,427	1,858	569
Total Support Services - School Administration	2,181,260	168,670	2,349,930	1,976,936	372,994

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Central Services:					
Salaries	\$ 805,852		\$ 805,852	\$ 798,753	\$ 7,099
Purchased Professional Services	25,400	\$ (21,300)	4,100	1,000	3,100
Miscellaneous Purchased Services (400-500 series)	164,300	25,411	189,711	169,314	20,397
Supplies and Materials	17,485	11,324	28,809	18,743	10,066
Miscellaneous Expenditures	4,650	2,465	7,115	5,308	1,807
Total Central Services	1,017,687	17,900	1,035,587	993,118	42,469
Administration Information Technology:					
Salaries	384,184	15,000	399,184	385,081	14,103
Other Purchased Services (400-500 series)	32,645	85,039	117,684	68,364	49,320
Supplies and Materials	36,375		36,375	36,186	189
Total Administration Information Technology	453,204	100,039	553,243	489,631	63,612
Required Maintenance for School Facilities:					
Salaries	567,768	(19,475)	548,293	546,490	1,803
Cleaning, Repair and Maintenance Services	157,000	42,675	199,675	181,644	18,031
General Supplies	176,000	(2,400)	173,600	169,112	4,488
Total Required Maintenance for School Facilities	900,768	20,800	921,568	897,246	24,322

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Custodial Services:					
Salaries	\$ 1,160,925	\$ (22,045)	\$ 1,138,880	\$ 1,131,562	\$ 7,318
Purchased Professional and Technical Services	66,600	(62,600)	4,000	3,000	1,000
Cleaning, Repair and Maintenance Services	156,000	(16,500)	139,500	137,941	1,559
Other Purchased Property Services	80,000	250	80,250	67,062	13,188
Insurance	254,000		254,000	251,531	2,469
Miscellaneous Purchased Services	7,500	1,500	9,000	6,231	2,769
General Supplies	171,000	25,000	196,000	144,676	51,324
Energy (Natural Gas)	156,000	(47,200)	108,800	91,200	17,600
Energy (Electricity)	430,000	140,770	570,770	542,438	28,332
Energy (Oil)	490,000	(115,500)	374,500	374,500	
Other Objects	500	(250)	250	225	25
Total Custodial Services	<u>2,972,525</u>	<u>(96,575)</u>	<u>2,875,950</u>	<u>2,750,366</u>	<u>125,584</u>
Care & Upkeep of Grounds:					
Salaries	120,304	(15,705)	104,599	103,988	611
Cleaning, Repair and Maintenance Services	42,352	4,000	46,352	41,497	4,855
Total Care & Upkeep of Grounds	<u>162,656</u>	<u>(11,705)</u>	<u>150,951</u>	<u>145,485</u>	<u>5,466</u>
Security:					
Salaries	194,890	471	195,361	194,634	727
Purchased Professional and Technical Services	26,325	10,529	36,854	36,726	128
General Supplies	50,200	(39,500)	10,700	10,404	296
Total Security	<u>271,415</u>	<u>(28,500)</u>	<u>242,915</u>	<u>241,764</u>	<u>1,151</u>

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Student Transportation Services:					
Salaries for Pupil Transportation:					
Non-Instructional Aides	\$ 90,000	\$ 31,500	\$ 121,500	\$ 118,287	\$ 3,213
Between Home and School - Regular	1,581,288	(105,841)	1,475,447	1,473,401	2,046
Between Home and School - Special Education	116,532	(20,915)	95,617	95,616	1
Other Than Between Home and School	181,802	(44,845)	136,957	136,957	
Cleaning, Repair and Maintenance Services	19,200	3,767	22,967	19,875	3,092
Contracted Services:					
Between Home and School - Vendors		147,860	147,860	147,860	
Other Than Between Home and School - Vendors		202,140	202,140	198,493	3,647
Between Home and School - Joint Agreements	101,000	(5,758)	95,242	92,184	3,058
Special Education Students - Joint Agreements	810,000	155,446	965,446	960,565	4,881
Aid in Lieu of Payments - Nonpublic Students	119,340	(9,500)	109,840	109,609	231
Aid in Lieu of Payments - Choice Students	1,768	884	2,652	2,652	
Miscellaneous Purchased Services	18,140	12,000	30,140	17,980	12,160
General Supplies	3,000	(2,882)	118	118	
Transportation Supplies	393,700	(86,500)	307,200	297,932	9,268
Other Objects		200	200	193	7
Total Student Transportation Services	3,435,770	277,556	3,713,326	3,671,722	41,604
Allocated Benefits:					
Regular Programs - Instruction:					
Social Security Contributions	74,597	35,100	109,697	104,821	4,876
Other Retirement Contributions - Regular	10,000	(800)	9,200	5,007	4,193
Workmen's Compensation	118,313		118,313	118,313	
Health Benefits	3,480,232	(532,278)	2,947,954	2,855,135	92,819
Tuition Reimbursement	81,384	(2,346)	79,038	78,645	393
Other Employee Benefits	151,073	(6,495)	144,578	144,363	215
Total Allocated Benefits - Regular Programs - Instruction	3,915,599	(506,819)	3,408,780	3,306,284	102,496

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Allocated Benefits:					
Special Programs - Instruction:					
Social Security Contributions	\$ 35,319	\$ 5,045	\$ 40,364	\$ 40,095	\$ 269
Other Retirement Contributions - PERS	34,655	(7,525)	27,130	26,992	138
Workmen's Compensation	21,068		21,068	21,068	
Health Benefits	619,583	(1,850)	617,733	574,689	43,044
Tuition Reimbursement	5,340	(2,373)	2,967	2,967	
Other Employee Benefits	17,000	38,956	55,956	55,431	525
Total Allocated Benefits - Special Programs - Instruction	732,965	32,253	765,218	721,242	43,976
Other Instructional Programs - Instruction:					
Social Security Contributions	227,247	(48,089)	179,158	139,013	40,145
Other Retirement Contributions - PERS	22,051	(14,296)	7,755	6,651	1,104
Workmen's Compensation	21,068		21,068	21,068	
Health Benefits	143,683	(17,860)	125,823	91,575	34,248
Other Employee Benefits	15,400	(9,231)	6,169	2,324	3,845
Total Allocated Benefits - Other Instructional Programs - Instruction	429,449	(89,476)	339,973	260,631	79,342
Attendance and Social Work Services:					
Social Security Contributions	7,459	(200)	7,259	6,749	510
Other Retirement Contributions - PERS	12,351	6,379	18,730	18,730	
Workmen's Compensation	5,000		5,000	5,000	
Health Benefits	33,261	8,588	41,849	37,670	4,179
Total Allocated Benefits - Attendance and Social Work Services	58,071	14,767	72,838	68,149	4,689

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Allocated Benefits:					
Health Services:					
Social Security Contributions	\$ 2,724	\$ 800	\$ 3,524	\$ 3,520	\$ 4
Workmen's Compensation	4,000		4,000	4,000	
Health Benefits	62,153	(24,577)	37,576	35,567	2,009
Tuition Reimbursement		1,900	1,900	1,878	22
Other Employee Benefits	6,000		6,000	6,000	
Total Allocated Benefits - Health Services	74,877	(21,877)	53,000	50,965	2,035
Other Support Services - Speech, OT, PT and Related Services:					
Social Security Contributions	766	1,200	1,966	1,796	170
Workmen's Compensation	1,000		1,000	1,000	
Health Benefits	43,655	503	44,158	44,102	56
Other Employee Benefits	3,000	17,000	20,000	20,000	
Total Allocated Benefits - Other Support Services - Speech, OT, PT and Related Services	48,421	18,703	67,124	66,898	226
Other Support Services - Students - Extraordinary Services:					
Social Security Contributions	21,593	6,050	27,643	27,634	9
Other Retirement Contributions - PERS	13,980	64,882	78,862	78,862	
Health Benefits	101,180	25,249	126,429	125,640	789
Tuition Reimbursement	3,567	(1,690)	1,877	939	938
Other Employee Benefits	3,000	6,300	9,300	9,125	175
Total Allocated Benefits - Other Support Services - Students - Extraordinary Services	143,320	100,791	244,111	242,200	1,911

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Allocated Benefits:					
Other Support Services - Students - Guidance:					
Social Security Contributions	\$ 21,290	\$ 3,400	\$ 24,690	\$ 24,651	\$ 39
Other Retirement Contributions - PERS	23,376	1,417	24,793	24,793	
Workmen's Compensation	6,000		6,000	6,000	
Health Benefits	300,943	(40,398)	260,545	240,231	20,314
Tuition Reimbursement	900	5,392	6,292	6,292	
Other Employee Benefits	3,000	4,050	7,050	6,875	175
Total Allocated Benefits - Other Support Services - Students - Guidance	355,509	(26,139)	329,370	308,842	20,528
Other Support Services - Child Study Teams:					
Social Security Contributions	16,754		16,754	14,193	2,561
Other Retirement Contributions - PERS	20,098	1,702	21,800	21,761	39
Workmen's Compensation	10,000		10,000	10,000	
Health Benefits	214,365	(40,000)	174,365	169,122	5,243
Tuition Reimbursement	3,489	(3,083)	406	287	119
Other Employee Benefits	6,000	(2,180)	3,820	3,820	
Total Allocated Benefits - Other Support Services - Child Study Teams	270,706	(43,561)	227,145	219,183	7,962
Improvement of Instruction Services:					
Social Security Contributions	22,183	204	22,387	22,387	
Other Retirement Contributions - PERS	34,115	(14,000)	20,115	20,028	87
Workmen's Compensation	6,000		6,000	6,000	
Health Benefits	164,347	(22,600)	141,747	138,006	3,741
Tuition Reimbursement	4,100	2,200	6,300	6,300	
Other Employee Benefits	8,100	2,684	10,784	10,784	
Total Allocated Benefits - Improvement of Instruction Services	238,845	(31,512)	207,333	203,505	3,828

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Allocated Benefits:					
Educational Media Services - School Library:					
Social Security Contributions	\$ 12,108		\$ 12,108	\$ 12,020	\$ 88
Other Retirement Contributions - PERS	17,379	\$ 14,545	31,924	31,924	
Workmen's Compensation	6,000		6,000	6,000	
Health Benefits	73,947	3,580	77,527	76,504	1,023
Total Allocated Benefits - Educational Media Services - School Library	109,434	18,125	127,559	126,448	1,111
Instructional Staff Training Services:					
Social Security Contributions	10,036	(1,515)	8,521	7,485	1,036
Other Retirement Contributions - PERS	6,551	(3,000)	3,551	3,534	17
Workmen's Compensation	6,000		6,000	6,000	
Health Benefits	40,196	(15,000)	25,196	24,594	602
Other Employee Benefits	900	1,066	1,966	1,966	
Total Allocated Benefits - Instructional Staff Training Services	63,683	(18,449)	45,234	43,579	1,655
Support Services - General Administration:					
Social Security Contributions	5,882	2,000	7,882	7,798	84
Other Retirement Contributions - PERS	9,845	(4,400)	5,445	5,356	89
Workmen's Compensation	6,000		6,000	6,000	
Health Benefits	7,532		7,532	5,632	1,900
Other Employee Benefits	3,000	19,300	22,300	22,300	
Total Allocated Benefits - Support Services - General Administration	32,259	16,900	49,159	47,086	2,073

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Allocated Benefits:					
Support Services - School Administration:					
Social Security Contributions	\$ 41,779	\$ 1,530	\$ 43,309	\$ 43,130	\$ 179
Other Retirement Contributions - PERS	58,060	(9,300)	48,760	48,742	18
Workmen's Compensation	22,000		22,000	22,000	
Health Benefits	302,153	(10,238)	291,915	288,287	3,628
Tuition Reimbursement	1,220		1,220		1,220
Other Employee Benefits	36,900	(20,825)	16,075	16,075	
Total Allocated Benefits - Support Services - School Administration	462,112	(38,833)	423,279	418,234	5,045
Support Services - Central Services:					
Social Security Contributions	42,004	(438)	41,566	41,566	
Other Retirement Contributions - PERS	64,771	(26,700)	38,071	38,019	52
Workmen's Compensation	6,000		6,000	6,000	
Health Benefits	191,527	(30,900)	160,627	154,832	5,795
Other Employee Benefits	3,000	18,285	21,285	20,622	663
Total Allocated Benefits - Support Services - Central Services	307,302	(39,753)	267,549	261,039	6,510
Support Services - Administrative Information Technology:					
Social Security Contributions	24,935	1,258	26,193	26,193	
Other Retirement Contributions - PERS	33,209	97,643	130,852	130,852	
Workmen's Compensation	6,000		6,000	6,000	
Health Benefits	60,807	(10,130)	50,677	49,378	1,299
Other Employee Benefits	335	1,840	2,175	2,175	
Total Allocated Benefits - Support Services - Administrative Information Technology	125,286	90,611	215,897	214,598	1,299

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Allocated Benefits:					
Required Maintenance for School Facilities:					
Social Security Contributions	\$ 43,447		\$ 43,447	\$ 40,270	\$ 3,177
Other Retirement Contributions - PERS	46,016	\$ 57,443	103,459	103,459	
Workmen's Compensation	4,054		4,054	4,054	
Health Benefits	134,936	(17,000)	117,936	101,369	16,567
Other Employee Benefits	4,500	(1,590)	2,910	1,597	1,313
	<u>232,953</u>	<u>38,853</u>	<u>271,806</u>	<u>250,749</u>	<u>21,057</u>
Total Allocated Benefits - Required Maintenance for School Facilities					
Custodial Services:					
Social Security Contributions	88,811	(435)	88,376	88,376	
Other Retirement Contributions - PERS	90,732	(42,450)	48,282	25,155	23,127
Workmen's Compensation	125,152	(75,452)	49,700	49,700	
Health Benefits	369,206	(44,666)	324,540	312,886	11,654
Other Employee Benefits	3,390	15,000	18,390	17,657	733
	<u>677,291</u>	<u>(148,003)</u>	<u>529,288</u>	<u>493,774</u>	<u>35,514</u>
Total Allocated Benefits - Custodial Services					
Care and Upkeep of Grounds:					
Social Security Contributions	11,017		11,017	9,892	1,125
Other Retirement Contributions - PERS	11,045	(5,000)	6,045	5,944	101
Health Benefits	34,734		34,734	28,347	6,387
Other Employee Benefits	1,575		1,575	1,538	37
	<u>58,371</u>	<u>(5,000)</u>	<u>53,371</u>	<u>45,721</u>	<u>7,650</u>
Total Allocated Benefits - Care and Upkeep of Grounds					

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Allocated Benefits:					
Security:					
Social Security Contributions	\$ 14,909	\$ 60	\$ 14,969	\$ 14,965	\$ 4
Other Retirement Contributions - PERS	21,554	(3,600)	17,954	17,860	94
Health Benefits	102,834	2,200	105,034	98,074	6,960
Other Employee Benefits	3,000	3,000	6,000	4,000	2,000
Total Allocated Benefits - Security	142,297	1,660	143,957	134,899	9,058
Student Transportation Services:					
Social Security Contributions	149,221	(5,970)	143,251	142,221	1,030
Other Retirement Contributions - PERS	145,126	(34,800)	110,326	107,974	2,352
Workmen's Compensation	35,081		35,081	34,249	832
Health Benefits	770,027	(106,014)	664,013	647,476	16,537
Other Employee Benefits	14,737	2,145	16,882	16,881	1
Total Allocated Benefits - Student Transportation Services	1,114,192	(144,639)	969,553	948,801	20,752
Total Allocated Benefits	9,592,942	(781,398)	8,811,544	8,432,827	378,717
On-Behalf Contributions:					
TPAF Post Retirement Medical Benefits (Non-budgeted)				2,200,860	(2,200,860)
TPAF Pension (Non-budgeted)				1,386,367	(1,386,367)
Reimbursed TPAF Social Security Contributions (Non-budgeted)				1,950,515	(1,950,515)
Total On-Behalf Contributions				5,537,742	(5,537,742)
Total Personal Services - Employee Benefits	9,592,942	(781,398)	8,811,544	13,970,569	(5,159,025)
Total Undistributed Expenses	33,875,264	(162,277)	33,712,987	37,555,595	(3,842,608)
TOTAL GENERAL CURRENT EXPENSE	60,541,824	(103,678)	60,438,146	63,745,884	(3,307,738)

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CAPITAL OUTLAY:					
Equipment:					
Regular Programs - Instruction:					
Grades 9-12	\$ 129,800	\$ 14,462	\$ 144,262	\$ 141,262	\$ 3,000
Special Education - Instruction:					
Multiple Disabilities	2,800	(2,800)			
Undistributed Expenditures:					
Support Services:					
Instructional Staff	18,615	(3,851)	14,764	14,536	228
School Administration	50,000	(44,250)	5,750	5,750	
Central Services	8,000	(3,610)	4,390	4,390	
Administrative Information Technology		29,500	29,500	29,199	301
Custodial Services	79,000	1,115	80,115	80,115	
Student Transportation Services - Non-Instructional Equipment		2,500	2,500	2,335	165
Student Transportation Services - School Buses - Regular	498,000	(43,916)	454,084	454,084	
Total Equipment	<u>786,215</u>	<u>(50,850)</u>	<u>735,365</u>	<u>731,671</u>	<u>3,694</u>
Facilities Acquisition and Construction Services:					
Lease Purchase Agreements - Principal	298,105		298,105	298,104	1
Other Objects - Debt Service Assessment	183,311		183,311	183,311	
Total Facilities Acquisition and Construction Services	<u>481,416</u>		<u>481,416</u>	<u>481,415</u>	<u>1</u>
TOTAL CAPITAL OUTLAY	<u>1,267,631</u>	<u>(50,850)</u>	<u>1,216,781</u>	<u>1,213,086</u>	<u>3,695</u>

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
SPECIAL SCHOOLS:					
Summer School - Instruction:					
Salaries of Teachers	\$ 29,000	\$ (6,220)	\$ 22,780	\$ 20,800	\$ 1,980
Other Purchased Services (400-500 series)	8,780	(8,780)			
Total Summer School - Instruction	<u>37,780</u>	<u>(15,000)</u>	<u>22,780</u>	<u>20,800</u>	<u>1,980</u>
Summer School - Support Services:					
Personal Services - Employee Benefits	2,500		2,500	1,591	909
Total Summer School - Support Services	<u>2,500</u>		<u>2,500</u>	<u>1,591</u>	<u>909</u>
Total Summer School	<u>40,280</u>	<u>(15,000)</u>	<u>25,280</u>	<u>22,391</u>	<u>2,889</u>
Accredited Evening/Adult High School - Post-Graduate - Instruction:					
Salaries of Teachers	267,381	(4,257)	263,124	251,552	11,572
General Supplies	7,800	(5,235)	2,565	100	2,465
Textbooks	1,600		1,600	363	1,237
Other Objects	400		400	97	303
Total Accredited Evening/Adult High School - Post-Graduate - Instruction	<u>277,181</u>	<u>(9,492)</u>	<u>267,689</u>	<u>252,112</u>	<u>15,577</u>
Accredited Evening/Adult High School - Post-Graduate - Support Services:					
Salaries of Support Staff		49,694	49,694	49,106	588
Personal Services - Employee Benefits	28,341	21,148	49,489	47,252	2,237
Purchased Professional and Technical Services	200		200		200
Other Purchased Services (400-500 series)	14,600	(8,092)	6,508	2,632	3,876
Supplies and Materials		1,850	1,850	345	1,505
Total Accredited Evening/Adult High School - Post-Graduate - Support Services	<u>43,141</u>	<u>64,600</u>	<u>107,741</u>	<u>99,335</u>	<u>8,406</u>
Total Accredited Evening/Adult High School - Post-Graduate	<u>320,322</u>	<u>55,108</u>	<u>375,430</u>	<u>351,447</u>	<u>23,983</u>

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
SPECIAL SCHOOLS:					
Vocational Evening - Local - Instruction:					
General Supplies	\$ 800	\$ (800)			
Textbooks	2,160	(2,160)			
Total Vocational Evening - Local - Instruction	2,960	(2,960)			
Vocational Evening - Local - Support Services:					
Salaries	47,640	(68)	\$ 47,572	\$ 31,483	\$ 16,089
Personal Services - Employee Benefits	23,890	(8,080)	15,810	10,538	5,272
Other Purchased Services (400-500 series)	13,400		13,400	8,000	5,400
Total Vocational Evening - Local - Support Services	84,930	(8,148)	76,782	50,021	26,761
Total Vocational Evening - Local	87,890	(11,108)	76,782	50,021	26,761
TOTAL SPECIAL SCHOOLS	448,492	29,000	477,492	423,859	53,633
TOTAL EXPENDITURES	62,257,947	(125,528)	62,132,419	65,382,829	(3,250,410)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(732,800)	(40,000)	(772,800)	1,574,140	2,346,940
OTHER FINANCING USES:					
Operating Transfers Out:					
Capital Projects Fund - Capital Reserve	(952,782)	(200,000)	(1,152,782)	(1,152,782)	
Total Other Financing Uses	(952,782)	(200,000)	(1,152,782)	(1,152,782)	

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Excess/(Deficiency) of Revenues					
Over/(Under) Expenditures and Other Financing Uses	\$ (1,685,582)	\$ (240,000)	\$ (1,925,582)	\$ 421,358	\$ 2,346,940
Fund Balance, July 1	3,201,017		3,201,017	3,201,017	
Fund Balance, June 30	<u>\$ 1,515,435</u>	<u>\$ (240,000)</u>	<u>\$ 1,275,435</u>	<u>\$ 3,622,375</u>	<u>\$ 2,346,940</u>

Recapitulation of Fund Balance at June 30, 2015:

Restricted:					
Capital Reserve				\$ 2,097,818	
Maintenance Reserve				257,329	
Assigned - Designated for Subsequent Year's Expenditures				623,000	
Unassigned				<u>644,228</u>	
Total Fund Balance - Budgetary Basis				3,622,375	
Reconciliation to Governmental Fund Statements (GAAP):					
June State Aid Payments not recognized on GAAP Basis				<u>(699,111)</u>	
Fund Balance per Governmental Fund on (Exhibit B-2)				<u>\$ 2,923,264</u>	

Exhibit C-2

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
State Sources	\$ 192,905	\$ 9,013	\$ 201,918	\$ 191,522	\$ (10,396)
Federal Sources	594,616	175,348	769,964	725,292	(44,672)
Total Revenues	787,521	184,361	971,882	916,814	(55,068)
EXPENDITURES:					
Instruction:					
Personal Services - Salaries	63,546	(552)	62,994	62,994	
Purchased Professional - Educational Services	161,169	388	161,557	151,161	10,396
Other Purchased Services	456,716	112,651	569,367	569,367	
General Supplies	28,480	31,711	60,191	24,999	35,192
Textbooks	23,256	(556)	22,700	22,700	
Total Instruction	733,167	143,642	876,809	831,221	45,588
Support Services:					
Personal Services - Salaries	24,959	4,541	29,500	29,500	
Personal Services - Employee Benefits		6,506	6,506	6,506	
Purchased Professional - Educational Services	27,167	2,833	30,000	20,520	9,480
Other Purchased Services	1,568	26,839	28,407	28,407	
Supplies and Materials	660		660	660	
Total Support Services	54,354	40,719	95,073	85,593	9,480
Total Expenditures	787,521	184,361	971,882	916,814	55,068
Excess of Revenues Over Expenditures	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -

MORRIS HILLS REGIONAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

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	\$ 66,956,969	\$ 916,814
Difference - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	699,491	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(699,111)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 66,957,349	\$ 916,814
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 65,382,829	\$ 916,814
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 65,382,829	\$ 916,814

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

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

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

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

**SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)**

SPECIAL REVENUE FUND

MORRIS HILLS REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	No Child Left Behind Consolidated					
	Title I	Title II, Part A	IDEA Part B, Basic Regular	Technology	NJ Nonpublic Textbooks	Nursing
REVENUE:						
State Sources				\$ 12,192	\$ 22,700	\$ 38,035
Federal Sources	\$ 90,181	\$ 32,417	\$ 602,694			
Total Revenue	90,181	32,417	602,694	12,192	22,700	38,035
EXPENDITURES:						
Instruction:						
Personal Services - Salaries	57,525					
Purchased Professional - Educational Services						38,035
Other Purchased Services			569,367			
General Supplies			12,807	12,192		
Textbooks					22,700	
Total Instruction	57,525		582,174	12,192	22,700	38,035
Support Services:						
Personal Services - Salaries		29,500				
Personal Services - Employee Benefits	4,249	2,257				
Purchased Professional - Educational Services			20,520			
Other Purchased Services	28,407					
Supplies and Materials		660				
Total Support Services	32,656	32,417	20,520			
Total Expenditures	\$ 90,181	\$ 32,417	\$ 602,694	\$ 12,192	\$ 22,700	\$ 38,035

MORRIS HILLS REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	NJ Nonpublic				Totals June 30, 2015
	Auxiliary Services (Chapter 192)		Handicapped Services (Chapter 193)		
	Home Instruction	Compensatory Education	Examination & Classification	Supplementary Instruction	
REVENUE:					
State Sources	\$ 5,469	\$ 43,088	\$ 41,789	\$ 28,249	\$ 191,522
Federal Sources					725,292
Total Revenue	5,469	43,088	41,789	28,249	916,814
EXPENDITURES:					
Instruction:					
Personal Services - Salaries	5,469				62,994
Purchased Professional - Educational Services		43,088	41,789	28,249	151,161
Other Purchased Services					569,367
General Supplies					24,999
Textbooks					22,700
Total Instruction	5,469	43,088	41,789	28,249	831,221
Support Services:					
Personal Services - Salaries					29,500
Personal Services - Employee Benefits					6,506
Purchased Professional - Educational Services					20,520
Other Purchased Services					28,407
Supplies and Materials					660
Total Support Services					85,593
Total Expenditures	\$ 5,469	\$ 43,088	\$ 41,789	\$ 28,249	\$ 916,814

CAPITAL PROJECTS FUND

Exhibit F-1

MORRIS HILLS REGIONAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGETARY BASIS
CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Revenue and Other Financing Sources:	
State Sources - SDA Grant	\$ 635,188
Transfer from Capital Reserve	1,152,782
Interest Revenue	1,100
	<hr/>
Total Revenue and Other Financing Sources	1,789,070
	<hr/>
Expenditures and Other Financing Uses:	
Purchased Professional and Technical Services	95,700
Construction Services	982,077
Operating Transfers Out:	
Debt Service Fund - Interest Earned	1,100
	<hr/>
Total Expenditures and Other Financing Uses	1,078,877
	<hr/>
Excess/(Deficiency) of Revenue and Other Financing Sources	
Over/(Under) Expenditures and Other Financing Uses	710,193
	<hr/>
Fund Balance - Beginning	1,188,155
	<hr/>
Fund Balance - Ending	<u>\$ 1,898,348</u>
	<hr/>
<u>Reconciliation of Revenue from Budgetary Basis to GAAP Basis:</u>	
State SDA Grant Revenue Realized (Budgetary Basis)	\$ 635,188
SDA Grants are Recognized as Revenue on the Budgetary Basis when	
Awarded but are not Recognized on the GAAP Basis until Expended	(623,867)
	<hr/>
State SDA Grant Revenue Realized (GAAP Basis)	<u>\$ 11,321</u>
	<hr/>
<u>Recapitulation of Fund Balance at June 30, 2015:</u>	
Committed Fund Balance (Budgetary Basis)	\$ 1,898,348
	<hr/>
Reconciliation to Governmental Funds Statement (GAAP):	
SDA Grant Revenue not Recognized on the GAAP Basis	(623,867)
	<hr/>
Fund Balance per Governmental Funds (GAAP Basis)	<u>\$ 1,274,481</u>

Exhibit F-1a

MORRIS HILLS REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
MORRIS KNOLLS HIGH SCHOOL ROOF REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Periods	Current Year	Totals	Revised Project Authorization
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 754,418		\$ 754,418	\$ 754,418
Capital Lease Proceeds	1,355,400		1,355,400	1,355,400
Transfer from Capital Reserve	29,919		29,919	29,919
Total Revenue and Other Financing Sources	<u>2,139,737</u>	<u>\$ - 0 -</u>	<u>2,139,737</u>	<u>2,139,737</u>
Expenditures:				
Purchased Professional and Technical Services	92,998		92,998	92,998
Construction Services	2,022,716		2,022,716	2,046,739
Total Expenditures	<u>2,115,714</u>	<u>-0-</u>	<u>2,115,714</u>	<u>2,139,737</u>
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 24,023</u>	<u>\$ -0-</u>	<u>\$ 24,023</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number(s)	SP-3370-060-09-1001; SP-3370-060-12-4000
Grant Date	February 26, 2009
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 2,759,000
Change Orders	\$ 501,393
Unexpended Balances:	
SDA Grant Canceled	\$ (149,182)
Returned to Capital Outlay	\$ (501,393)
Returned to Capital Reserve	\$ (470,081)
Revised Authorized Cost	\$ 2,139,737
Change Order Percentage	18.17%
Percentage Completion	100.00%
Original Target Completion Date	November 30, 2010
Revised Target Completion Date	June 30, 2013

MORRIS HILLS REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
MORRIS KNOLLS HIGH SCHOOL MULTIPURPOSE FIELD
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Periods	Current Year	Totals	Revised Project Authorization
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 85,668		\$ 85,668	\$ 85,668
Total Revenue and Other Financing Sources	85,668	\$ -0-	85,668	85,668
Expenditures:				
Purchased Professional and Technical Services	39,216	18,636	57,852	85,668
Total Expenditures	39,216	18,636	57,852	85,668
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 46,452	\$ (18,636)	\$ 27,816	\$ -0-

Additional Project Information:

Project Number	SP-3370-060-12-5000
Grant Date	Not Applicable
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 395,000
Change Orders	\$ -0-
Unexpended Balance - Returned to Capital Reserve	\$ (309,332)
Revised Authorized Cost	\$ 85,668
Change Order Percentage	0.00%
Percentage Completion	100.00%
Original Target Completion Date	December 31, 2013
Revised Target Completion Date	June 30, 2015

Exhibit F-1c

MORRIS HILLS REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
MORRIS HILLS AND MORRIS KNOLLS HIGH SCHOOLS ATHLETIC FIELD REFURBISHMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Project Authorization</u>
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 2,962,700	\$ 200,000	\$ 3,162,700	\$ 3,162,700
Total Revenue and Other Financing Sources	\$ 2,962,700	200,000	3,162,700	3,162,700
Expenditures:				
Purchased Professional and Technical Services	123,640	27,769	151,409	186,345
Construction Services	1,721,380	982,077	2,703,457	2,976,355
Total Expenditures	1,845,020	1,009,846	2,854,866	3,162,700
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 1,117,680</u>	<u>\$ (809,846)</u>	<u>\$ 307,834</u>	<u>\$ -0-</u>
Additional Project Information:				
Project Number			SP-3370-060-12-5000	
Grant Date			Not Applicable	
Bond Authorization Date			Not Applicable	
Bonds Authorized			Not Applicable	
Bonds Issued			Not Applicable	
Original Authorized Cost			\$ 2,962,700	
Additional Authorization			\$ 200,000	
Change Orders			\$ -0-	
Revised Authorized Cost			\$ 3,162,700	
Change Order Percentage			0.00%	
Percentage Completion			100.00%	
Original Target Completion Date			December 31, 2013	

Exhibit F-1d

MORRIS HILLS REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
MORRIS HILLS HIGH SCHOOL ELECTRICAL SERVICE REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant		\$ 134,640	\$ 134,640	\$ 134,640
Transfer from Capital Reserve		201,960	201,960	201,960
Total Revenue and Other Financing Sources	\$ - 0 -	336,600	336,600	336,600
Expenditures:				
Purchased Professional and Technical Services		3,450	3,450	61,600
Construction Services				275,000
Total Expenditures	-0-	3,450	3,450	336,600
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ -0-	\$ 333,150	\$ 333,150	\$ -0-

Additional Project Information:

Project Number	SP-3370-050-14-1001
Grant Date	July 30, 2014
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 336,600
Change Orders	\$ -0-
Revised Authorized Cost	\$ 336,600
Change Order Percentage	0.00%
Percentage Completion	1.02%
Original Target Completion Date	June 2016
Revised Target Completion Date	June 2016

Exhibit F-1e

MORRIS HILLS REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
MORRIS KNOLLS HIGH SCHOOL ELECTRICAL SERVICE REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant		\$ 134,640	\$ 134,640	\$ 134,640
Transfer from Capital Reserve		201,960	201,960	201,960
Total Revenue and Other Financing Sources	\$ - 0 -	336,600	336,600	336,600
Expenditures:				
Purchased Professional and Technical Services		3,450	3,450	61,600
Construction Services				275,000
Total Expenditures	-0-	3,450	3,450	336,600
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ -0-	\$ 333,150	\$ 333,150	\$ -0-

Additional Project Information:

Project Number	SP-3370-060-14-1007
Grant Date	July 30, 2014
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 336,600
Change Orders	\$ -0-
Revised Authorized Cost	\$ 336,600
Change Order Percentage	0.00%
Percentage Completion	1.02%
Original Target Completion Date	June 2016
Revised Target Completion Date	June 2016

Exhibit F-1f

MORRIS HILLS REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
MORRIS HILLS HIGH SCHOOL WINDOW REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant		\$ 113,208	\$ 113,208	\$ 113,208
Transfer from Capital Reserve		169,812	169,812	169,812
Total Revenue and Other Financing Sources	\$ - 0 -	283,020	283,020	283,020
Expenditures:				
Purchased Professional and Technical Services		18,945	18,945	53,020
Construction Services				230,000
Total Expenditures	-0-	18,945	18,945	283,020
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ -0-	\$ 264,075	\$ 264,075	\$ -0-

Additional Project Information:

Project Number	SP-3370-050-14-1003
Grant Date	July 30, 2014
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 283,020
Change Orders	\$ -0-
Revised Authorized Cost	\$ 283,020
Change Order Percentage	0.00%
Percentage Completion	6.69%
Original Target Completion Date	June 2016
Revised Target Completion Date	June 2016

Exhibit F-1g

MORRIS HILLS REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
MORRIS HILLS HIGH SCHOOL PIPING REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant		\$ 252,700	\$ 252,700	\$ 252,700
Transfer from Capital Reserve		379,050	379,050	379,050
Total Revenue and Other Financing Sources	\$ - 0 -	631,750	631,750	631,750
Expenditures:				
Purchased Professional and Technical Services		23,450	23,450	121,750
Construction Services				510,000
Total Expenditures	-0-	23,450	23,450	631,750
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ -0-	\$ 608,300	\$ 608,300	\$ -0-

Additional Project Information:

Project Number	SP-3370-050-14-1004
Grant Date	July 30, 2014
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 631,750
Change Orders	\$ -0-
Revised Authorized Cost	\$ 631,750
Change Order Percentage	0.00%
Percentage Completion	3.71%
Original Target Completion Date	June 2016
Revised Target Completion Date	June 2016

PROPRIETARY FUNDS

MORRIS HILLS REGIONAL SCHOOL DISTRICT
PROPRIETARY FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2015

	Business-Type Activities - Enterprise Funds				Total Enterprise Funds
	Major Funds			Non-Major Fund	
	Food Service	Academy for Technology	Shared Services	Adult Continuing Education	
ASSETS:					
Current Assets:					
Cash and Cash Equivalents	\$ 291,281	\$ 6,619		\$ 16,758	\$ 314,658
Receivable from:					
Federal Government	13,677				13,677
State Government	636				636
Receivables - Other			\$ 97,803		97,803
Inventories	8,289				8,289
Total Current Assets	313,883	6,619	97,803	16,758	435,063
Non-Current Assets:					
Capital Assets	457,962	1,002,113			1,460,075
Less: Accumulated Depreciation	(370,685)	(512,807)			(883,492)
Total Non-Current Assets	87,277	489,306			576,583
Total Assets	401,160	495,925	97,803	16,758	1,011,646
LIABILITIES:					
Current Liabilities:					
Interfund Payable - General Fund			93,534		93,534
Accounts Payable	16,510		4,269	520	21,299
Unearned Revenue - Prepaid Sales	13,850				13,850
Total Current Liabilities	30,360		97,803	520	128,683
Total Liabilities	30,360		97,803	520	128,683
NET POSITION:					
Net Investment in Capital Assets	87,277	489,306			576,583
Unrestricted	283,523	6,619		16,238	306,380
Total Net Position	\$ 370,800	\$ 495,925	\$ -0-	\$ 16,238	\$ 882,963

MORRIS HILLS REGIONAL SCHOOL DISTRICT
PROPRIETARY FUND
COMBINING STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Business-Type Activities - Enterprise Funds</u>				<u>Total Enterprise Funds</u>
	<u>Major Funds</u>			<u>Non-Major Fund</u>	
	<u>Food Service</u>	<u>Academy for Technology</u>	<u>Shared Services</u>	<u>Adult Continuing Education</u>	
Operating Revenue:					
Charges for Services:					
Daily Sales	\$ 889,192				\$ 889,192
Special Events	36,116				36,116
Tuition		\$ 1,117,800		\$ 160,244	1,278,044
Service Fees			\$ 1,271,496		1,271,496
Total Operating Revenue	<u>925,308</u>	<u>1,117,800</u>	<u>1,271,496</u>	<u>160,244</u>	<u>3,474,848</u>
Operating Expenses:					
Cost of Sales	484,486				484,486
Salaries	289,805	840,491	820,878	21,946	1,973,120
Payroll Taxes	45,796	31,372	28,634	505	106,307
Employee Benefits	53,765	235,227	165,569		454,561
Purchased Professional - Educational Services			102,750		102,750
Purchased Property Services	78,074	10,710	1,076	132,982	222,842
Supplies and Materials	67,282		152,589		219,871
Other Objects	10,088			4,841	14,929
Depreciation Expense	9,897	19,573			29,470
Total Operating Expenses	<u>1,039,193</u>	<u>1,137,373</u>	<u>\$ 1,271,496</u>	<u>\$ 160,274</u>	<u>3,608,336</u>
Operating Income/(Loss)	<u>(113,885)</u>	<u>(19,573)</u>	<u>-0-</u>	<u>(30)</u>	<u>(133,488)</u>
Non-Operating Revenue:					
Federal Sources:					
School Breakfast Program	33,540				33,540
National School Lunch Program	177,471				177,471
Food Distribution Program	12,588				12,588
State Sources:					
School Lunch Program	7,299				7,299
Total Non-Operating Revenue	<u>230,898</u>				<u>230,898</u>
Change in Net Position	117,013	(19,573)	-0-	(30)	97,410
Net Position - Beginning of Year	<u>253,787</u>	<u>515,498</u>	<u>-0-</u>	<u>16,268</u>	<u>785,553</u>
Net Position - End of Year	<u>\$ 370,800</u>	<u>\$ 495,925</u>	<u>\$ -0-</u>	<u>\$ 16,238</u>	<u>\$ 882,963</u>

MORRIS HILLS REGIONAL SCHOOL DISTRICT
PROPRIETARY FUND
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Business-Type Activities - Enterprise Funds				Total Enterprise Funds
	Major Funds			Non-Major Fund	
	Food Service	Academy for Technology	Shared Services	Adult Continuing Education	
Cash Flows from Operating Activities:					
Receipts from Customers	\$ 932,093	\$ 1,117,800	\$ 1,344,366	\$ 160,244	\$ 3,554,503
Payments to Employees		(871,863)	(847,259)	(22,451)	(1,741,573)
Payments to Food Service Vendor	(1,167,633)				(1,167,633)
Payments to Suppliers	(98,044)	(254,140)	(497,107)	(139,362)	(988,653)
Net Cash Provided by/(Used for) Operating Activities	(333,584)	(8,203)	-0-	(1,569)	(343,356)
Cash Flows from Noncapital and Related Financing Activities:					
Federal Subsidy Reimbursements	207,142				207,142
State Subsidy Reimbursements	7,304				7,304
Net Cash Provided by Noncapital and Related Financing Activities	214,446				214,446
Cash Flows from Capital and Related Financing Activities:					
Purchase of Capital Assets	(42,201)				(42,201)
Net Cash Used for Capital and Related Financing Activities	(42,201)	-0-	-0-	-0-	(42,201)
Net Increase/(Decrease) in Cash and Cash Equivalents	(161,339)	(8,203)	-0-	(1,569)	(171,111)
Cash and Cash Equivalents, July 1	452,620	14,822	-0-	18,327	485,769
Cash and Cash Equivalents, June 30	\$ 291,281	\$ 6,619	\$ -0-	\$ 16,758	\$ 314,658

MORRIS HILLS REGIONAL SCHOOL DISTRICT
PROPRIETARY FUND
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Business-Type Activities - Enterprise Funds</u>				
	<u>Major Funds</u>			<u>Non-Major</u>	<u>Total</u>
	<u>Food</u>	<u>Academy</u>	<u>Shared</u>	<u>Fund</u>	
	<u>Service</u>	<u>for</u>	<u>Services</u>	<u>Adult</u>	<u>Enterprise</u>
	<u></u>	<u>Technology</u>	<u></u>	<u>Continuing</u>	<u>Funds</u>
	<u></u>	<u></u>	<u></u>	<u>Education</u>	<u></u>
Reconciliation of Operating Income/(Loss) to Net					
Cash Provided by/(Used for) Operating Activities:					
Operating Income/(Loss)	\$ (113,885)	\$ (19,573)	\$ -0-	\$ (30)	\$ (133,488)
Adjustment to Reconcile Operating Income/(Loss) to					
Net Cash Provided by/(Used for) Operating Activities:					
Depreciation	9,897	19,573			29,470
Federal Food Distribution Program	12,588				12,588
Changes in Assets and Liabilities:					
(Increase)/Decrease in Other Receivables			72,870		72,870
(Increase)/Decrease in Inventory	(5,870)				(5,870)
Increase/(Decrease) in Accounts Payable	(243,099)	(8,203)	(9,037)	(1,539)	(261,878)
Increase/(Decrease) in Interfund Payable			(63,833)		(63,833)
Increase/(Decrease) in Unearned Revenue	6,785				6,785
Net Cash Provided by/(Used for) Operating Activities	<u>\$ (333,584)</u>	<u>\$ (8,203)</u>	<u>\$ -0-</u>	<u>\$ (1,569)</u>	<u>\$ (343,356)</u>

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received and utilized commodities from the Federal Food Distribution Program valued at \$12,588 for the fiscal year ended June 30, 2015.

FIDUCIARY FUNDS

Exhibit H-1

MORRIS HILLS REGIONAL SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2015

	<u>Agency</u>			<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Trust</u>
	<u>Student Activity</u>	<u>Payroll</u>	<u>Total</u>		
ASSETS:					
Cash and Cash Equivalents	\$ 369,590	\$ 6,804	\$ 376,394	\$ 120,384	\$ 261,139
Total Assets	<u>369,590</u>	<u>6,804</u>	<u>376,394</u>	<u>120,384</u>	<u>261,139</u>
LIABILITIES:					
Payroll Deductions and Withholdings		6,804	6,804		
Due to Student Groups	<u>369,590</u>		<u>369,590</u>		
Total Liabilities	<u>369,590</u>	<u>6,804</u>	<u>376,394</u>	<u>- 0 -</u>	<u>- 0 -</u>
NET POSITION:					
Held in Trust for: Unemployment Claims Scholarships				<u>120,384</u>	<u>261,139</u>
Total Net Position	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 120,384</u>	<u>\$ 261,139</u>

Exhibit H-2

MORRIS HILLS REGIONAL SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Trust</u>
ADDITIONS:		
Contributions:		
Employee	\$ 91,615	
Donations		\$ 17,720
	<hr/>	<hr/>
Total Contributions	91,615	17,720
	<hr/>	<hr/>
Investment Earnings:		
Interest	9	442
	<hr/>	<hr/>
Net Investment Earnings	9	442
	<hr/>	<hr/>
Total Additions	91,624	18,162
	<hr/>	<hr/>
DEDUCTIONS:		
Unemployment Claims	56,386	
Scholarships Awarded		22,708
	<hr/>	<hr/>
Total Deductions	56,386	22,708
	<hr/>	<hr/>
Change in Net Position	35,238	(4,546)
Net Position - Beginning of the Year	85,146	265,685
	<hr/>	<hr/>
Net Position - End of the Year	<u>\$ 120,384</u>	<u>\$ 261,139</u>

Exhibit H-3

MORRIS HILLS REGIONAL SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
ASSETS:				
Cash and Cash Equivalents	\$ 445,114	\$ 453,335	\$ 528,859	\$ 369,590
Total Assets	<u>\$ 445,114</u>	<u>\$ 453,335</u>	<u>\$ 528,859</u>	<u>\$ 369,590</u>
LIABILITIES:				
Liabilities:				
Due to Student Groups	\$ 445,114	\$ 453,335	\$ 528,859	\$ 369,590
Total Liabilities	<u>\$ 445,114</u>	<u>\$ 453,335</u>	<u>\$ 528,859</u>	<u>\$ 369,590</u>

Exhibit H-4

MORRIS HILLS REGIONAL SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2015</u>
Senior High Schools:				
Morris Hills	\$ 152,999	\$ 169,003	\$ 191,356	\$ 130,646
Morris Knolls	289,430	274,900	330,938	233,392
District-Wide	<u>2,685</u>	<u>9,432</u>	<u>6,565</u>	<u>5,552</u>
Total All Schools	<u>\$ 445,114</u>	<u>\$ 453,335</u>	<u>\$ 528,859</u>	<u>\$ 369,590</u>

Exhibit H-5

MORRIS HILLS REGIONAL SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
ASSETS:				
Cash and Cash Equivalents	<u>\$ 5,981</u>	<u>\$ 51,165,919</u>	<u>\$ 51,165,096</u>	<u>\$ 6,804</u>
Total Assets	<u><u>\$ 5,981</u></u>	<u><u>\$ 51,165,919</u></u>	<u><u>\$ 51,165,096</u></u>	<u><u>\$ 6,804</u></u>
LIABILITIES:				
Payroll Deductions and Withholdings	<u>\$ 5,981</u>	<u>\$ 51,165,919</u>	<u>\$ 51,165,096</u>	<u>\$ 6,804</u>
Total Liabilities	<u><u>\$ 5,981</u></u>	<u><u>\$ 51,165,919</u></u>	<u><u>\$ 51,165,096</u></u>	<u><u>\$ 6,804</u></u>

LONG-TERM DEBT

MORRIS HILLS REGIONAL SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance		Balance June 30, 2015
			Date	Amount		June 30, 2014	Matured	
School Improvements	04/01/04	\$ 43,092,000				\$ 1,470,000	\$ 1,470,000	
Refunding Bonds	03/28/12	28,230,000	10/01/15	\$ 1,420,000	2.00%			
			10/01/16	1,450,000	2.00%			
			10/01/17	1,500,000	4.00%			
			10/01/18	1,555,000	4.00%			
			10/01/19	1,610,000	3.00%			
			10/01/20	1,670,000	4.00%			
			10/01/21	1,740,000	4.00%			
			10/01/22	1,810,000	4.00%			
			10/01/23	1,895,000	5.00%			
			10/01/24	1,990,000	5.00%			
			10/01/25	2,095,000	5.00%			
			10/01/26	2,200,000	5.00%			
			10/01/27	2,315,000	5.00%			
			10/01/28	2,430,000	5.00%			
10/01/29	2,550,000	5.00%						
						<u>28,230,000</u>		<u>\$ 28,230,000</u>
						<u>\$ 29,700,000</u>	<u>\$ 1,470,000</u>	<u>\$ 28,230,000</u>

Exhibit I-2

MORRIS HILLS REGIONAL SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

<u>Item</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance June 30, 2014</u>	<u>Matured</u>	<u>Balance June 30, 2015</u>
Morris Knolls High School Roof Replacement	3.31%	\$ 1,355,400	\$ 567,861	\$ 279,308	\$ 288,553
			<u>\$ 567,861</u>	<u>\$ 279,308</u>	<u>\$ 288,553</u>

Exhibit I-3

MORRIS HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 2,708,335		\$ 2,708,335	\$ 2,708,335	
Total Revenues	2,708,335		2,708,335	2,708,335	
EXPENDITURES:					
Regular Debt Service:					
Interest	1,239,850		1,239,850	1,239,850	
Redemption of Principal	1,470,000		1,470,000	1,470,000	
Total Regular Debt Service	2,709,850		2,709,850	2,709,850	
Total Expenditures	2,709,850		2,709,850	2,709,850	
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(1,515)		(1,515)	(1,515)	
Other Financing Sources:					
Operating Transfers In:					
Capital Projects Fund - Interest				1,100	\$ 1,100
Total Other Financing Sources				1,100	1,100
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	(1,515)		(1,515)	(415)	1,100
Fund Balance, July 1	1,671		1,671	1,671	- 0 -
Fund Balance, June 30	\$ 156	\$ - 0 -	\$ 156	\$ 1,256	\$ 1,100
<u>Recapitulation of Fund Balance at June 30, 2015:</u>					
Restricted for Subsequent Year's Expenditures				\$ 1,250	
Restricted				6	
				<u>\$ 1,256</u>	

STATISTICAL SECTION
(UNAUDITED)

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

Contents

Exhibit

Financial Trends

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

J-1 thru J-5

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.

J-6 thru J-9

Debt Capacity

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

J-10 thru J-13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.

J-14 thru J-15

Operating Information

These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.

J-16 thru J-20

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

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

Expenses:	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities:										
Instruction:										
Regular	\$ 19,760,125	\$ 22,362,336	\$ 24,097,822	\$ 22,682,264	\$ 24,442,107	\$ 22,132,245	\$ 23,580,347	\$ 25,253,267	\$ 25,898,711	\$ 29,949,751
Special Education	3,003,964	3,621,473	3,857,566	3,720,890	4,390,107	4,005,649	4,572,377	4,507,524	4,691,075	5,359,840
Other Special Instruction	811,929	917,304	972,976	915,563	785,181	760,974	721,897	723,961	752,932	935,752
Vocational	11,398			25,400						
School-Sponsored Other Instruction	2,928,755	3,240,540	3,375,198	3,493,039	3,095,048	2,900,081	2,986,160	3,208,689	3,250,058	3,818,728
Support Services:										
Tuition	2,857,018	3,133,687	3,594,088	4,307,369	4,378,041	4,495,059	5,210,362	4,863,423	5,502,348	5,155,195
Student & Instruction Related Services	6,462,594	6,601,495	7,220,508	7,853,427	9,400,174	8,950,519	8,342,150	8,473,224	8,775,143	10,150,640
General Administration Services	886,457	894,939	942,727	1,053,677	679,982	797,148	889,261	978,211	985,538	997,602
School Administration Services	2,380,132	2,372,680	2,394,401	2,427,840	2,796,923	1,787,401	2,277,283	2,925,465	2,810,914	3,154,101
Central Services	819,302	826,607	765,242	1,013,144	1,004,378	1,080,776	1,188,886	1,216,783	1,226,266	1,274,972
Administrative Information Technology	79,720	92,475	79,629	93,827	272,347	336,435	349,853	617,062	545,629	707,388
Plant Operations and Maintenance	5,754,948	6,064,127	5,684,709	6,037,285	5,413,917	5,482,109	4,798,296	5,970,683	6,012,276	5,182,146
Pupil Transportation	2,828,816	2,950,153	3,164,314	3,492,296	3,713,188	4,115,382	4,135,401	4,375,236	4,567,508	4,760,225
Special Schools	904,510	1,293,759	1,397,864	994,381	570,194	511,287	400,370	450,443	467,116	555,695
Interest on Long-term Debt	1,637,131	1,785,658	2,076,499	1,876,599	1,489,917	1,448,966	1,327,692	1,271,775	1,148,334	1,096,240
Unallocated Depreciation	610,093	2,106,943	2,115,256	2,137,466	2,218,693	2,220,671	2,314,925	2,447,833	2,350,839	2,355,536
Total Governmental Activities Expenses	51,736,892	58,264,176	61,738,799	62,124,467	64,650,197	61,024,702	63,095,260	67,283,579	68,984,687	75,453,811
Business-type Activities:										
Food Service	794,715	882,746	890,929	853,251	877,132	901,624	953,281	898,184	841,724	1,039,193
Academy for Technology	979,573	1,008,372	1,057,972	1,099,572	1,137,372	1,130,754	1,137,372	1,137,372	1,137,372	1,137,373
Adult Continuing Education					183,751	171,109	189,211	152,500	130,007	160,274
Shared Services						897,490	1,264,426	1,083,415	1,164,571	1,271,496
Total Business-type Activities Expenses	1,774,288	1,891,118	1,948,901	1,952,823	2,198,255	3,100,977	3,544,290	3,271,471	3,273,674	3,608,336
Total District-wide Expenses	\$ 53,511,180	\$ 60,155,294	\$ 63,687,700	\$ 64,077,290	\$ 66,848,452	\$ 64,125,679	\$ 66,639,550	\$ 70,555,050	\$ 72,258,361	\$ 79,062,147

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Instruction (Tuition)	\$ 215,792	\$ 227,463	\$ 218,358	\$ 269,017						
Operating Grants and Contributions	7,053,529	8,739,660	8,865,108	7,652,418	\$ 7,924,101	\$ 5,894,275	\$ 7,702,596	\$ 8,980,849	\$ 8,499,818	\$ 15,142,605
Capital Grants and Contributions	6,586,398	5,530,294	177,607	511,505	173,080	636,162	422,673			11,321
Total Governmental Activities Program Revenues	13,855,719	14,497,417	9,261,073	8,432,940	8,097,181	6,530,437	8,125,269	8,980,849	8,499,818	15,153,926
Business-type Activities:										
Charges for Services:										
Food Service	696,105	756,245	741,880	713,207	701,268	694,895	736,681	717,621	736,931	925,308
Academy for Technology	960,000	988,800	1,038,400	1,080,000	1,117,800	1,117,800	1,117,800	1,117,800	1,117,800	1,117,800
Adult Continuing Education					199,393	171,705	189,211	152,530	130,007	160,244
Shared Services						1,056,556	1,105,360	1,083,415	1,164,571	1,271,496
Operating Grants and Contributions	112,740	130,135	130,260	139,991	185,914	218,410	214,499	160,555	196,639	230,898
Total Business-type Activities Revenues	1,768,845	1,875,180	1,910,540	1,933,198	2,204,375	3,259,366	3,363,551	3,231,921	3,345,948	3,705,746
Total District-wide Program Revenues	\$ 15,624,564	\$ 16,372,597	\$ 11,171,613	\$ 10,366,138	\$ 10,301,556	\$ 9,789,803	\$ 11,488,820	\$ 12,212,770	\$ 11,845,766	\$ 18,859,672
Net (Expense)/Revenue:										
Governmental Activities:	\$ (37,881,173)	\$ (43,766,759)	\$ (52,477,726)	\$ (53,691,527)	\$ (56,553,016)	\$ (54,494,265)	\$ (54,969,991)	\$ (58,302,730)	\$ (60,484,869)	\$ (60,299,885)
Business-type Activities	(5,443)	(15,938)	(38,361)	(19,625)	6,120	158,389	(180,739)	(39,550)	72,274	97,410
Total District-wide Net (Expense)/Revenue	\$ (37,886,616)	\$ (43,782,697)	\$ (52,516,087)	\$ (53,711,152)	\$ (56,546,896)	\$ (54,335,876)	\$ (55,150,730)	\$ (58,342,280)	\$ (60,412,595)	\$ (60,202,475)

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for										
General Purposes, Net	\$ 38,151,350	\$ 40,260,382	\$ 43,573,880	\$ 44,855,762	\$ 46,649,992	\$ 48,539,727	\$ 49,510,522	\$ 50,500,732	\$ 51,660,747	\$ 53,092,975
Taxes Levied for Debt Service	2,528,072	1,754,175	2,563,086	2,693,541	2,729,910	2,691,040	2,715,332	2,716,683	2,705,950	2,708,335
Unrestricted Grants and Contributions	3,013,438	3,132,475	3,517,027	3,905,398	4,011,895	3,771,122	3,770,140	4,186,366	5,280,609	5,300,269
Tuition	120,797	67,232	96,970	207,811	54,325	199,137	230,252	106,859	86,449	135,152
Investment Earnings	1,366,772	343,366	264,432	123,411	28,606	15,924	12,238	11,659	8,371	7,690
Miscellaneous Income	18,867	129,994	181,629	132,632	372,180	148,473	39,211	135,926	174,571	193,693
Special Item - Reappraisal of Capital Assets		(3,725,082)								
Total Governmental Activities General Revenues and Other Changes	45,199,296	41,962,542	50,197,024	51,918,555	53,846,908	55,365,423	56,277,695	57,658,225	59,916,697	61,438,114
Business-type Activities:										
Special Item - Reappraisal of Capital Assets					69,500					
Total Business-type Activities General Revenues and Other Changes	- 0 -	- 0 -	- 0 -	- 0 -	69,500	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
Total District-wide General Revenues and Other Changes in Net Position	\$ 45,199,296	\$ 41,962,542	\$ 50,197,024	\$ 51,918,555	\$ 53,916,408	\$ 55,365,423	\$ 56,277,695	\$ 57,658,225	\$ 59,916,697	\$ 61,438,114
Change in Net Position:										
Governmental Activities	\$ 7,318,123	\$ (1,804,217)	\$ (2,280,702)	\$ (1,772,972)	\$ (2,706,108)	\$ 871,158	\$ 1,307,704	\$ (644,505)	\$ (568,172)	\$ 1,138,229
Business-type Activities	(5,443)	(15,938)	(38,361)	(19,625)	75,620	158,389	(180,739)	(39,550)	72,274	97,410
Total District-wide Change in Net Position	\$ 7,312,680	\$ (1,820,155)	\$ (2,319,063)	\$ (1,792,597)	\$ (2,630,488)	\$ 1,029,547	\$ 1,126,965	\$ (684,055)	\$ (495,898)	\$ 1,235,639

Source: Morris Hills Regional School District Financial Reports.

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

	June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund:										
Reserved	\$ 4,453,038	\$ 3,348,825	\$ 1,787,842	\$ 403,210	\$ 500,090					
Unreserved	824,112	439,709	623,553	1,253,096	369,853					
Restricted						\$ 4,095,383	\$ 3,603,037	\$ 3,798,900	\$ 1,650,400	\$ 2,355,147
Assigned						400,000	300,000	923,000	623,000	568,117
Unassigned (Deficit)						404,722	436,693	338,199	228,126	
Total General Fund	\$ 5,277,150	\$ 3,788,534	\$ 2,411,395	\$ 1,656,306	\$ 869,943	\$ 4,900,105	\$ 4,339,730	\$ 5,060,099	\$ 2,501,526	\$ 2,923,264
All Other Governmental Funds:										
Reserved	\$ 19,013,630	\$ 316,857		\$ 746,400	\$ 259,852					
Unreserved (Deficit), Reported in:										
Capital Projects Fund	(1,944,415)	1,574,416	\$ 1,073,960	831,532	1,211,217					
Debt Service Fund	1,138,369	199,868	35,694	38,245	45,636					
Restricted						\$ 507,076	\$ 492,346	\$ 429,146	\$ 1,671	\$ 1,256
Committed						585,339	204,484	45,475	1,188,155	1,274,481
Total All Other Governmental Funds	\$ 18,207,584	\$ 2,091,141	\$ 1,109,654	\$ 1,616,177	\$ 1,516,705	\$ 1,092,415	\$ 696,830	\$ 474,621	\$ 1,189,826	\$ 1,275,737
Total Governmental Funds	\$ 23,484,734	\$ 5,879,675	\$ 3,521,049	\$ 3,272,483	\$ 2,386,648	\$ 5,992,520	\$ 5,036,560	\$ 5,534,720	\$ 3,691,352	\$ 4,199,001

NOTE: The District implemented GASB #54 (relating to classification of fund balances) effective during the fiscal year ended June 30, 2011.

Source: Morris Hills Regional School District Financial Reports.

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

	June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues:										
Tax Levy	\$ 40,679,422	\$ 42,014,557	\$ 46,136,966	\$ 47,549,303	\$ 49,379,902	\$ 51,230,767	\$ 52,225,854	\$ 53,217,415	\$ 54,366,697	\$ 55,801,310
Tuition Charges	120,797	67,232	96,970	207,811	54,325	199,137	230,252	106,859	86,449	135,152
Interest Earnings	1,366,772	343,366	264,432	123,411	28,606	15,924	12,238	11,659	8,371	7,690
Miscellaneous	234,659	357,457	399,987	401,649	372,180	148,473	39,211	135,926	174,571	193,693
State Sources	16,176,551	16,804,861	12,000,467	11,394,530	10,331,413	9,441,921	10,721,957	12,396,251	13,009,516	13,725,833
Federal Sources	476,814	597,568	559,275	674,791	1,777,663	859,638	1,173,452	770,964	770,911	731,241
Total Revenues	59,055,015	60,185,041	59,458,097	60,351,495	61,944,089	61,895,860	64,402,964	66,639,074	68,416,515	70,594,919
Expenditures:										
Instruction:										
Regular Instruction	14,336,303	15,373,602	16,551,695	16,903,113	17,468,637	17,027,061	17,890,035	18,500,547	19,333,645	19,859,438
Special Education Instruction	2,224,957	2,586,128	2,720,295	2,816,272	2,972,390	3,135,176	3,461,026	3,428,011	3,434,926	3,578,399
Other Special Instruction	580,914	619,735	657,336	676,319	659,935	679,711	630,633	613,023	661,696	681,272
School-Sponsored Other Instruction	2,212,042	2,313,137	2,394,306	2,584,656	2,648,187	2,626,925	2,655,880	2,781,894	2,864,392	2,902,401
Support Services:										
Tuition	2,857,018	3,133,687	3,594,088	4,307,369	4,378,041	4,495,059	5,210,362	4,863,423	5,502,348	5,155,195
Student & Instruction Related Services	5,270,615	5,402,203	5,832,267	6,193,134	6,454,804	6,363,896	5,922,559	5,776,167	6,206,811	6,484,947
General Administration Services	797,582	792,571	836,168	902,538	803,191	835,474	835,692	911,681	954,239	864,209
School Administration Services	1,728,717	1,801,620	1,781,254	1,692,752	1,733,794	1,574,246	1,704,511	1,985,051	2,122,877	1,976,936
Central Services	670,236	679,811	618,583	781,665	759,778	840,518	888,915	899,428	960,082	993,118
Administrative Information Technology	50,386	90,122	73,622	93,672	203,083	273,944	283,277	510,763	450,595	489,631
Plant Operations and Maintenance	5,220,628	5,515,263	5,065,309	5,422,735	4,456,964	4,288,028	3,683,888	3,770,765	4,087,590	4,034,861
Pupil Transportation	2,282,543	2,481,448	2,620,415	2,823,732	3,085,385	3,120,105	2,979,435	3,183,161	3,410,958	3,671,722
Allocated Benefits					6,902,386	7,845,437	8,222,549	8,762,988	8,786,311	8,432,827
Unallocated Benefits	9,791,829	11,954,913	12,807,478	11,054,376	6,192,299	3,505,818	4,204,538	5,385,415	4,816,508	5,537,742
Capital Outlay	25,214,522	21,131,436	1,940,381	483,405	1,286,342	2,697,160	856,633	1,656,119	3,540,031	2,290,863
Special Schools	697,512	1,005,055	1,087,683	788,055	562,123	451,488	359,325	392,941	419,423	423,859
Debt Service:										
Principal	1,080,000	1,115,000	1,150,000	1,190,000	1,230,000	1,270,000	1,310,000	1,360,000	1,410,000	1,470,000
Interest and Other Charges	1,648,071	1,794,369	2,085,843	1,886,268	1,499,910	1,459,285	1,415,723	1,359,537	1,297,450	1,239,850
Total Expenditures	76,663,875	77,790,100	61,816,723	60,600,061	63,297,249	62,489,331	62,514,981	66,140,914	70,259,883	70,087,270
Excess (Deficiency) of Revenues Over (Under) Expenditures	(17,608,860)	(17,605,059)	(2,358,626)	(248,566)	(1,353,160)	(593,471)	1,887,983	498,160	(1,843,368)	507,649

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

	June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Other Financing Sources (Uses):										
Capital Lease Proceeds						\$ 1,355,400				
Capital Leases (Non-Budgeted)					\$ 467,325					
Transfers In	\$ 1,164,173	\$ 216,693	\$ 178,715	\$ 413,245	651,284	3,354	\$ 555,651	\$ 1,702,067	\$ 2,987,856	\$ 1,153,882
Transfers Out	(1,164,173)	(216,693)	(178,715)	(413,245)	(651,284)	(3,354)	(555,651)	(1,702,067)	(2,987,856)	(1,153,882)
Total Other Financing Sources (Uses)	- 0 -	- 0 -	- 0 -	- 0 -	467,325	1,355,400	- 0 -	- 0 -	- 0 -	- 0 -
Net Change in Fund Balances	\$ (17,608,860)	\$ (17,605,059)	\$ (2,358,626)	\$ (248,566)	\$ (885,835)	\$ 761,929	\$ 1,887,983	\$ 498,160	\$ (1,843,368)	\$ 507,649
Debt Service as a Percentage of Noncapital Expenditures	5.30%	5.13%	5.40%	5.12%	4.40%	4.56%	4.42%	4.22%	4.06%	4.00%

Source: Morris Hills Regional School District Financial Reports.

Exhibit J-5

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

Fiscal Year Ending June 30,	Interest on Investments	Tuition	Rentals - Use of Facilities	Adult School Fees	Other	Total
2006	\$ 202,599	\$ 120,797	\$ 200	\$ 215,792	\$ 18,667	\$ 558,055
2007	201,307	67,232	691	227,463	54,669	551,362
2008	203,747	96,970	2,850	218,358	60,749	582,674
2009	85,166	207,811	4,425	269,017	128,207	694,626
2010	54,886	54,325	3,400	*	335,109	447,720
2011	12,570	199,137	35,142	*	113,331	360,180
2012	9,377	230,252	20,943	*	18,268	278,840
2013	9,005	106,859	15,830	*	120,096	251,790
2014	8,215	86,449	34,968	*	139,603	269,235
2015	6,590	135,152	35,723	*	157,970	335,435

* - The District established an Adult Continuing Education Enterprise Fund in 2009-10.

Source: Morris Hills Regional School District records.

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

DENVILLE TOWNSHIP

Year End Dec. 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Add: Public Utilities ^a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2005	\$ 63,044,100	\$ 1,692,079,500	\$ 6,156,100	\$ 138,200	\$ 298,571,500	\$ 73,457,400	\$ 8,173,600	\$ 2,141,620,400	\$ 5,339,141	\$ 2,146,959,541	\$ 199,915,900	\$ 0.60	\$ 2,594,625,908
2006	54,971,100	1,767,342,500	6,187,800	138,200	300,914,600	72,707,400	8,173,600	2,210,435,200	4,607,705	2,215,042,905	199,718,900	0.58	2,990,178,143
2007	51,305,900	1,819,429,300	4,842,400	86,900	299,050,900	70,322,400	8,173,600	2,253,211,400	4,840,446	2,258,051,846	199,178,400	0.61	3,342,260,004
2008	48,382,100	1,842,271,000	4,842,400	86,900	295,343,300	70,122,400	7,729,600	2,268,777,700	4,679,377	2,273,457,077	206,799,900	0.66	3,524,915,454
2009	45,790,100	1,857,498,100	4,554,400	82,600	297,466,700	70,122,400	7,729,600	2,283,243,900	5,460,388	2,288,704,288	207,717,200	0.68	3,565,499,240
2010	45,416,600	1,862,250,600	4,353,300	77,900	295,238,400	70,122,400	7,729,600	2,285,188,800	5,230,954	2,290,419,754	208,621,000	0.70	3,414,567,910
2011	43,509,600	1,858,092,500	4,331,100	78,700	297,471,200	69,428,400	7,579,600	2,280,491,100	-0-	2,280,491,100	209,403,400	0.75	3,397,561,201
2012	41,831,900	1,854,794,500	4,331,100	78,700	297,753,400	69,244,600	7,579,600	2,275,613,800	-0-	2,275,613,800	209,736,700	0.81	3,355,655,826
2013	38,102,700	1,839,357,500	4,302,100	77,200	298,019,500	65,894,200	7,579,600	2,253,332,800	-0-	2,253,332,800	209,606,600	0.85	3,228,291,771
2014	37,165,900	1,836,196,200	4,028,900	81,200	269,428,500	66,056,700	7,579,600	2,220,537,000	-0-	2,220,537,000	213,597,600	0.88	3,126,969,683

ROCKAWAY BOROUGH

Year End Dec. 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Add: Public Utilities ^a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2005	\$ 9,051,900	\$ 555,860,800	\$ -0-	\$ -0-	\$ 154,113,100	\$ 24,756,900	\$ 22,323,700	\$ 766,106,400	\$ 959,191	\$ 767,065,591	\$ 69,150,600	\$ 0.56	\$ 727,448,217
2006	13,759,500	558,180,200	-0-	-0-	143,750,600	24,756,900	21,776,100	762,223,300	854,156	763,077,456	69,073,800	0.55	800,711,986
2007	12,959,500	561,984,000	-0-	-0-	138,492,700	29,747,700	22,292,400	765,476,300	780,140	766,256,440	70,776,500	0.56	879,939,762
2008	10,291,900	563,247,300	-0-	-0-	143,341,900	31,007,900	22,292,400	770,181,400	1,074,601	771,256,001	70,776,500	0.59	951,846,844
2009	9,275,600	564,835,000	-0-	-0-	145,893,000	31,420,600	22,292,400	773,716,600	1,314,991	775,031,591	71,093,400	0.61	933,754,792
2010	7,687,300	566,098,500	-0-	-0-	148,645,600	31,245,600	22,292,400	775,969,400	1,257,313	777,226,713	73,341,400	0.62	951,631,970
2011	7,576,300	566,923,205	-0-	-0-	152,356,300	31,661,525	22,292,400	780,809,730	1,257,313	782,067,043	73,741,400	0.63	932,413,631
2012	7,284,700	566,700,805	-0-	-0-	152,530,825	31,245,600	22,292,400	780,054,330	1,257,313	781,311,643	73,833,700	0.65	900,041,551
2013	7,157,400	565,491,935	-0-	-0-	152,570,425	31,252,600	22,292,400	778,764,760	1,257,313	780,022,073	73,992,500	0.64	850,980,929
2014	7,097,400	564,385,430	-0-	-0-	152,962,525	31,102,600	22,292,400	777,840,355	1,257,313	779,097,668	73,441,600	0.70	866,746,168

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

Reassessment occurs when ordered by the County Board of Taxation.

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

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

Source: Municipal Tax Assessors.

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

ROCKAWAY TOWNSHIP

Year End Dec. 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Add: Public Utilities ^a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2005	\$ 90,804,800	\$ 2,130,423,600	\$ 3,613,000	\$ 233,700	\$ 467,819,900	\$ 193,367,600	\$ 32,887,700	\$ 2,919,150,300	\$ 3,203,134	\$ 2,922,353,434	\$ 925,111,500	\$ 0.67	\$ 3,471,351,415
2006	66,597,800	2,153,129,000	3,613,000	153,700	492,312,500	170,170,500	35,514,500	2,921,491,000	2,470,301	2,923,961,301	933,659,300	0.71	4,176,109,351
2007	65,014,700	2,169,466,200	3,370,700	152,300	450,806,800	172,386,400	38,686,200	2,899,883,300	2,964,341	2,902,847,641	936,722,300	0.76	4,429,660,672
2008	73,980,100	2,175,843,900	3,526,800	157,600	440,184,300	166,746,900	40,661,200	2,901,100,800	3,170,052	2,904,270,852	937,428,400	0.79	4,487,150,052
2009	57,991,000	2,191,514,300	4,195,500	159,400	440,278,600	157,233,000	40,661,200	2,892,033,000	3,511,905	2,895,544,905	944,482,600	0.81	4,589,387,613
2010	51,655,300	2,192,005,300	4,195,500	157,600	439,785,000	153,274,200	40,661,200	2,881,734,100	3,973,869	2,885,707,969	945,762,000	0.87	4,773,710,605
2011	50,187,300	2,139,483,600	4,521,300	163,900	438,240,100	152,791,900	40,581,500	2,825,969,600	3,973,869	2,829,943,469	945,641,300	0.91	4,229,138,313
2012*	69,770,400	2,675,416,500	5,970,500	211,200	578,990,200	211,423,800	59,954,100	3,601,736,700	-0-	3,601,736,700	405,150,100	0.69	4,201,426,235
2013	65,419,000	2,683,763,200	5,920,500	202,000	576,745,300	209,387,900	59,954,100	3,601,392,000	-0-	3,601,392,000	407,837,100	0.70	3,935,116,405
2014	65,434,200	2,657,539,800	7,859,700	203,900	570,208,400	207,773,700	59,954,100	3,568,973,800	-0-	3,568,973,800	408,552,300	0.72	3,801,875,651

WHARTON BOROUGH

Year End Dec. 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Add: Public Utilities ^a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2005	\$ 3,882,000	\$ 235,364,400	\$ 146,900	\$ 2,500	\$ 57,911,700	\$ 28,603,100	\$ 21,322,300	\$ 347,232,900	\$ 497,862	\$ 347,730,762	\$ 25,906,500	\$ 0.96	\$ 616,147,698
2006	3,949,500	235,960,300	146,900	2,500	57,911,700	28,603,100	20,922,300	347,496,300	425,268	347,921,568	25,906,500	1.00	700,086,600
2007	5,165,300	233,507,500	146,900	2,500	38,138,900	53,739,800	20,922,300	351,623,200	389,636	352,012,836	24,823,900	1.13	810,504,523
2008*	17,248,900	567,671,400	703,100	4,000	102,222,100	126,740,600	28,526,200	843,116,300	1,164,475	844,280,775	68,002,200	0.52	875,685,946
2009	16,610,600	568,140,100	703,100	4,000	103,002,400	126,740,600	28,526,200	843,727,000	-0-	843,727,000	67,736,000	0.54	863,774,131
2010*	12,431,400	489,700,200	621,200	4,000	102,374,200	113,236,100	24,354,300	742,721,400	-0-	742,721,400	66,238,700	0.61	841,091,053
2011	12,263,900	489,528,100	621,200	4,000	101,874,000	105,180,200	24,354,300	733,825,700	-0-	733,825,700	66,891,500	0.61	786,503,886
2012	12,263,900	489,338,100	621,200	4,000	101,874,000	105,180,200	24,354,300	733,635,700	-0-	733,635,700	66,891,500	0.62	745,985,600
2013*	12,816,300	431,026,500	571,200	4,000	93,914,900	97,860,000	21,698,800	657,891,700	-0-	657,891,700	67,532,300	0.69	723,873,433
2014	12,324,900	422,510,400	566,600	4,000	93,341,300	97,616,100	21,819,500	648,182,800	-0-	648,182,800	67,252,000	0.70	701,205,616

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

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

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

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

Source: Municipal Tax Assessors.

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

(Rate per \$100 of Assessed Value)

DENVILLE TOWNSHIP

Year Ended Dec. 31,	Morris Hills Regional School District			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct Rate	Denville Township	Denville Township Public Schools	Morris County	
2005	\$ 0.56	0.04	\$ 0.60	\$ 0.40	\$ 0.92	\$ 0.32	\$ 2.24
2006	0.55	0.03	0.58	0.44	0.97	0.34	2.33
2007	0.58	0.03	0.61	0.46	1.03	0.35	2.45
2008	0.62	0.04	0.66	0.50	1.07	0.36	2.59
2009	0.64	0.04	0.68	0.53	1.08	0.35	2.64
2010	0.66	0.04	0.70	0.55	1.09	0.34	2.68
2011	0.71	0.04	0.75	0.55	1.12	0.35	2.77
2012	0.77	0.04	0.81	0.57	1.14	0.36	2.88
2013	0.81	0.04	0.85	0.58	1.18	0.36	2.97
2014	0.84	0.04	0.88	0.62	1.20	0.36	3.06

ROCKAWAY BOROUGH

Year Ended Dec. 31,	Morris Hills Regional School District			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct Rate	Rockaway Borough	Rockaway Borough Public Schools	Morris County	
2005	\$ 0.52	0.04	\$ 0.56	\$ 0.41	\$ 0.72	\$ 0.25	\$ 1.94
2006	0.52	0.03	0.55	0.44	0.77	0.26	2.02
2007	0.53	0.03	0.56	0.48	0.81	0.27	2.12
2008	0.55	0.04	0.59	0.54	0.83	0.29	2.25
2009	0.58	0.03	0.61	0.59	0.83	0.27	2.30
2010	0.59	0.03	0.62	0.61	0.85	0.28	2.36
2011	0.60	0.03	0.63	0.63	0.88	0.28	2.42
2012	0.62	0.03	0.65	0.66	0.91	0.28	2.50
2013	0.61	0.03	0.64	0.72	0.93	0.28	2.57
2014	0.67	0.03	0.70	0.76	0.95	0.29	2.70

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

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

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

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

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

UNAUDITED
(Rate per \$100 of Assessed Value)

ROCKAWAY TOWNSHIP

Year Ended Dec. 31,	Morris Hills Regional School District			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct Rate	Rockaway Township	Public Schools	Morris County	
2005	\$ 0.63	0.04	\$ 0.67	\$ 0.64	\$ 1.22	\$ 0.31	\$ 2.84
2006	0.67	0.04	0.71	0.68	1.27	0.36	3.02
2007	0.72	0.04	0.76	0.72	1.31	0.36	3.15
2008	0.74	0.05	0.79	0.78	1.35	0.36	3.28
2009	0.76	0.05	0.81	0.82	1.35	0.35	3.33
2010	0.82	0.05	0.87	0.86	1.38	0.38	3.49
2011	0.86	0.05	0.91	0.89	1.44	0.36	3.60
2012	* 0.65 *	0.04 *	0.69 *	0.76 *	1.14 *	0.29 *	2.88 *
2013	0.66	0.04	0.70	0.79	1.15	0.27	2.91
2014	0.68	0.04	0.72	0.84	1.17	0.27	3.00

WHARTON BOROUGH

Year Ended Dec. 31,	Morris Hills Regional School District			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct Rate	Wharton Borough	Public Schools	Morris County	
2005	\$ 0.90	0.06	\$ 0.96	\$ 0.81	\$ 1.86	\$ 0.47	\$ 4.10
2006	0.95	0.05	1.00	0.85	1.98	0.50	4.33
2007	1.07	0.06	1.13	0.91	2.04	0.55	4.63
2008	* 0.49 *	0.03 *	0.52 *	0.44 *	0.87 *	0.24 *	2.07 *
2009	0.51	0.03	0.54	0.46	0.88	0.23	2.11
2010	* 0.58 *	0.03 *	0.61 *	0.57 *	1.02 *	0.26 *	2.46 *
2011	0.58	0.03	0.61	0.61	1.07	0.25	2.54
2012	0.59	0.03	0.62	0.63	1.11	0.25	2.61
2013	* 0.66 *	0.03 *	0.69 *	0.72 *	1.28 *	0.28 *	2.97 *
2014	0.67	0.03	0.70	0.76	1.33	0.27	3.06

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

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

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

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

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

Exhibit J-8
1 of 2

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

DENVILLE TOWNSHIP

Taxpayer	2015		2006	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Shoppers at Union Hill	\$ 21,966,000	0.99%	\$ 21,100,000	0.95%
St. Francis Life Care Corp	20,000,000	0.90%	47,650,000	2.15%
Tamara Enterprises	12,112,200	0.55%	14,725,000	0.66%
Rockaway River Country Club	8,767,600	0.39%	8,448,600	0.38%
Individual Taxpayer #1	6,737,000	0.30%	8,900,000	0.40%
Denville Station, LLC	5,108,000	0.23%		
Individual Taxpayer #2	4,924,000	0.22%		
Denville West Main, LLC	4,900,000	0.22%		
Grecco Realty LLC	4,844,100	0.22%		
WP Properties, LLC	4,790,000	0.22%	5,700,000	0.26%
Roma Hotel Associates, LLC			7,667,600	0.35%
Denville 53, LLC			5,351,000	0.24%
WP Properties, LLC			5,200,000	0.23%
Morris 400, LLC			5,000,000	0.23%
Total	\$ 94,148,900	4.24%	\$129,742,200	5.85%

ROCKAWAY BOROUGH

Taxpayer	2015		2006	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Rockaway Commons, LLC	\$ 13,026,250	1.67%	\$ 3,852,400	0.50%
Conn. Storage Dept. PT NJ	6,704,000	0.86%		
Highway Enterprises, Inc.	6,400,000	0.82%	10,532,300	1.38%
MC Williams Development Corp.	5,212,500	0.67%		
HS Gardens, LLC	4,983,000	0.64%	7,172,600	0.94%
WithInvestors Rockaway, LLC	4,640,000	0.60%		
E & W Realty Associates, LLC	4,450,500	0.57%		
MC Williams Forge Company	4,250,000	0.55%	11,111,100	1.46%
Moretrench Corp.	4,042,400	0.52%	3,299,400	0.43%
Roned Realty, L.P.	4,000,000	0.51%		
Individual Taxpayer #1			4,416,400	0.58%
Gustov L. Hollenstein, Inc.			4,249,700	0.56%
Wespas			3,924,200	0.51%
Kop-Coat, Inc.			2,976,800	0.39%
Won & Kyong			2,329,800	0.31%
Total	\$ 57,708,650	7.41%	\$ 53,864,700	7.06%

Note: Individual Taxpayers may not be the same individuals in the two years presented.

Source: Municipal Tax Assessors.

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

ROCKAWAY TOWNSHIP

Taxpayer	2015		2006	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Rockaway Center Associates	\$170,041,500	4.76%	\$176,726,300	6.04%
Mt. Hope Rock Products (Tilcon)	59,148,100	1.66%	36,804,000	1.26%
Linque Management (Marvin Poer)	30,121,400	0.84%		
Market Place at Rockaway, LLC	29,073,500	0.81%	20,445,800	0.70%
Rockaway 2014 LLC	26,971,100	0.76%		
Macy's East, Inc.	25,346,900	0.71%	32,940,000	1.13%
Dover UE LLC	25,316,800	0.71%		
Rustic Ridge, Inc.	24,800,000	0.69%	20,424,100	0.70%
Highlands at Morris	19,228,200	0.54%		
Realty Income Corp./AMC Enterprises	18,783,500	0.53%		
Sears Roebuck Company			25,581,600	0.87%
JC Penney Co., Inc.			24,623,600	0.84%
Cin Rockaway, LLC			20,722,300	0.71%
May Department Stores			19,559,500	0.67%
Bergen Record			19,000,000	0.65%
Total	\$428,831,000	12.01%	\$396,827,200	13.57%

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

WHARTON BOROUGH

Taxpayer	2015		2006	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
The Realty Associates Fund VIII LP	\$ 81,449,800	12.57%		
Glass Paramus	19,548,400	3.02%	\$ 8,568,200	2.46%
Costco Wholesale Club	17,000,000	2.62%	9,450,600	2.72%
C.C.K.K. LLC (Wharton Industrial)	11,946,600	1.84%	3,551,300	1.02%
Bayview Gardens LLC	8,400,000	1.30%		
Wharton Mall Associates, LLC	7,200,000	1.11%	4,000,000	1.15%
Brentwood Associates, Inc.	5,700,000	0.88%		
Wharton Apartments	4,098,900	0.63%	1,800,000	0.52%
Waltann Greenbrook, LLC	3,800,000	0.59%		
13 Broad LLC	3,200,000	0.49%		
TMC Properties			24,000,000	6.90%
Wharton Warehouse			19,802,200	5.69%
Edgewater, LLC			4,695,500	1.35%
Brentwood Gardens Apartments			3,256,000	0.94%
Buzy Lady Plaza			1,872,700	0.54%
Total	\$162,343,700	25.05%	\$ 80,996,500	23.29%

Note: A reassessment/revaluation was effective in 2008, 2010 and 2013 in Wharton Borough.

Source: Municipal Tax Assessors.

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

DENVILLE TOWNSHIP

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2006	\$ 12,890,622	\$ 12,890,622	100.00%	\$ -
2007	12,895,393	12,895,393	100.00%	-0-
2008	14,578,843	14,578,843	100.00%	-0-
2009	15,336,507	15,336,507	100.00%	-0-
2010	15,802,450	15,802,450	100.00%	-0-
2011	16,331,641	16,331,641	100.00%	-0-
2012	17,869,628	17,869,628	100.00%	-0-
2013	18,753,893	18,753,893	100.00%	-0-
2014	19,595,027	19,595,027	100.00%	-0-
2015	19,528,633	19,528,633	100.00%	-0-

ROCKAWAY BOROUGH

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2006	\$ 4,271,605	\$ 4,271,605	100.00%	\$ -
2007	4,180,987	4,180,987	100.00%	-0-
2008	4,408,977	4,408,977	100.00%	-0-
2009	4,675,529	4,675,529	100.00%	-0-
2010	4,836,633	4,836,633	100.00%	-0-
2011	4,796,814	4,796,814	100.00%	-0-
2012	5,033,016	5,033,016	100.00%	-0-
2013	5,081,994	5,081,994	100.00%	-0-
2014	4,909,080	4,909,080	100.00%	-0-
2015	5,914,924	5,914,924	100.00%	-0-

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

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

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

ROCKAWAY TOWNSHIP

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2006	\$ 20,139,739	\$ 20,139,739	100.00%	-0-
2007	21,374,172	21,374,172	100.00%	-0-
2008	22,773,917	22,773,917	100.00%	-0-
2009	23,105,067	23,105,067	100.00%	-0-
2010	24,102,083	24,102,083	100.00%	-0-
2011	25,731,751	25,731,751	100.00%	-0-
2012	24,750,107	24,750,107	100.00%	-0-
2013	24,909,188	24,909,188	100.00%	-0-
2014	25,323,458	25,323,458	100.00%	-0-
2015	25,871,039	25,871,039	100.00%	-0-

WHARTON BOROUGH

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2006	\$ 3,377,456	\$ 3,377,456	100.00%	\$ -
2007	3,564,005	3,564,005	100.00%	-0-
2008	4,375,229	4,375,229	100.00%	-0-
2009	4,432,200	4,432,200	100.00%	-0-
2010	4,638,736	4,638,736	100.00%	-0-
2011	4,370,561	4,370,561	100.00%	-0-
2012	4,573,103	4,573,103	100.00%	-0-
2013	4,472,340	4,472,340	100.00%	-0-
2014	4,539,132	4,539,132	100.00%	-0-
2015	4,486,714	4,486,714	100.00%	-0-

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

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

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

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
2006	\$ 42,012,000	\$ -	\$ -	\$ -	\$ -	\$ 42,012,000	1.26%	\$ 780.33
2007	40,897,000	-0-	-0-	12,000,000	-0-	52,897,000	1.47%	981.70
2008	39,747,000	-0-	-0-	11,600,000	-0-	51,347,000	1.37%	954.55
2009	38,557,000	-0-	-0-	-0-	-0-	38,557,000	1.00%	715.87
2010	37,327,000	-0-	373,754	-0-	-0-	37,700,754	1.03%	697.62
2011	36,057,000	-0-	1,639,508	-0-	-0-	37,696,508	1.02%	700.12
2012	32,470,000	-0-	1,291,897	-0-	-0-	33,761,897	0.87%	623.73
2013	31,110,000	-0-	935,521	-0-	-0-	32,045,521	0.79%	589.86
2014	29,700,000	-0-	567,861	-0-	-0-	30,267,861	0.74%	555.18
2015	28,230,000	-0-	288,553	-0-	-0-	28,518,553	0.70%	524.58

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

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

Source: Morris Hills Regional School District Financial Reports.

Exhibit J-11

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2006	\$ 42,012,000	-0-	\$ 42,012,000	0.679%	\$ 780.33
2007	40,897,000	-0-	40,897,000	0.654%	759.00
2008	39,747,000	-0-	39,747,000	0.633%	738.90
2009	38,557,000	-0-	38,557,000	0.568%	715.87
2010	37,327,000	-0-	37,327,000	0.549%	690.70
2011	36,057,000	-0-	36,057,000	0.538%	669.67
2012	32,470,000	-0-	32,470,000	0.490%	599.86
2013	31,110,000	-0-	31,110,000	0.421%	572.64
2014	29,700,000	-0-	29,700,000	0.407%	544.76
2015	28,230,000	-0-	28,230,000	0.391%	519.27

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

- a** - See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the prior calendar year.
b - See Exhibit J-14 for population data. This ratio is calculated using population for the prior calendar year.

Source: Morris Hills Regional School District Financial Reports.

Exhibit J-12

MORRIS HILLS REGIONAL SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2014
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Denville Township	\$ 10,210,754	100.00%	\$ 10,210,754
Rockaway Borough	3,372,000	100.00%	3,372,000
Rockaway Township	26,569,523	100.00%	26,569,523
Wharton Borough	1,250,614	100.00%	1,250,614
Morris County General Obligation Debt	235,116,781	9.51%	<u>22,353,855</u>
Subtotal, Overlapping Debt			63,756,746
Morris Hills Regional School District Direct Debt			<u>28,518,553</u>
Total Direct and Overlapping Debt			<u><u>\$ 92,275,299</u></u>

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

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

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

Exhibit J-13

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

	Fiscal Year Ended June 30,				
	2006	2007	2008	2009	2010
Debt Limit	\$ 196,598,831	\$ 252,233,365	\$ 276,509,624	\$ 290,090,146	\$ 295,799,348
Total Net Debt Applicable to Limit	42,012,000	40,897,000	39,747,000	38,557,000	37,327,000
Legal Debt Margin	<u>\$ 154,586,831</u>	<u>\$ 211,336,365</u>	<u>\$ 236,762,624</u>	<u>\$ 251,533,146</u>	<u>\$ 258,472,348</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	21.37%	16.21%	14.37%	13.29%	12.62%

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

Legal Debt Margin Calculation for Fiscal Year 2015

Year Ended December 31,	Denville Township	Rockaway Borough	Rockaway Township	Wharton Borough	Equalized Valuation Basis
2012	\$ 3,248,556,460	\$ 842,755,326	\$ 3,923,887,896	\$ 720,716,052	\$ 8,735,915,734
2013	3,162,128,543	858,805,426	3,825,570,427	696,476,498	8,542,980,894
2014	3,235,990,965	841,727,470	3,833,484,211	669,610,331	8,580,812,977
	<u>\$ 9,646,675,968</u>	<u>\$2,543,288,222</u>	<u>\$ 11,582,942,534</u>	<u>\$2,086,802,881</u>	<u>\$25,859,709,605</u>
				Average Equalized Valuation of Taxable Property	<u>\$ 8,619,903,202</u>
				Debt Limit ^a (3% of Average Equalization Value)	\$ 258,597,096
				Net Bonded School Debt at June 30, 2015	<u>28,230,000</u>
				Legal Debt Margin	<u>\$ 230,367,096</u>

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

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

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

DENVILLE TOWNSHIP

Fiscal Year	Population ^a	Morris County Per Capita Personal		Unemployment Rate ^d
		Income ^b	Personal Income ^c	
2005	16,242	\$ 62,173	\$ 1,009,813,866	2.90%
2006	16,211	66,763	1,082,294,993	3.00%
2007	16,212	69,843	1,132,294,716	2.70%
2008	16,259	71,937	1,169,623,683	3.60%
2009	16,309	67,698	1,104,086,682	6.30%
2010	16,691	68,656	1,145,937,296	6.30%
2011	16,784	71,914	1,207,004,576	6.10%
2012	16,859	74,826	1,261,491,534	6.40%
2013	16,889	75,054	1,267,587,006	7.40%
2014	16,829	75,054 *	1,263,083,766	4.90%

ROCKAWAY BOROUGH

Fiscal Year	Population ^a	Morris County Per Capita Personal		Unemployment Rate ^d
		Income ^b	Personal Income ^c	
2005	6,323	\$ 62,173	\$ 393,119,879	5.10%
2006	6,272	66,763	418,737,536	5.30%
2007	6,247	69,843	436,309,221	4.80%
2008	6,233	71,937	448,383,321	6.30%
2009	6,231	67,698	421,826,238	10.70%
2010	6,441	68,656	442,213,296	10.80%
2011	6,478	71,914	465,858,892	10.50%
2012	6,492	74,826	485,770,392	10.90%
2013	6,504	75,054	488,151,216	7.40%
2014	6,483	75,054 *	486,575,082	4.80%

* - Latest Morris County per capita personal income available (2013) was used for calculation purposes.

Source:

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

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

ROCKAWAY TOWNSHIP

Fiscal Year	Population ^a	Morris County Per Capita Personal		Unemployment Rate ^d
		Income ^b	Personal Income ^c	
2005	25,142	\$ 62,173	\$ 1,563,153,566	2.30%
2006	25,320	66,763	1,690,439,160	2.50%
2007	25,267	69,843	1,764,723,081	2.30%
2008	25,312	71,937	1,820,869,344	2.90%
2009	25,438	67,698	1,722,101,724	7.10%
2010	24,171	68,656	1,659,484,176	7.00%
2011	24,292	71,914	1,746,934,888	7.40%
2012	24,370	74,826	1,823,509,620	7.40%
2013	24,506	75,054	1,839,273,324	6.10%
2014	24,441	75,054 *	1,834,394,814	5.00%

WHARTON BOROUGH

Fiscal Year	Population ^a	Morris County Per Capita Personal		Unemployment Rate ^d
		Income ^b	Personal Income ^c	
2005	6,132	\$ 62,173	\$ 381,244,836	7.20%
2006	6,080	66,763	405,919,040	7.50%
2007	6,066	69,843	423,667,638	6.80%
2008	6,056	71,937	435,650,472	8.90%
2009	6,064	67,698	410,520,672	14.80%
2010	6,540	68,656	449,010,240	14.90%
2011	6,575	71,914	472,834,550	14.50%
2012	6,606	74,826	494,300,556	15.00%
2013	6,620	75,054	496,857,480	8.40%
2014	6,612	75,054 *	496,257,048	6.00%

* - Latest Morris County per capita personal income available (2013) was used for calculation purposes.

Source:

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

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

Employer	2015		Employer	2006	
	Employees	Percentage of Total Employment		Employees	Percentage of Total Employment
U.S. Army Armament Research and Development	6,090	2.28%	Atlantic Health System	5,900	N/A
Atlantic Health System	4,844	1.81%	Novartis	5,000	N/A
Novartis	4,749	1.77%	U.S. Army Armament Research and Development	3,412	N/A
Bayer Healthcare, LLC	2,665	1.00%	Lucent Technologies	2,300	N/A
Saint Clare's Health Services	1,756	0.66%	Saint Clare's Health Services	2,250	N/A
County of Morris	1,667	0.62%	County of Morris	2,228	N/A
Accenture	1,621	0.61%	United Parcel Service	2,131	N/A
Wyndham Worldwide	1,546	0.58%	Automated Data Processing	1,986	N/A
BASF Corporation	1,500	0.56%	AT&T	1,500	N/A
Greystone Psychiatric	1,244	0.46%	Greystone Psychiatric	1,300	N/A
	<u>27,682</u>	<u>10.34%</u>		<u>28,007</u>	
Total Employment *	<u>267,632</u>			<u>N/A</u>	

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

N/A - Not Available.

Source: Morris County Treasurer's Office.

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

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Instruction:										
Regular	212.0	213.0	214.0	215.0	219.0	221.0	225.0	238.0	239.0	240.0
Special Education	13.0	14.0	14.0	14.0	30.0	28.0	34.0	31.0	32.0	34.0
Other Special Instruction	7.0	7.0	7.0	7.0	7.0	10.0	11.0	14.0	14.0	14.0
Adult/Continuing Education Programs	6.0	6.0	6.0	6.0	6.0	2.0	2.0	2.0	2.0	2.0
Support Services:										
Student & Instruction Related Services	70.0	70.0	70.0	70.0	71.0	68.5	68.6	72.0	72.0	72.0
General Administration Services	10.0	10.0	10.0	10.0	2.0	2.0	2.0	2.0	2.0	2.0
School Administration Services	24.0	24.0	24.0	24.0	24.0	23.0	24.0	22.0	22.0	22.0
Plant Operations and Maintenance	48.0	48.0	48.0	48.0	49.0	47.0	48.0	48.0	48.0	48.0
Pupil Transportation	41.0	47.0	47.0	47.0	45.0	53.0	50.0	59.5	59.5	59.5
Business and Other Support Services	9.0	9.0	9.0	9.0	11.0	11.0	11.0	9.5	9.5	9.5
Total	<u>440.0</u>	<u>448.0</u>	<u>449.0</u>	<u>450.0</u>	<u>464.0</u>	<u>465.5</u>	<u>475.6</u>	<u>498.0</u>	<u>500.0</u>	<u>503.0</u>

Source: Morris Hills Regional School District Personnel Records.

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

Fiscal Year	October 15 Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percent Change	Teaching Staff ^b	Pupil/Teacher Ratio		June 30		% Change in Average Daily Enrollment	Student Attendance Percentage
						Morris Hills High School	Morris Knolls High School	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c		
2006	2,870	\$ 48,023,770	\$ 16,733	1.75%	232	11.1:1	11.9:1	2,692.0	2,652.0	-0.15%	98.51%
2007	2,715	52,744,240	19,427	16.10%	234	11.1:1	12.0:1	2,716.0	2,626.7	0.89%	96.71%
2008	2,692	55,552,816	20,636	6.22%	235	11.1:1	12.0:1	2,685.2	2,587.4	-1.13%	96.36%
2009	2,745	56,252,333	20,493	-0.70%	236	11.1:1	12.0:1	2,725.6	2,623.5	1.50%	96.25%
2010	2,799	59,280,997	21,179	3.35%	238	11.1:1	12.0:1	2,862.0	2,759.0	5.00%	96.40%
2011	2,769	57,062,886	20,608	-2.70%	249	11.1:1	12.0:1	2,779.0	2,675.8	-2.90%	96.29%
2012	2,835	58,932,625	20,788	0.87%	249	11.1:1	12.0:1	2,734.5	2,642.2	-1.60%	96.62%
2013	2,878	61,765,258	21,461	3.24%	251	11.4:6	11.4:6	2,711.7	2,613.1	-0.83%	96.36%
2014	2,890	64,012,402	22,150	3.21%	261	11.4:6	11.4:6	2,738.0	2,616.2	0.97%	95.55%
2015	2,856	65,086,557	22,789	2.89%	264	11.4:6	11.4:6	2,777.0	2,645.7	1.42%	95.27%

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

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

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

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

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

Source: Morris Hills Regional School District records.

Exhibit J-18

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<u>District Building</u>					
Morris Hills High School (1953):					
Square Feet	180,660	229,760	229,760	229,760	229,760
Capacity (Students)	1,040	1,398	1,398	1,398	1,398
Enrollment	1,290	1,222	1,105	1,125	1,117
Morris Knolls High School (1964):					
Square Feet	218,715	263,065	263,065	263,065	263,065
Capacity (Students)	1,408	1,652	1,652	1,652	1,652
Enrollment	1,580	1,493	1,587	1,620	1,682
Enrollment - Adult High School	196	197	196	137	135
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>District Building</u>					
Morris Hills High School (1953):					
Square Feet	229,760	229,760	229,760	229,760	229,760
Capacity (Students)	1,398	1,398	1,398	1,398	1,398
Enrollment	1,100	1,119	1,123	1,118	1,112
Morris Knolls High School (1964):					
Square Feet	263,065	263,065	263,065	263,065	263,065
Capacity (Students)	1,652	1,652	1,652	1,652	1,652
Enrollment	1,669	1,716	1,755	1,724	1,744
Enrollment - Adult High School	129	129	136	130	96

Number of Schools at June 30, 2015:

High School = 2

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

Source: Morris Hills Regional School District Facilities Office.

Exhibit J-19

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

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

<u>School Facilities*</u>	<u>Fiscal Year Ended June 30,</u>				
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Morris Hills	\$ 1,361,498	\$ 1,392,562	\$ 653,941	\$ 412,013	\$ 471,540
Morris Knolls	984,353	866,415	726,569	1,188,735	420,671
Grand Total	<u>\$ 2,345,851</u>	<u>\$ 2,258,977</u>	<u>\$ 1,380,510</u>	<u>\$ 1,600,748</u>	<u>\$ 892,211</u>

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

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

Source: Morris Hills Regional School District records.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2015
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy -		
NJ Schools Insurance Group:		
Property - Blanket Building and Contents	\$ 114,701,502	\$ 5,000
Environmental Package	1,000,000	5,000
Underground Storage Tank Coverage	1,000,000	10,000
Blanket Extra Expense	50,000,000	5,000
Blanket Valuable Papers	10,000,000	5,000
Equipment Breakdown	100,000,000	5,000
Comprehensive General Liability	6,000,000	
Comprehensive Automobile Liability	6,000,000	
Automobile Physical Damage	Included	1,000
Money and Securities	5,000	500
Money Orders/Counterfeit Currency	5,000	500
Forgery and Alteration	50,000	500
Electronic Data Processing -		
NJ Schools Insurance Group:		
Blanket Hardware	3,702,484	1,000
Blanket Extra Expense	Included	1,000
Boiler and Machinery -		
NJ Schools Insurance Group:		
Property Damage	100,000,000	5,000
School Board Legal Liability -		
NJ Schools Insurance Group:		
School Leaders Errors and Omissions -		
Coverage A	6,000,000	5,000
Coverage B	100,000/300,000	5,000
Student Accident -		
NJ Schools Insurance Group:		
Basic/Sports/Football	5,000,000	
Catastrophic	500,000	

Source: Morris Hills Regional School District records.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2015
UNAUDITED

	Coverage	Deductible
Public Employees' Faithful Performance Blanket		
Position Bond -		
NJ Schools Insurance Group:		
General Employees	\$ 50,000	\$ 500
Board Secretary/Business Administrator	350,000	1,000
Workers Compensation Policy -		
NJ Schools Insurance Group:	Statutory	

Source: Morris Hills Regional School District records.

SINGLE AUDIT SECTION



Mount Arlington Corporate Center
 200 Valley Road, Suite 300
 Mt. Arlington, NJ 07856
 973-328-1825 | 973-328-0507 Fax

Lawrence Business Center
 11 Lawrence Road
 Newton, NJ 07860
 973-383-6699 | 973-383-6555 Fax

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Morris Hills Regional School District, in the County of Morris (the "Board") as of, and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 16, 2015.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

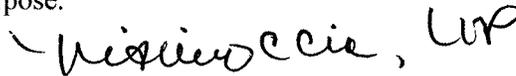
The Honorable President and Members
of the Board of Education
Morris Hills Regional School District
Page 2

Compliance and Other Matters

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

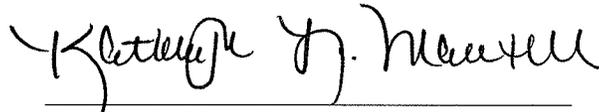
Purpose of this Report

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



NISIVOCCIA, LLP

Mount Arlington, New Jersey
November 16, 2015



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



Mount Arlington Corporate Center
 200 Valley Road, Suite 300
 Mt. Arlington, NJ 07856
 973-328-1825 | 973-328-0507 Fax

Lawrence Business Center
 11 Lawrence Road
 Newton, NJ 07860
 973-383-6699 | 973-383-6555 Fax

Report on Compliance For Each Major Federal and State Program;
 Report on Internal Control Over Compliance Required by OMB Circular A-133
 and New Jersey's OMB Circulars 04-04 and 15-08

Independent Auditors' Report

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

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Morris Hills Regional School District (the "District's") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the fiscal year ended June 30, 2015. 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 the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, OMB Circular A-133 and New Jersey's OMB Circulars 04-04 and 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

Opinion on Each Major Federal and State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJOMB 04-04 and 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 or NJOMB 04-04 and 15-08. Accordingly, this report is not suitable for any other purpose.

Nisivoccia, LLP

Mount Arlington, New Jersey
November 16, 2015

NISIVOCCIA, LLP

Kathryn L. Mantell

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period		Program/ Award Amount	June 30, 2014		Cash Received	Budgetary Expenditures	June 30, 2015		
			From	To		Budgetary Unearned Revenue/ (Accounts Receivable)	Carryover/ (Walkover) Amount			Budgetary (Accounts Receivable)	Unearned Revenue	Due to Grantor
U.S. Department of Education - Passed-through State Department of Education:												
Special Revenue Fund:												
Special Education Cluster:												
I.D.E.A. - Part B, Basic Regular	84.027	IDEA-3370-15	7/1/14	6/30/15	\$ 647,366			\$ 274,194	\$ (602,694)	\$ (328,500)		
I.D.E.A. - Part B, Basic Regular	84.027	IDEA-3370-14	7/1/13	6/30/14	568,377	\$ (237,369)		237,369				
Total Special Education Cluster						(237,369)		511,563	(602,694)	(328,500)		
No Child Left Behind Consolidated												
Formula Subgrant:												
Title I - Part A	84.010	NCLB-3370-15	7/1/14	6/30/15	90,169			27,428	(90,169)	(62,741)		
Title I - Part A	84.010	NCLB-3370-14	7/1/13	6/30/14	62,702	12			(12)			
Title II - Part A	84.367A	NCLB-3370-15	7/1/14	6/30/15	32,417			31,867	(32,417)	(550)		
Total No Child Left Behind Consolidated						12		59,295	(122,598)	(63,291)		
Total U.S. Department of Education						(237,357)		570,858	(725,292)	(391,791)		
U.S. Department of Agriculture - Passed- through State Department of Agriculture:												
Child Nutrition Cluster:												
School Breakfast Program	10.553	N/A	7/1/14	6/30/15	33,540			30,376	(33,540)	(3,164)		
School Breakfast Program	10.553	N/A	7/1/13	6/30/14	15,165	(1,263)		1,263				
Federal Food Distribution Program	10.555	N/A	7/1/14	6/30/15	12,588			12,588	(12,588)			
National School Lunch Program	10.555	N/A	7/1/14	6/30/15	177,471			166,958	(177,471)	(10,513)		
National School Lunch Program	10.555	N/A	7/1/13	6/30/14	148,763	(8,545)		8,545				
Total Child Nutrition Cluster						(9,808)		219,730	(223,599)	(13,677)		
Total U.S. Department of Agriculture						(9,808)		219,730	(223,599)	(13,677)		

N/A - Not Available

MORRIS HILLS REGIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period From To		Program/ Award Amount	June 30, 2014			June 30, 2015			
						Budgetary Unearned Revenue/ (Accounts Receivable)	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Budgetary		Due to Grantor
										(Accounts Receivable)	Unearned Revenue	
U.S. Department of Health and Human Services - Passed-through												
State Department of Human Services:												
Medical Assistance Program -												
(SEMI/ARRA)	93.778	N/A	10/1/08	12/31/10	\$ 5,949 *			\$ 5,949	\$ (5,949)			
(SEMI)	93.778	N/A	7/1/11	6/30/12	60,921 *	\$ (60,921)		60,921				
Total U.S. Department of Health and Human Services						(60,921)		66,870	(5,949)			
Total Federal Awards						\$ (308,086)	\$ -0-	\$ 857,458	\$ (954,840)	\$ (405,468)	\$ -0-	\$ -0-

N/A - Not Available

* - Prior Year Expenses Settlement

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

MORRIS HILLS REGIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

State Grantor/Program Title	Grant or State Project Number	Grant Period		Program or Award Amount	June 30, 2014			Budgetary Expenditures	Repayment of Balances	June 30, 2015		MEMO		
		From	To		Budgetary Unearned Revenue/ (Accounts Receivable)	Due to Grantor	Cash Received			GAAP (Accounts Receivable)	Due to Grantor	Budgetary (Accounts Receivable)	Cumulative Total Expenditures	
State Department of Education:														
General Fund:														
Equalization Aid	15-495-034-5120-078	7/1/14	6/30/15	\$3,682,325				\$ 3,332,551	\$ (3,682,325)			\$ (349,774)	\$ 3,682,325	
Equalization Aid	14-495-034-5120-078	7/1/13	6/30/14	3,682,325	\$ (348,789)			348,789						
Transportation Aid	15-495-034-5120-014	7/1/14	6/30/15	278,987				252,487	(278,987)			(26,500)	278,987	
Transportation Aid	14-495-034-5120-014	7/1/13	6/30/14	278,987	(26,426)			26,426						
Special Education Categorical Aid	15-495-034-5120-089	7/1/14	6/30/15	1,787,677				1,617,871	(1,787,677)			(169,806)	1,787,677	
Special Education Categorical Aid	14-495-034-5120-089	7/1/13	6/30/14	1,787,677	(169,329)			169,329						
School Choice Aid	15-495-034-5120-068	7/1/14	6/30/15	1,503,546				1,360,728	(1,503,546)			(142,818)	1,503,546	
School Choice Aid	14-495-034-5120-068	7/1/13	6/30/14	1,586,310	(150,255)			150,255						
Security Aid	15-495-034-5120-084	7/1/14	6/30/15	49,538				44,833	(49,538)			(4,705)	49,538	
Security Aid	14-495-034-5120-084	7/1/13	6/30/14	49,538	(4,692)			4,692						
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14	6/30/15	28,990				26,236	(28,990)			(2,754)	28,990	
PARCC Readiness Aid	15-495-034-5120-098	7/1/14	6/30/15	28,990				26,236	(28,990)			(2,754)	28,990	
Extraordinary Special Education Costs	15-100-034-5120-473	7/1/14	6/30/15	594,350						\$ (594,350)		(594,350)	594,350	
Extraordinary Special Education Costs	14-100-034-5120-473	7/1/13	6/30/14	719,317	(711,885)			719,317	(7,432)				719,317	
Nonpublic School Transportation Costs	15-495-034-5120-014	7/1/14	6/30/15	23,033					(23,033)			(23,033)	23,033	
Nonpublic School Transportation Costs	14-495-034-5120-014	7/1/13	6/30/14	24,773	(24,773)			24,773						
Reimbursed TPAF Social Security Aid	15-495-034-5095-002	7/1/14	6/30/15	1,950,515				1,950,515	(1,950,515)				1,950,515	
Reimbursed TPAF Social Security Aid	14-495-034-5095-002	7/1/13	6/30/14	1,949,646	(408)			408						
Total General Fund State Aid														
					(1,436,557)			10,055,446	(9,935,383)			(617,383)	(1,316,494)	10,647,268
Special Revenue Fund:														
NJ Nonpublic Aid:														
Textbook Aid (Chapter 194)	15-100-034-5120-064	7/1/14	6/30/15	22,700				22,700	(22,700)				22,700	
Nursing Services (Chapter 226)	15-100-034-5120-070	7/1/14	6/30/15	38,035				38,035	(38,035)				38,035	
Technology Initiative	15-100-034-5120-373	7/1/14	6/30/15	12,192				12,192	(12,192)				12,192	
Auxiliary Services (Chapter 192):														
Compensatory Education	15-100-034-5120-067	7/1/14	6/30/15	43,894				43,894	(43,088)		\$ 806		43,088	
Compensatory Education	14-100-034-5120-067	7/1/13	6/30/14	47,935		6,333				\$ (6,333)				
Home Instruction	15-100-034-5120-067	7/1/14	6/30/15	5,469					(5,469)		(5,469)		5,469	
Handicapped Services (Chapter 193):														
Examination & Classification	15-100-034-5120-066	7/1/14	6/30/15	44,316				44,316	(41,789)			2,527	41,789	
Examination & Classification	14-100-034-5120-066	7/1/13	6/30/14	43,640		11,778				(11,778)				
Supplementary Instruction	15-100-034-5120-066	7/1/14	6/30/15	35,312				35,312	(28,249)			7,063	28,249	
Supplementary Instruction	14-100-034-5120-066	7/1/13	6/30/14	36,080		5,965				(5,965)				
Corrective Speech	14-100-034-5120-066	7/1/13	6/30/14	781		781				(781)				
Total Special Revenue Fund								24,857	196,449	(191,522)	(24,857)	(5,469)	10,396	191,522

MORRIS HILLS REGIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

State Grantor/Program Title	Grant or State Project Number	Grant Period		Program or Award Amount	June 30, 2014		Cash Received	Budgetary Expenditures	Repayment of Balances	June 30, 2015		MEMO			
		From	To		Budgetary Unearned Revenue/ (Accounts Receivable)	Due to Grantor				GAAP (Accounts Receivable)	Due to Grantor	Budgetary (Accounts Receivable)	Cumulative Total Expenditures		
State Department of Education:															
Enterprise Fund:															
State School Lunch Program	15-100-010-3350-023	7/1/14	6/30/15	\$ 7,086			\$ 6,663	\$ (7,086)		\$ (423)		\$ (423)	\$ 7,086		
State School Lunch Program	14-100-010-3350-023	7/1/13	6/30/14	5,406	\$ (307)		307								
State School Lunch Program - Supplemental	15-100-010-3350-023	7/1/14	6/30/15	213				(213)		(213)		(213)	213		
State School Lunch Program - Supplemental	14-100-010-3350-023	7/1/13	6/30/14	334	(334)		334								
Total Enterprise Fund							7,304	(7,299)		(636)		(636)	7,299		
Schools Development Authority:															
Capital Projects Fund:															
Educational Facilities Construction and Financing Act:															
Morris Hills High School - Electrical Service Replacement	SP-3370-050-14-1001	7/30/14	6/30/16	134,640								(134,640)			
Morris Knolls High School - Electrical Service Replacement	SP-3370-060-14-1007	7/30/14	6/30/16	134,640								(134,640)			
Morris Hills High School - Window Replacement	SP-3370-050-14-1003	7/30/14	6/30/16	113,208				(11,321)		(11,321)		(113,208)	11,321		
Morris Hills High School - Piping Replacement	SP-3370-050-14-1004	7/30/14	6/30/16	252,700								(252,700)			
Total Capital Projects Fund								(11,321)		(11,321)		(635,188)	11,321		
Total State Awards							\$ (1,437,198)	\$24,857	\$10,259,199	\$ (10,145,525)	\$ (24,857)	\$ (634,809)	\$10,396	\$ (1,952,318)	\$ 10,857,410

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards include federal and state awards activity of the Board of Education, Morris Hills Regional School District under programs of the federal and state governments for the fiscal year ended June 30, 2015. The information in these schedules are presented in accordance with the Federal Office of Management and Budget (OMB), *Audits of States and Local Governments and Non-Profit Organizations* and New Jersey's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements. Such expenditures are recognized following the cost principles contained in federal OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governmental Units*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile revenue from the budgetary basis to the GAAP basis is \$380 for the general fund and \$-0- for the special revenue fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general, special revenue and capital projects funds. Additionally, the schedule of expenditures of state awards does not include the on-behalf TPAF Post-Retirement Medical Benefit and Pension Contributions revenue of \$2,200,860 and \$1,386,367, respectively.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 5,949	\$ 13,522,990	\$13,528,939
Special Revenue Fund	725,292	191,522	916,814
Capital Projects Fund		11,321	11,321
Food Service Enterprise Fund	<u>223,599</u>	<u>7,299</u>	<u>230,898</u>
Total Financial Assistance	<u>\$ 954,840</u>	<u>\$13,733,132</u>	<u>\$14,687,972</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

TPAF Social Security contributions represent the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2015. Revenue and expenditures reported under the Federal Food Distribution Program represent current fiscal year value received and current fiscal year distributions, respectively.

NOTE 6. NJ SCHOOLS DEVELOPMENT AUTHORITY (SDA) GRANTS

The District has active grants awarded in the amount of \$635,188 from the Schools Development Authority (SDA) under the Educational Facilities Construction and Financing Act. As of June 30, 2015, \$11,321 has been expended and submitted for reimbursement which has not been received as of June 30, 2015. The District realizes grant revenue in the Capital Projects Fund on the GAAP basis as it is expended and submitted for reimbursement.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major federal and state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major Federal and State Program; Report on Internal Control Over Compliance Required by OMB Circular A-133 and New Jersey's OMB Circulars 04-04 and 15-08*.
- The auditor's report on compliance for the major federal and state programs for the District expresses an unmodified opinion on all major federal and state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circulars 04-04 and 15-08 or Section 510(a) of Federal OMB Circular A-133.
- The single audit thresholds identified in Federal OMB Circular A-133 and New Jersey's OMB Circulars 04-04 and 15-08 were \$500,000.
- The thresholds used for distinguishing between Type A and Type B federal programs was \$300,000 and for state programs was \$304,366.
- The District was determined to be a "low-risk" auditee under the provisions of section 530 of the federal Circular for both federal and state programs.
- The District's programs tested as major federal and state programs for the current fiscal year consisted of the following:

	<u>CFDA # or State Grant/Project #</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>Federal:</u>				
Special Education Cluster:				
I.D.E.A. - Part B, Basic	84.027	7/1/14-6/30/15	\$ 647,366	\$ 602,694
<u>State:</u>				
Equalization Aid	15-495-034-5120-078	7/1/14-6/30/15	3,682,325	3,682,325
Special Education				
Categorical Aid	15-495-034-5120-089	7/1/14-6/30/15	1,787,677	1,787,677
School Choice Aid	15-495-034-5120-068	7/1/14-6/30/15	1,503,546	1,503,546
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	49,538	49,538
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	28,990	28,990
PARCC Readiness Aid	15-495-034-5120-098	7/1/14-6/30/15	28,990	28,990

MORRIS HILLS REGIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any findings or questioned costs for federal awards as defined in section 510(a) of the federal Circular.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in section 510(a) of the federal Circular or New Jersey's OMB Circulars 04-04 and 15-08.

MORRIS HILLS REGIONAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Status of Prior Fiscal Year Findings:

The District had no prior fiscal year audit findings.