

**MORRIS COUNTY
VOCATIONAL SCHOOL DISTRICT**

**Morris County Vocational School District
(a component unit of the County of Morris)
Denville, New Jersey**

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2012**

**Comprehensive Annual
Financial Report**

of the

**Morris County Vocational School District
Board of Education**
(a component unit of the County of Morris)
Denville, New Jersey

For the Fiscal Year Ended June 30, 2012

Prepared by

**Morris County Vocational School District
Business Office**

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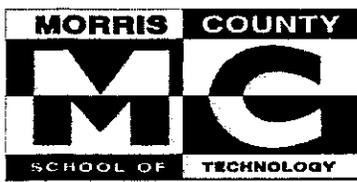
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INTRODUCTORY SECTION



October 1, 2012

Honorable President and
Members of the Board of Education
Morris County Vocational School District
400 East Main Street
Denville, NJ 07834

Dear Board Members:

The comprehensive annual financial report of the Morris County Vocational School District for the fiscal year ended June 30, 2012 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. To the best of our knowledge and belief, the data presented in this report is accurate in all respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The 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 Auditor's Report, 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, 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 State, Local Governments and Non-Profit Organizations*, and the New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditor's report on internal control and compliance with applicable laws and regulations, findings and recommendations, are included in the single audit section of this report.

1. **REPORTING ENTITY AND ITS SERVICES:** Morris County Vocational School District is an independent reporting entity within the criteria adopted by the GASB as established by Governmental Accounting Standards Board Statement No.14 and subsequent statements. The Morris County Vocational School District Board of Education and its school constitute the District's reporting entity.

The District offers programs for high school students, including nine Full Time Career Academies, and fourteen Share Time (half day) programs, which include programs for special needs students. Seven of the nine Academy programs are offered at the Morris County Vocational School District campus. Two satellite Academies are offered; one each at Butler High School in Butler, NJ and Morris Hills High School in Rockaway, NJ. Students from both public and non-public schools attend our programs.

The Honorable President and
 Members of the Board of Education
 Morris County Vocational School District
 October 1, 2012

Thirty-eight (38) high schools from sixty-six (66) communities and six counties send students shared-time (half time) and full-time to the county vocational school. Three (3) full time post secondary programs are offered during the day, twilight and evenings. In addition to the secondary programs and full time post secondary courses, the District offers over 100 part time Adult Evening classes where enrollment averages around 2,000 students per semester.

The District completed the 2011-12 school year with a full time equivalent enrollment of 942.6 students. The district's secondary enrollment has leveled off at a .4% increase. The following details the changes in the student enrollment of the District over the last ten years. The following details the changes in the student enrollment of the District over the last ten years.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2011-2012	942.6	0.35%
2010-2011	939.3	27.81%
2009-2010	734.9	2.75%
2008-2009	715.2	2.91%
2007-2008	695.0	2.07%
2006-2007	680.9	28.23%
2005-2006	531.0	7.38%
2004-2005	494.5	17.88%
2003-2004	419.5	3.89%
2002-2003	403.8	16.84%

2. MAJOR INITIATIVES:

The major initiatives undertaken in the School District included but were not limited to:

- a. Reduction of one support staff position, addition of a full-time media specialist and 1.5 academic/CTE teaching positions.
- b. Elimination of Adult High School Program.
- c. Maintenance of all other current programs.
- d. Increase in Butler High School fee for educational services. Morris Hills' fee was held to a 0% increase.
- e. Increase in unemployment claims.
- f. Reduction in telecommunication charges.
- g. Increase in all vocational program tuitions by 2%.

3. **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.

The Honorable President and
 Members of the Board of Education
 Morris County Vocational School District
 October 1, 2012

As a recipient of federal and state financial assistance, the District is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control 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 system, including that portion related to federal and state financial award programs, as well as to determine that the district has complied with applicable laws and regulations.

4. **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 the Board of Education. Annual appropriated budgets are adopted for the general fund and the special revenue fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as fund balance restrictions, commitments and assignments at June 30, 2012.

5. **ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements," Note 1.
6. **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.
7. **RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, excess liability, automotive liability and comprehensive/collision, hazard and theft insurance on property and contents and fidelity bonds.
8. **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. 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*, and the New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The Auditors' report on the basic financial statements and individual fund statements and schedules is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

The Honorable President and
Members of the Board of Education
Morris County Vocational School District
October 1, 2012

9. **ACKNOWLEDGEMENTS:** We would like to express our appreciation to the members of the Morris County Vocational School District Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the county and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our Business Office Staff.

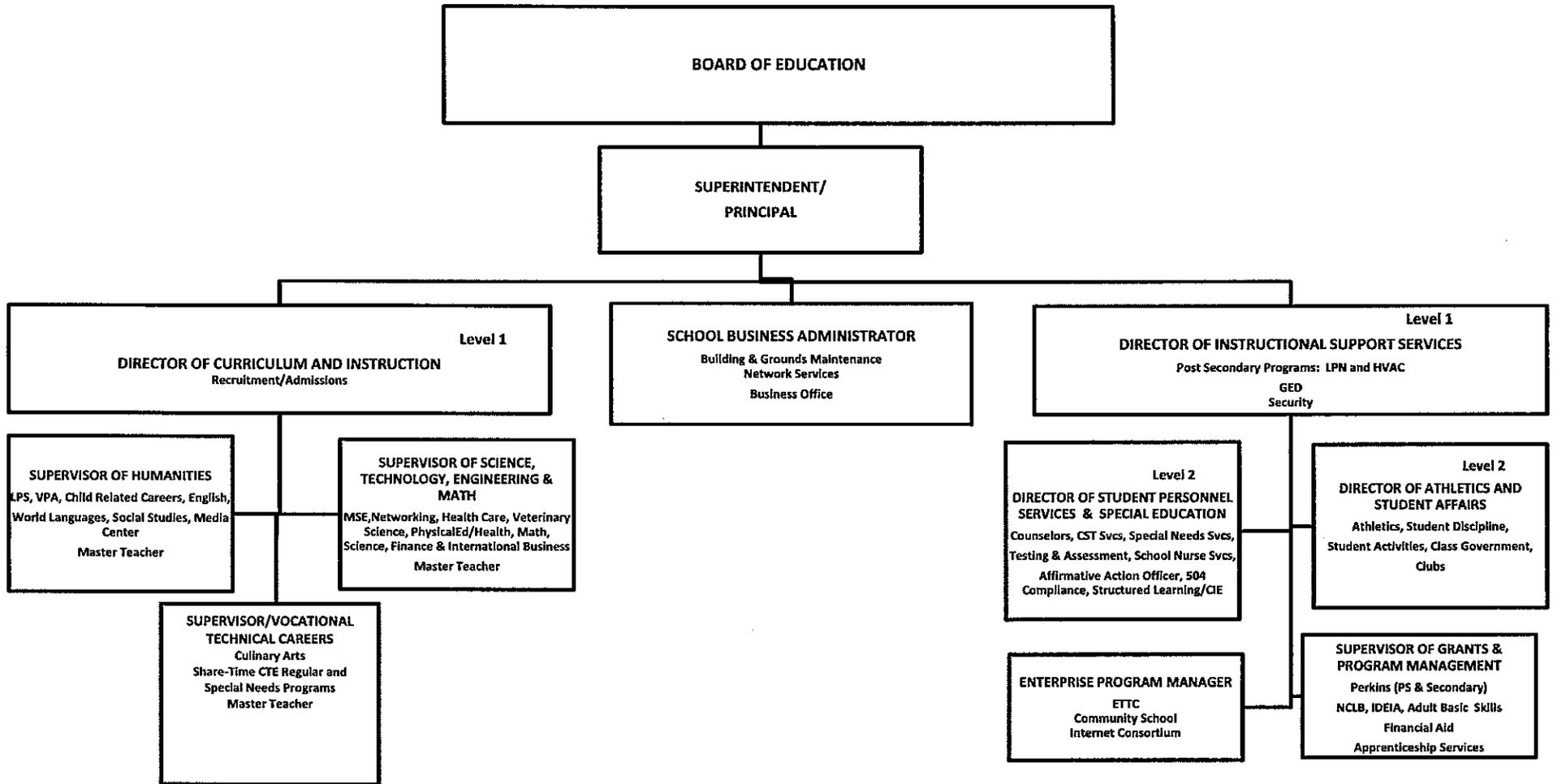
Respectfully submitted,



Scott Moffitt
Superintendent



Susan Young
Business Administrator/Board Secretary



**MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2012**

<u>Members of the Board of Education</u>	<u>Title</u>	<u>Term Expires</u>
Barbara Dawson	President	2015
Honorable Reginald Stanton	Vice President	2014
Lawrence J. Colasurdo	Member	2012
John P. Hyland	Member	2013
Dr. Kathleen Serafino	Member (County Superintendent)	N/A

Other Officers

Scott Moffitt	Superintendent of Schools
Susan Young	Board Secretary/Business Administrator
Patricia MacKenzie	Treasurer of School Monies
John M. Mills, III	Board Attorney

**MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
Consultants and Advisors**

Audit Firm

Nisivoccia LLP, CPAs
Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mount Arlington, NJ 07856

Attorney

Mills & Mills
One Western Avenue
Morristown, NJ 07960

Official Depositories

Provident Bank
41 Broadway
Denville, NJ 07834

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 County Vocational School District
 County of Morris, New Jersey

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 County Vocational School District, a component unit of the County of Morris, as of and for the fiscal year ended June 30, 2012 which collectively comprise the School District's basic financial statements as listed in the foregoing table of contents. These financial statements are the responsibility of the Board of Education's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Morris County Vocational School District, a component unit of the County of Morris, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows, thereof, for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

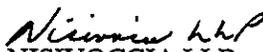
In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2012 on our consideration of the Board of Education of the Morris County Vocational School District's internal control over financial reporting and on our tests of its compliance with certain provisions 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Honorable President and Members
of the Board of Education
Morris County Vocational School District
Page 2

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, which follows this report, and 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board of Education of the Morris County Vocational School District's financial statements. The accompanying supplementary information schedules such as the combining and individual fund financial statements and the Schedules of Expenditures of Federal and State Awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards are fairly stated in all material respects in relation to the financial statements as a whole. The accompanying other information, such as the introductory and statistical sections, is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information 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.

October 1, 2012
Mount Arlington, New Jersey


NISIVOCCIA LLP


Francis J. Jones, Jr.
Licensed Public School Accountant #1154
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis (Unaudited)

This section of Morris County Vocational School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2012. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Financial Highlights

- The District's financial position improved on a district-wide basis during the year primarily due to recognition of a \$1.96 million receivable from the County of Morris for various improvements/renovations to the District and a \$541,733 increase in tuition revenue.
- Overall revenue was \$21.67 million.

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. *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.
- *Notes to Financial Statements:* Provide additional information essential to a full understanding of the District-wide and fund financial statements.

The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1

Organization of the School District's Financial Report

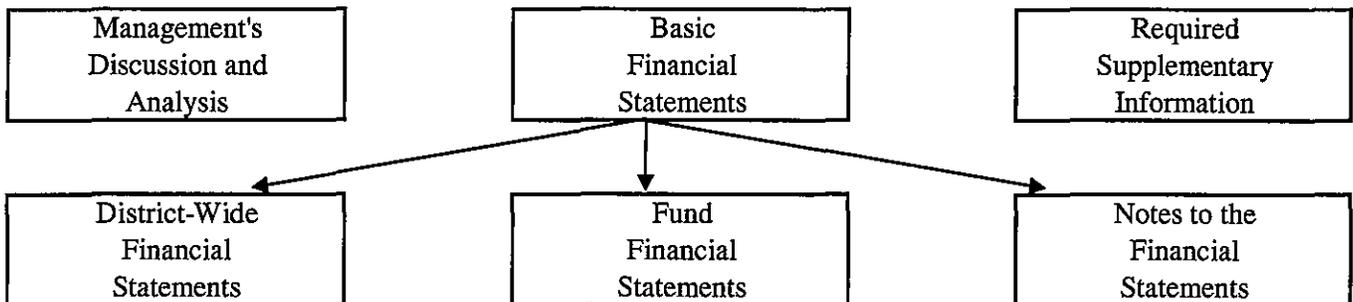


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

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 including: ETTC, Supermarket, Cisco Academy, Food Service, Food Function, Internet Consortium, Cosmetology and Adult Education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies.
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net assets • 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 assets • Statement of revenue, expenses, and changes in net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
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 year or soon thereafter; no capital assets or long-term liabilities 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 year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

District-wide Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the District's assets 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 assets* and how they have changed. Net assets – the difference between the District's assets and liabilities – is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net assets are 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 enterprise funds 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 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. *Internal service funds* (the other kind of proprietary fund) report activities that provide supplies and services for other programs and activities. The District currently does not maintain any internal service funds.

- *Fiduciary funds:* The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities fund. 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 Financial Statements: Provide additional information essential to a full understanding of the District-wide and fund financial statements.

Financial Analysis of the District as a Whole

Net Assets. The District's combined net assets increased by \$1,659,416. Net assets from governmental activities increased by \$1,756,678 and net assets from business-type activities decreased by \$97,262. Net assets invested in capital assets decreased by \$471,619, restricted net assets increased by \$2,123,053, and unrestricted net assets increased by \$7,982.

Figure A-3

Condensed Statement of Net Assets

	Government Activities		Business-Type Activities		Total School District		Total Percentage Change
	2010/11	2011/12	2010/11	2011/12	2010/11	2011/12	
Current and							
Other Assets	\$ 2,038,330	\$ 4,330,982	\$ 292,538	\$ 185,557	\$ 2,330,868	\$ 4,516,539	93.77%
Capital Assets	17,268,964	16,835,176	34,104	32,216	17,303,068	16,867,392	-2.52%
Total Assets	<u>19,307,294</u>	<u>21,166,158</u>	<u>326,642</u>	<u>217,773</u>	<u>19,633,936</u>	<u>21,383,931</u>	8.91%
Other Liabilities	396,219	368,325	79,746	66,319	475,965	434,644	-8.68%
Long-Term							
Liabilities	341,857	471,937	1,286	3,106	343,143	475,043	38.44%
Total Liabilities	<u>738,076</u>	<u>840,262</u>	<u>81,032</u>	<u>69,425</u>	<u>819,108</u>	<u>909,687</u>	11.06%
Net Assets:							
Invested in Capital							
Assets, Net of							
Related Debt	17,268,964	16,799,233	34,104	32,216	17,303,068	16,831,449	-2.73%
Restricted	719,472	2,842,525			719,472	2,842,525	295.08%
Unrestricted	<u>580,782</u>	<u>684,138</u>	<u>211,506</u>	<u>116,132</u>	<u>792,288</u>	<u>800,270</u>	1.01%
Total Net Assets	<u>\$18,569,218</u>	<u>\$20,325,896</u>	<u>\$ 245,610</u>	<u>\$ 148,348</u>	<u>\$18,814,828</u>	<u>\$20,474,244</u>	8.82%

Changes in Net Assets. The District's combined net assets were \$20,474,244 on June 30, 2012, \$1,659,416 or 8.82% more than they were the year before (see Figure A-3). Net Assets Invested in Capital Assets decreased due to current year depreciation expense of \$563,266, disposals of capital assets net of related accumulated depreciation of \$2,894 and net increase in capital leases payable of \$35,943; offset by current year capital assets additions of \$130,484. Restricted net assets increased primarily due to a budgeted withdrawal from Capital Reserve of \$41,932 offset by a board approved deposit of \$200,000 into the Capital Reserve; and an increase in Capital Projects Fund fund balance as a result of recognition of a \$1,963,892 receivable from the County of Morris for various improvements/renovations to the District. The increase in unrestricted net assets was due primarily to an increase in year-end encumbrances of \$114,678 and unexpended General Fund budget balances (net of year end encumbrances) of approximately \$336,600; offset by board approved deposit of \$200,000 into the Capital Reserve; a net decrease in compensated absences of \$95,957; deficit local revenue of \$71,879 and a net decrease in business-type unrestricted net assets of \$95,374.

Figure A-4

Changes in Net Assets from Operating Results

	Governmental Activities 2010/11	Governmental Activities 2011/12	Business- Type Activities 2010/11	Business- Type Activities 2011/12	Total School District 2010/11	Total School District 2011/12	Percentage Change
Revenue:							
Program Revenue:							
Charges for Services	\$ 8,232,968	\$ 8,774,701	\$ 872,288	\$ 781,278	\$ 9,105,256	\$ 9,555,979	4.95%
Operating Grants and Contributions	2,997,416	3,100,157	25,551	32,379	3,022,967	3,132,536	3.62%
General Revenue:							
County Tax Levy	6,351,286	6,351,286			6,351,286	6,351,286	0.00%
State and Federal Aid not Restricted	388,508	623,050			388,508	623,050	60.37%
County Improvement Authorizations		1,963,892				1,963,892	100.00%
Other	126,802	19,742	44,984	25,714	171,786	45,456	-73.54%
Total Revenue	18,096,980	20,832,828	942,823	839,371	19,039,803	21,672,199	13.83%
Expenses:							
Instruction	9,054,417	9,678,636			9,054,417	9,678,636	6.89%
Pupil and Instruction Services	2,373,119	2,714,931			2,373,119	2,714,931	14.40%
Administrative and Business	2,780,806	2,840,545			2,780,806	2,840,545	2.15%
Maintenance and Operations	2,069,839	2,101,988			2,069,839	2,101,988	1.55%
Pupil Transportation	108,470	142,824			108,470	142,824	31.67%
Special Schools	1,203,924	1,106,689			1,203,924	1,106,689	-8.08%
Capital Outlay	78,585	54,775			78,585	54,775	-30.30%
Other	729,625	435,762	999,329	936,633	1,728,954	1,372,395	-20.62%
Total Expenses	18,398,785	19,076,150	999,329	936,633	19,398,114	20,012,783	3.17%
Increase/(Decrease) in Net Assets	\$ (301,805)	\$ 1,756,678	\$ (56,506)	\$ (97,262)	\$ (358,311)	\$ 1,659,416	563.12%

Revenue Sources. The District's total revenue for the 2011/12 school year was \$21,672,199. (See Figure A-4). The County tax levy of \$6,351,286 accounted for a substantial portion of the District's revenue, or 29.31 percent, along with 44.09% from charges for services. (See Figure A-5). Another 17.33 percent came from operating grants and contributions for specific programs and state and federal aid not restricted with the remainder from miscellaneous sources and charges for services.

Figure A-5

Sources of Revenue for Fiscal Year 2012

	Amount	Percentage
Sources of Income:		
State and Federal Aid Not Restricted	\$ 623,050	2.88%
County Tax Levy	6,351,286	29.31%
Operating Grants and Contributions	3,132,536	14.45%
Charges for Services	9,555,979	44.09%
County Improvement Authorizations	1,963,892	9.06%
Other	45,456	0.21%
	\$ 21,672,199	100.00%

The total cost of all programs and services was \$20,012,783. The District's expenses are predominantly related to instructing, caring for students (pupil services) and special schools (67.46 percent). (See Figure A-6). The District's administrative and business activities accounted for 14.19 percent of total costs.

Figure A-6

Expenses for Fiscal Year 2012

Expense Category:	<u>Amount</u>	<u>Percentage</u>
Instruction	\$ 9,678,636	48.36%
Pupil and Instruction Services	2,714,931	13.57%
Administrative and Business	2,840,545	14.19%
Maintenance and Operations	2,101,988	10.50%
Pupil Transportation	142,824	0.72%
Special Schools	1,106,689	5.53%
Capital Outlay	54,775	0.27%
Other	1,372,395	6.86%
	<u>\$ 20,012,783</u>	<u>100.00%</u>

Governmental Activities

The net asset position of the governmental activities increased due to several factors. The most significant factor was the \$1,963,892 receivable from the County for several capital projects such as roof, HVAC and fire alarm system replacements. Additionally, the district benefited by a year to year increase of \$326,097 in categorical state aid and a \$541,733 increase in tuition revenue. On the expenditure side, a 2% reduction in health benefit premium rates as of January 1, 2012 produced budget savings. Additionally, a warm winter and participation in ACES, an energy cooperative, brought utility costs in lower than anticipated. In general the district was able to replenish its capital reserve account by \$200,000 due to these savings. Therefore the restricted and unrestricted net assets of the district actually increased from year to year most significantly due to the infusion of capital project funds from the County.

Figure A-7 presents the cost of eight major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, pupil transportation, special schools, capital outlay 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:

Figure A-7

Net Cost of Governmental Activities

	<u>Total Cost of Services 2010/11</u>	<u>Total Cost of Services 2011/12</u>	<u>Net Cost of Services 2010/11</u>	<u>Net Cost of Services 2011/12</u>
Instruction	\$ 9,054,417	\$ 9,678,636	\$ 3,155,445	\$ 3,387,708
Pupil and Instruction Services	2,373,119	2,714,931	507,357	591,263
Administrative and Business	2,780,806	2,840,545	1,256,306	1,257,832
Maintenance and Operations	2,069,839	2,101,988	1,029,912	1,046,756
Pupil Transportation	108,470	142,824	53,973	71,124
Special Schools	1,203,924	1,106,689	357,198	356,072
Capital Outlay	78,585	54,775	78,585	54,775
Other	729,625	435,762	435,761	435,762
	<u>\$ 18,398,785</u>	<u>\$ 19,076,150</u>	<u>\$ 6,874,537</u>	<u>\$ 7,201,292</u>

- The cost of all governmental activities this year was \$19.08 million.
- The federal and state governments subsidized certain programs with grants and contributions (\$3.1 million).
- A portion of governmental activities was financed with \$0.62 million in state aid based on the CEIFA formula.
- Approximately 32% of the District's costs (\$6.35 million) were financed with the County tax levy.
- The County of Morris authorized funding of \$1.96 million for capital improvements at the District.
- The remainder of the funding came from charges for services (including tuition) and miscellaneous revenue (\$9.60 million).

Business-Type Activities

Net assets from the District's business-type activities decreased overall by \$97,262. (Refer to Figure A-4). Factors contributing to these results included:

- A planned investment in food function supplies and the corresponding planned reduction of the accumulating surplus balance.
- A change in the distribution channel of ETTC programs leading up to the year-end dissolution of the entity and re-assignment of personnel and the associated salary expense for 2012-2013.

Financial Analysis of the District's Funds

The District's overall fund balance improved significantly due to the recognition of \$1.96 million receivable from the County of Morris for various improvements/renovations to the District. Additionally, salary breakage, lower than average utility and maintenance costs due to an unusually warm winter with minimal snow and lower than anticipated health benefit premiums all contributed to the growth in the ending fund balance of the district.

These factors cannot be anticipated to recur in 2012-2013 and are unusual occurrences. To maintain a stable financial position, the District must continue to practice sound fiscal management.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. These budget amendments are primarily related to changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment.

Capital Asset and Debt Administration

Figure A-8

	Capital Assets (Net of Depreciation)						Total Percentage Change
	Government Activities		Business-Type Activities		Total School District		
	2010/11	2011/12	2010/11	2011/12	2010/11	2011/12	
Sites and Site Improvements	\$ 317,972	\$ 317,157			\$ 317,972	\$ 317,157	-0.26%
Buildings and Building Improvements	16,425,563	15,990,616			16,425,563	15,990,616	-2.65%
Machinery and Equipment	525,429	527,403	\$ 34,104	\$ 32,216	559,533	559,619	0.02%
Total	\$ 17,268,964	\$ 16,835,176	\$ 34,104	\$ 32,216	\$ 17,303,068	\$ 16,867,392	-2.52%

Long-term Debt

At year-end, the District had \$475,043 of other liabilities – an increase of \$131,900 from last year – as shown in Figure A-9. This increase was a result of a net increase in compensated absences of \$95,957 and a net increase in capital leases payable of \$35,943. The County of Morris is responsible for the issuance and repayment of long-term debt in the form of bonds and notes.

Figure A-9

Outstanding Long-Term Debt

	Total School District		Total
	2010/11	2011/12	Percentage Change
Other Long-Term Liabilities	\$ 343,143	\$ 475,043	38.44%

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:

- Secondary enrollment figures nearing the capacity of the physical plant.
- A decrease in undesignated surplus from 5.2% at June 2011 to 4.5% at June 2012.
- Uncertain county funding of necessary capital needs.
- A \$200,000 replenishment of capital reserve funds.

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, 400 East Main Street, Denville, New Jersey 07834.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

Exhibit A-1

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2012

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 581,062	\$ 146,948	\$ 728,010
Interfund Receivable	11,188		11,188
Receivables from State Government	6,386	71	6,457
Receivables from Federal Government	201,223	1,661	202,884
Receivables from Other Governments	2,603,458	99	2,603,557
Other Receivables	49,032	34,380	83,412
Inventories		2,398	2,398
Restricted Assets:			
Capital Reserve Account - Cash	878,633		878,633
Capital Assets, Net:			
Sites (Land)	308,600		308,600
Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	16,526,576	32,216	16,558,792
Total Assets	<u>21,166,158</u>	<u>217,773</u>	<u>21,383,931</u>
LIABILITIES			
Accounts Payable	346,333	56,888	403,221
Payable to Federal Government	612		612
Deferred Revenue	21,380	9,431	30,811
Non-Current Liability:			
Due Within One Year	8,623		8,623
Due Beyond One Year	463,314	3,106	466,420
Total Liabilities	<u>840,262</u>	<u>69,425</u>	<u>909,687</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	16,799,233	32,216	16,831,449
Restricted for:			
Capital Projects	2,842,525		2,842,525
Unrestricted	684,138	116,132	800,270
Total Net Assets	<u>\$ 20,325,896</u>	<u>\$ 148,348</u>	<u>\$ 20,474,244</u>

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

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 5,273,623	\$ 2,647,444	\$ 382,058	\$ (2,244,121)		\$ (2,244,121)
Special	450,689	226,253	554,260	329,824		329,824
Vocational Education	3,720,334	1,867,667	495,779	(1,356,888)		(1,356,888)
Other Instruction	233,990	117,467		(116,523)		(116,523)
Support Services:						
Student and Instruction Related Services	2,714,931	1,362,939	760,729	(591,263)		(591,263)
General Administrative Services	607,139	304,793	31,163	(271,183)		(271,183)
School Administrative Services	1,332,581	668,977	99,328	(564,276)		(564,276)
Central Services	655,869	329,257	26,223	(300,389)		(300,389)
Administrative Information Technology	244,956	122,972		(121,984)		(121,984)
Plant Operations and Maintenance	2,101,988	1,055,232		(1,046,756)		(1,046,756)
Pupil Transportation	142,824	71,700		(71,124)		(71,124)
Special Schools	1,106,689		750,617	(356,072)		(356,072)
Capital Outlay	54,775			(54,775)		(54,775)
Unallocated Depreciation	435,762			(435,762)		(435,762)
Total Governmental Activities	19,076,150	8,774,701	3,100,157	(7,201,292)		(7,201,292)
Business-Type Activities:						
Supermarket Account	17,507	17,769			\$ 262	262
Internet Consortium	57,052	51,106			(5,946)	(5,946)
Adult Education	583,435	568,540			(14,895)	(14,895)
Educational Technology Training Center	58,437	7,911			(50,526)	(50,526)
Cosmetology	1,148	1,997			849	849
Food Service	188,102	123,785	32,379		(31,938)	(31,938)
Food Function	30,952	10,170			(20,782)	(20,782)
Total Business-Type Activities	936,633	781,278	32,379		(122,976)	(122,976)
Total Primary Government	\$ 20,012,783	\$ 781,278	\$ 3,132,536	(7,201,292)	(122,976)	(7,324,268)

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Net (Expense) Revenue and Changes in Net Assets		
	Governmental Activities	Business-type Activities	Total
General Revenues:			
Taxes:			
County Tax Levy	\$ 6,351,286		\$ 6,351,286
Federal and State Aid not Restricted	623,050		623,050
Interest Earnings	2,671		2,671
Miscellaneous Income	43,625		43,625
Transfers	(26,554)	\$ 27,702	1,148
County Improvement Authorization	1,963,892		1,963,892
Cancellation of Prior Year's Accounts Payable		1,007	1,007
Cancellation of Prior Year's Intergovernmental Accounts Receivable		(2,995)	(2,995)
	8,957,970	25,714	8,983,684
Change in Net Assets	1,756,678	(97,262)	1,659,416
Net Assets - Beginning	18,569,218	245,610	18,814,828
Net Assets - Ending	\$ 20,325,896	\$ 148,348	\$ 20,474,244

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

FUND FINANCIAL STATEMENTS

Exhibit B-1

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Cash Equivalents	\$ 581,062			\$ 581,062
Interfund Receivables:				
Special Revenue Fund	92,212			92,212
Fiduciary Fund - Flex Spending Trust Fund	11,188			11,188
Receivables From State Government		\$ 6,386		6,386
Receivables From Federal Government	2,726	198,497		201,223
Receivables From Other Governments	639,566		\$ 1,963,892	2,603,458
Other Accounts Receivables	49,032			49,032
Restricted Cash and Cash Equivalents	878,633			878,633
Total Assets	<u>\$ 2,254,419</u>	<u>\$ 204,883</u>	<u>\$ 1,963,892</u>	<u>\$ 4,423,194</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Interfund Payable:				
General Fund		\$ 92,212		\$ 92,212
Accounts Payable	\$ 246,498	99,835		346,333
Payable to Federal Government		612		612
Deferred Revenue	9,156	12,224		21,380
Total Liabilities	<u>255,654</u>	<u>204,883</u>		<u>460,537</u>
Fund Balances:				
Restricted:				
Capital Reserve Account	878,633			878,633
Committed:				
Capital Projects Fund			\$ 1,963,892	1,963,892
Assigned:				
Other Purposes	306,184			306,184
Designated for Subsequent Year's Expenditures	200,000			200,000
Unassigned	613,948			613,948
Total Fund Balances	<u>1,998,765</u>		<u>1,963,892</u>	<u>3,962,657</u>
Total Liabilities and Fund Balances	<u>\$ 2,254,419</u>	<u>\$ 204,883</u>	<u>\$ 1,963,892</u>	

Amounts Reported for Governmental Activities in the Statement of Net Assets (A-1) are Different Because:

Capital Assets Used in Governmental Activities are not Financial Resources and Therefore are not Reported in the Funds. The Cost of the Assets is \$25,055,250 and the Accumulated Depreciation is \$8,220,074.	16,835,176
Long-Term Liabilities, Including Compensated Absences, are not due and Payable in the Current Period and Therefore are not Reported as Liabilities in the Funds.	<u>(471,937)</u>
Net Assets of Governmental Activities	<u>\$ 20,325,896</u>

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

Exhibit B-2

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
REVENUES:				
Local Sources:				
County Tax Levy	\$ 6,351,286			\$ 6,351,286
Tuition from LEA's	8,439,180			8,439,180
Tuition from Individuals	335,521			335,521
Interest Earned on Capital Reserve Funds	1,093			1,093
Unrestricted Miscellaneous Revenue	45,203			45,203
Total - Local Sources	15,172,283			15,172,283
State Sources	2,256,077	\$ 23,133		2,279,210
Federal Sources	54,110	1,389,887		1,443,997
Total Revenues	17,482,470	1,413,020		18,895,490
EXPENDITURES:				
Current:				
Instruction:				
Regular Instruction	4,396,973	14,584		4,411,557
Special Education Instruction	317,365	4,079		321,444
Vocational Education Instruction	2,607,278	129,885		2,737,163
School-Sponsored/Other Instruction	219,463			219,463
Support Services and Undistributed Costs:				
Student and Other Instruction Related Services	1,555,881	509,366		2,065,247
General Administration Services	497,829			497,829
School Administration Services	929,527			929,527
Central Services	476,847			476,847
Administrative Information Technology	162,096			162,096
Plant Operations and Maintenance	1,728,846			1,728,846
Student Transportation Services	146,113			146,113
Allocated Benefits	2,414,478			2,414,478
Unallocated Benefits	1,196,143			1,196,143
Capital Outlay	124,999	52,995		177,994
Special Schools	370,058	702,111		1,072,169
Total Expenditures	17,143,896	1,413,020		18,556,916
Excess of Revenue Over Expenditures	338,574			338,574
Other Financing Sources/(Uses):				
County Improvement Authorization			\$ 1,963,892	1,963,892
Transfer to Food Service Fund	(27,702)			(27,702)
Transfer from Flex Spending Trust Fund	1,148			1,148
Capital Leases (Non-budgeted)	44,634			44,634
Total Other Financing Sources/(Uses)	18,080		1,963,892	1,981,972
Net Change in Fund Balances	356,654		1,963,892	2,320,546
Fund Balance - July 1	1,642,111			1,642,111
Fund Balance - June 30	\$ 1,998,765	\$ -0-	\$ 1,963,892	\$ 3,962,657

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

Exhibit B-3

MORRIS COUNTY VOCATIONAL 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, 2011

Total Net Change in Fund Balances - Governmental Funds (from B-2)	\$ 2,320,546
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays differs from depreciation and deletions in the period.	
Depreciation Expense	\$ (557,007)
Deletions, Net of Related Depreciation Expense	(2,894)
Capital Outlays	<u>126,113</u>
	(433,788)
Leases entered into by the District are an other financing source in the Governmental Funds, but the acquisition increases Long-Term Liabilities in the Statement of Net Assets and not reported in the Statement of Activities.	
	(44,634)
Repayment of capital leases is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Assets and is not reported in the Statement of Activities.	
	8,691
In the statement of activities, certain operating expenses, e.g., compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).	
	<u>(94,137)</u>
Change in Net Assets of Governmental Activities (Exhibit A-2)	<u>\$ 1,756,678</u>

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

Exhibit B-4

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012

	<u>Business-type Activities - Enterprise Funds</u>
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 146,948
Intergovernmental Accounts Receivable:	
State	71
Federal	1,661
Other	99
Other Accounts Receivable	34,380
Inventories	2,398
Total Current Assets	<u>185,557</u>
Non-Current Assets:	
Capital Assets	146,990
Less: Accumulated Depreciation	<u>(114,774)</u>
Total Non-Current Assets	<u>32,216</u>
Total Assets	<u>217,773</u>
<u>LIABILITIES:</u>	
Current Liabilities:	
Accounts Payable	56,888
Deferred Revenue	9,431
Total Current Liabilities	<u>66,319</u>
Non-Current Liabilities:	
Compensated Absences Payable	<u>3,106</u>
Total Non-Current Liabilities	<u>3,106</u>
Total Liabilities	<u>69,425</u>
<u>NET ASSETS:</u>	
Investment in Capital Assets Net of Related Debt	32,216
Unrestricted	<u>116,132</u>
Total Net Assets	<u>\$ 148,348</u>

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

Exhibit B-5

1 of 2

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Business-type Activities - Enterprise Funds</u>
Operating Revenue:	
Daily Sales - Reimbursable Programs	\$ 68,346
Daily Sales - Non-Reimbursable Programs	49,764
Charges for Services:	
Program Fees	647,323
Special Events	10,170
Miscellaneous Revenue	5,675
	781,278
Total Operating Revenue	781,278
Operating Expenses:	
Cost of Sales	54,306
Salaries	438,102
Employee Benefits	65,376
Purchased Professional and Technical Services	83,121
Other Purchased Services	114,667
Travel	558
Supplies and Materials	172,802
Miscellaneous Expense	1,442
Depreciation Expense	6,259
	936,633
Total Operating Expenses	936,633
Operating Loss	(155,355)
Non-Operating Income:	
State Sources:	
State School Lunch Program	1,199
Federal Sources:	
National School Lunch Program	24,079
Food Distribution Program	7,101
	32,379
Total Non-Operating Income	32,379
Change in Net Assets Before Other Items and Transfers	(122,976)

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Business-type Activities - Enterprise Funds</u>
Other Items and Transfers:	
Operating Transfer In - General Fund	\$ 27,702
Cancellation of Prior Year's Accounts Payable	1,007
Cancellation of Prior Year's Accounts Receivable	<u>(2,995)</u>
Other Items and Transfers	<u>25,714</u>
Change in Net Assets	(97,262)
Net Assets - Beginning of Year	<u>245,610</u>
Net Assets - End of Year	<u><u>\$ 148,348</u></u>

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

Exhibit B-6

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Business-type Activities - Enterprise Funds</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 741,904
Payments to/for Employees	(503,478)
Payments to Suppliers	(416,975)
Net Cash Used for Operating Activities	<u>(178,549)</u>
Cash Flows Used for Capital and Related Financing Activities:	
Purchases of Capital Assets	(4,371)
Net Cash Used for Capital and Related Financing Activities:	<u>(4,371)</u>
Cash Flows from Noncapital Financing Activities:	
Cash Received from Operating Transfers	27,702
State Sources	1,208
Federal Sources	23,709
Net Cash Provided by Noncapital Financing Activities	<u>52,619</u>
Net Decrease in Cash and Cash Equivalents	(130,301)
Cash and Cash Equivalents, July 1	<u>277,249</u>
Cash and Cash Equivalents, June 30	<u>\$ 146,948</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (155,355)
Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities:	
Depreciation	6,259
Food Distribution Program	7,101
Changes in Assets and Liabilities:	
Decrease in Other Intergovernmental Accounts Receivable	6,208
(Increase) in Other Accounts Receivable	(32,865)
Increase in Accounts Payable	1,004
(Decrease) in Deferred Revenue	(13,617)
Increase in Compensated Absences Payable	1,820
Decrease in Inventory	896
Net Cash Used for Operating Activities	<u>\$ (178,549)</u>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund Received U.S.D.A. Donated Commodities Through the Food Distribution Program Valued at \$6,201 and Utilized Commodities Valued at \$7,101.

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

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
JUNE 30, 2012

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Flex Spending Trust</u>	<u>Private Purpose Scholarships Trust</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 340,509	\$ 1,186	\$ 15,311	\$ 93,111
Total Assets	<u>340,509</u>	<u>1,186</u>	<u>15,311</u>	<u>93,111</u>
<u>LIABILITIES:</u>				
Interfund Payable - General Fund			11,188	
Payroll Deductions and Withholdings	88,085			
Accrued Salaries and Wages	179,399			
Due to Student Groups	<u>73,025</u>			
Total Liabilities	<u>340,509</u>		<u>11,188</u>	
<u>NET ASSETS:</u>				
Held in Trust for Unemployment Claims		1,186		
Held in Trust for Flex Spending Claims Restricted for Scholarships			4,123	93,111
Total Net Assets	<u>\$ -0-</u>	<u>\$ 1,186</u>	<u>\$ 4,123</u>	<u>\$ 93,111</u>

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

Exhibit B-8

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Unemployment Compensation Trust	Flex Spending Trust	Private Purpose Scholarships Trust
ADDITIONS:			
Contributions:			
Plan Members	\$ 17,516	\$ 23,543	
Board Contributions	60,892		
Total Contributions	78,408	23,543	
Investment Earnings:			
Interest	8		\$ 247
Total Additions	78,416	23,543	247
DEDUCTIONS:			
Unemployment Benefit Claims	78,497		
Flex Spending Claims		20,519	
Scholarships Awarded			1,300
Bank Service Charges			31
Total Deductions	78,497	20,519	1,331
Change in Net Assets before Other Financing Uses	(81)	3,024	(1,084)
OTHER FINANCING USES:			
Transfer to General Fund:			
Unclaimed Employee Contributions		(1,148)	
Total Other Financing Uses		(1,148)	
Change in Net Assets	(81)	1,876	(1,084)
Net Assets - Beginning of the Year	1,267	2,247	94,195
Net Assets - End of the Year	\$ 1,186	\$ 4,123	\$ 93,111

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

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the "Board") of Morris County Vocational 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 officials who are appointed by the Morris County Board of Chosen Freeholders 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, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. Accordingly, the Morris County Vocational School District is a component unit of the County of Morris under the provisions of Governmental Accounting Standards Board's Codification Section 2100. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significance) should be included in the financial 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 a vocational school located in Denville and special academies located in the Morris Hills Regional and Borough of Butler school districts. 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 assets 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 District 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.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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

B. Basis of Presentation: (Cont'd)

Fund Financial Statements:

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.

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 fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current 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 bond ordinances that are specifically authorized by the Board of School Estimate, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

Debt Service Fund: Because Vocational School capital projects are authorized by the County Board of Chosen Freeholders under a bond ordinance and the subsequent debt is funded directly from the County budget, the Debt Service Fund does not apply to the Morris County Vocational School District.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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

B. Basis of Presentation: (Cont'd)

Enterprise Fund: The Enterprise Fund accounts for all revenue and expenses pertaining to the Board's Enterprise Funds. The District operates several Enterprise Funds. The District's Enterprise Funds are comprised of the Supermarket Program, Internet Consortium, ETC (Educational Technology Training Center), Adult Education, Cosmetology, Food Service and Food Function Funds. None of the District's individual Enterprise Funds is a major fund. These Enterprise 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 or to the public on a continuing basis are financed or recovered primarily through user charges.

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and include the Student Activities Fund, the Payroll Agency Fund, the Private Purpose Scholarships Trust Fund, the Flex Spending Trust Fund and the Unemployment Compensation Insurance 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 County bond ordinances 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.

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 assets 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.

Reports for the District's Enterprise Funds are prepared following the Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989; Accounting Principles Board Opinions; and Accounting Research Bulletins, unless those pronouncements conflict with Governmental Accounting Standards Board (GASB) pronouncements.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budgets are submitted to the County office and are voted upon by the County Board of School Estimate, which consists of three Morris County freeholders and two Morris County Vocational School Board members. 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. Budget amendments/transfers must be made by School Board resolution. 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 budget 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.

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 last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

Bond Ordinance proceeds in the Capital Projects Fund are recognized on the budgetary basis in the year that the respective ordinance is authorized; while on a GAAP basis revenue is recognized based on actual expenditures.

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 17,517,495	\$ 1,380,574
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognized Encumbrances as Expenditures and Revenue while the GAAP Basis does not:		
Current Year Encumbrances		(21,510)
Cancellation of Prior Year Encumbrances		(38,526)
Prior Year Encumbrances		92,482
Prior Year State Aid Payments Recognized for GAAP Statements	69,674	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(104,699)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 17,482,470	\$ 1,413,020

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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

D. Budgets/Budgetary Control (Cont'd)

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

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 17,143,896	\$ 1,380,574
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Current Year Encumbrances		(21,510)
Cancellation of Prior Year Encumbrances		(38,526)
Prior Year Encumbrances		92,482
	\$ 17,143,896	\$ 1,413,020
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds		

E. Cash and Cash Equivalents and Investments

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

New Jersey school districts are limited as to the 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 17:9-41et 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 market value of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all the other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

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 source/uses in governmental funds and after non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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

F. Interfund Transactions: (Cont' d)

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net assets, except for amounts due between governmental and business-type activities or governmental and agency funds, 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 and/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 deferred 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, 2012.

K. Capital Assets:

During the 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.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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

K. Capital Assets: (Cont'd)

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	50 years
Site Improvements	20 years
Furniture and Equipment	10 to 15 years
Computer and Related Technology	5 years
Vehicles	8 years

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures in the governmental fund upon acquisition. Fixed 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 assets, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or enterprise funds. Bond issuance costs, as well as applicable bond premium 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, governmental fund types recognize bond issuance costs as expenditures in the current period. 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

M. Accrued Salaries and Wages

Beginning in fiscal year 2012, certain District employees, who provide services to the District over the ten-month academic year have the option to have their salaries evenly disbursed during the entire twelve month year. New Jersey statutes require that these earned undisbursed amounts be retained in a separate bank account. As of June 30, 2012, the amount earned by these employees but not disbursed was \$173,951.

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.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. 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 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 Assets*, the liabilities, whose average maturities are greater than one year, should be reported in two components – the amount due within one year and the amount due in more than one year.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(Continued)

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

O. Deferred Revenue

Deferred revenue in the special revenue fund and enterprise fund represent cash which has been received but not yet earned.

P. Fund Balance Appropriated

General Fund: Of the \$1,998,765 General Fund fund balance at June 30, 2012, \$306,184 is assigned for encumbrances; \$878,633 is restricted in the capital reserve account; \$200,000 of assigned fund balance has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2013; and \$613,948 is unassigned, which is \$104,699 less than the budgetary unassigned fund balance, on a GAAP basis, due to the final two state aid payments, which are not recognized until the fiscal year ended June 30, 2013.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (s1701), 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 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 year's budget. The District did not have excess surplus at June 30, 2012.

P.L. 2003, C.97 provides that in the event state school aid payments are not made until the following school budget year, districts must record the last 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 last state aid payments in the subsequent fiscal year, the school district cannot recognize the last state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the last state aid payments, and not the fund balance reported on the fund statement which excludes the last state aid payments.

Q. Deficit Net Assets

The Food Service Enterprise Fund has a deficit in unrestricted net assets of \$11,077 due to an operating loss of \$31,938 during the fiscal year ended June 30, 2012. The District will resolve this deficit with General Fund contributions during the fiscal year ended June 30, 2013.

R. Net Assets:

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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

S. Fund Balance Restrictions, Commitments and Assignments:

The District implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, during the prior fiscal year. The objective of this standard is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions (as detailed in Note 1B). This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

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 for a capital reserve.

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 committed resources in the Capital Projects Fund at June 30, 2012.

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 assigned resources for year-end encumbrances and amounts designated for subsequent year's expenditures in the General Fund at June 30, 2012.

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.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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

T. Revenue - Exchange and Nonexchange Transactions: (Cont'd)

Eligibility requirements include timing requirements, which specify the 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: county taxes, interest and tuition.

U. Operating Revenue and Expenses:

Operating revenue are those revenues that are generated directly from the primary activity of the Enterprise Fund. For the School District, these revenues are sales or program fees, as applicable, for the various Enterprise Funds. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the respective Enterprise Fund.

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.

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, and short-term investments with original maturities of three months or less.

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 District 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 District 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 District limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed on the following pages.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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

Deposits:

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

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

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit, and

In addition to the above collateral requirement, if the 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 Board 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

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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

Investments: (Cont'd)

- (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2012, cash and cash equivalents of the District consisted of the following:

	<u>Cash and Cash Equivalents</u>	<u>Capital Reserve Account</u>	<u>Total</u>
Checking and Savings Accounts	\$ 1,178,127	\$ 878,633	\$ 2,056,760
	<u>\$ 1,178,127</u>	<u>\$ 878,633</u>	<u>\$ 2,056,760</u>

During the period ended June 30, 2012, the District did not hold any investments other than certificates of deposit. The carrying amount of the Board's cash and cash equivalents at June 30, 2012 was \$2,056,760 and the bank balance was \$2,572,278.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by Board resolution on October 16, 2000 in the amount of \$1 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, the 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 year end of any unanticipated revenue or unexpended line item appropriation amount or both. A district may also appropriate additional amounts with the express approval of the Board of School Estimate authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

Beginning Balance, July 1, 2011	\$ 719,472
Add:	
Interest Earnings	1,093
Transfer from Unassigned Fund Balance as per Board Resolution - June 14, 2011	200,000
Less:	
Budgeted Withdrawal for Local Share	<u>(41,932)</u>
Ending Balance, June 30, 2012	<u>\$ 878,633</u>

The June 30, 2012 LRFP balance of local support costs of uncompleted capital projects exceeds the balance in the capital reserve account at June 30, 2012.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 5. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2012 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases/ Adjustments</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 308,600			\$ 308,600
Total Capital Assets Not Being Depreciated	<u>308,600</u>			<u>308,600</u>
Capital Assets Being Depreciated:				
Site Improvements	1,110,900			1,110,900
Buildings and Building Improvements	21,747,323			21,747,323
Machinery and Equipment	1,892,332	\$ 126,113	\$ (130,018)	1,888,427
Total Capital Assets Being Depreciated	<u>24,750,555</u>	<u>126,113</u>	<u>(130,018)</u>	<u>24,746,650</u>
Governmental Activities Capital Assets	<u>25,059,155</u>	<u>126,113</u>	<u>(130,018)</u>	<u>25,055,250</u>
Less Accumulated Depreciation for:				
Site Improvements	(1,101,528)	(815)		(1,102,343)
Buildings and Building Improvements	(5,321,760)	(434,947)		(5,756,707)
Machinery and Equipment	(1,366,903)	(121,245)	127,124	(1,361,024)
	<u>(7,790,191)</u>	<u>(557,007)</u>	<u>127,124</u>	<u>(8,220,074)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 17,268,964</u>	<u>\$ (430,894)</u>	<u>\$ (2,894)</u>	<u>\$ 16,835,176</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 142,619	\$ 4,371		\$ 146,990
Less Accumulated Depreciation	<u>(108,515)</u>	<u>(6,259)</u>		<u>(114,774)</u>
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 34,104</u>	<u>\$ (1,888)</u>	<u>\$ -0-</u>	<u>\$ 32,216</u>

The District has no active construction projects as of June 30, 2012.

Depreciation expense was charged to governmental functions as follows:

Regular Vocational Education	\$ 70,556
Special Vocational Education	5,970
Other Instruction	5,403
General Administration	1,006
School Administration	940
Central Services	499
Administrative Information Technology	21,936
Plant Operations and Maintenance	7,597
Pupil Transportation	4,463
Special Schools	2,875
Unallocated	<u>435,762</u>
	<u>\$ 557,007</u>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 6. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2012, the following changes occurred in long-term liabilities reported in the district-wide financial statements:

	<u>Balance</u> <u>6/30/2011</u>	<u>Accrued</u>	<u>Retired</u>	<u>Balance</u> <u>6/30/2012</u>
Capital Leases		\$ 44,634	\$ 8,691	\$ 35,943
Compensated Absences Payable	\$ 343,143	103,009	7,052	439,100
	<u>\$ 343,143</u>	<u>\$ 147,643</u>	<u>\$ 15,743</u>	<u>\$ 475,043</u>

A. Bonds Payable:

Bonds are authorized in accordance with State law by the County of Morris Board of Chosen Freeholders by adopting a bond ordinance. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the County of Morris Board of Chosen Freeholders are general obligation bonds of the County of Morris and therefore are not recorded as debt of the Morris County Vocational School District.

B. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The current portion of the compensated absences balance of the governmental funds is \$-0- and is separated from the long-term liability balance of compensated absences of \$435,994. The General Fund will be used to liquidate compensated absences.

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, 2012, \$3,106 is recorded for compensated absences in the Enterprise Funds.

C. Capital Leases Payable:

The District entered into a capital lease agreement in August of 2011 for the lease purchase of a 24-passenger school bus. The capital lease is valued at \$44,634 of which \$8,691 has been amortized. The capital lease 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, 2012.

<u>Year</u>	<u>Amount</u>
2013	\$ 9,612
2014	9,612
2015	9,612
2016	9,611
	<u>38,447</u>
Less: Amount Representing Interest	<u>(2,504)</u>
Present Value of Minimum Lease Payments	<u>\$ 35,943</u>

The current portion of capital lease payable at June 30, 2012 is \$8,623 and the long-term portion is \$27,320. The General Fund will be used to liquidate the capital lease payable.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 7. 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 DCRP. These systems are sponsored and administered by the State of New Jersey. The TPAF is considered a cost-sharing, multiple employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other noncontribution employers. The PERS is also considered a cost-sharing, multiple-employer plan. However, if an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the Defined Contribution Retirement Program (DCRP).

Employees who are members of TP AF or PERS and retire at or after age according to the relevant tier category for the employee are entitled to a retirement benefit based upon a formula which takes "final average salary" during years of creditable service. Vesting occurs after 8 to 10 years of service. 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 each of the above systems. 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.

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey regulation. Effective with the first payroll to be paid on or after October 1, 2011, the employee contributions for PERS and TPAF went from 5.5% to 6.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in the PERS and TPAF. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits, and post-retirement medical premiums. Under current statute, the District is a noncontributing employer of the TPAF. 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 of 5.5% of employees' annual compensation for DCRP are matched by a 3% employer contribution.

District Contributions to PERS amounted to \$257,855, \$232,710 and \$195,576 for the fiscal years ended June 30, 2012, 2011 and 2010, respectively. The employer contributions to DCRP for fiscal year 2012, 2011 and 2010 were \$1,554, \$-0- and \$-0-, respectively. The employee contributions to DCRP for fiscal year 2012, 2011 and 2010 were \$2,848, \$-0- and \$-0-, respectively.

During the fiscal years ended June 30, 2012, 2011 and 2010 the State of New Jersey contributed \$226,373, \$-0- and \$-0-, respectively, to the TPAF for normal pension benefits on-behalf of the District

NOTE 8. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required 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, 2011, there were 93,323 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(Continued)

NOTE 8. POST-RETIREMENT BENEFITS (Cont'd)

Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994 with an additional contribution beginning in fiscal year 1996 to maintain a medical reserve of one-half of 1% of the active State payroll each year.

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992, which provides free health benefits to members of PERS, TPAF and the Alternate Benefit Program who retired from a Board of Education or County College with 25 years of service. In fiscal year 2011, the State paid \$144 million toward Chapter 126 benefits for 15,709 eligible retired members.

The State's on-behalf Post Retirement Medical Contributions to TPAF for the District amounted to \$454,869, \$461,588 and \$353,035 for 2012, 2011 and 2010, respectively. These amounts have been included in the District-wide financial statements and the fund-based statements as revenues and expenditures in accordance with GASB Statement No. 24.

NOTE 9. 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 obtains their health benefit coverage through the State of New Jersey Health Benefits Plan.

Property, Liability and Health Benefits

The Morris County Vocational School District is a member of the Morris County Insurance Fund (the "Fund"). This public entity risk management pool provides general liability, property and automobile coverage for its members. The Morris County Vocational School District is also a member of the Morris-Essex Insurance Group (the "Group"). This public entity risk management pool provides workers' compensation coverage for its members.

A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. The Fund and the Group are risk-sharing public entity risk pools that are an insured and self-administered group of school boards or other governmental entities 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 Fund/Group are elected.

As a member of these Fund/Group, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of either Fund/Group were to be exhausted, members would become responsible for their respective shares of the respective Fund's liabilities. The Fund/Group can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body.

The June 30, 2012 audit report for the Group is not available as of the date of this report. Selected, summarized financial information for the pools are on the following page.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 9. RISK MANAGEMENT (Cont'd)Property, Liability and Health Benefits (Cont'd)

	Morris County Insurance Fund Dec. 31, 2011	Morris-Essex Insurance Group June 30, 2011
Total Assets	\$ 9,014,582	\$ 7,361,713
Net Assets	\$ 1,198,386	\$ 3,049,206
Total Revenue	\$ 3,151,086	\$ 2,926,184
Total Expenses	\$ 2,603,360	\$ 1,765,941
Change in Net Assets	\$ 547,726	\$ 1,160,243
Net Assets Distribution to Participating Members	\$ -0-	\$ 592,294

Financial statements for the pools are available at the various Executive Directors' Offices:

Morris County Insurance Fund

Wachovia Insurance
P.O. Box 927
Wayne, NJ 07470

Morris-Essex Insurance Group

Burton Agency
44 Bergen Street
P.O. Box 270
Westwood, NJ 07675

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, interest earned, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and previous two 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>
2011-2012	\$ 60,892	\$ 8	\$ 17,516	\$ 78,497	\$ 1,186
2010-2011	40,682	6	13,947	57,424	1,267
2009-2010	-0-	-0-	15,302	43,525	4,056

NOTE 10. ECONOMIC DEPENDENCY

The Board of Education receives a substantial amount of its support from county, 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 COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO BASIC THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 11. INTERFUND RECEIVABLES AND PAYABLES

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 103,400	
Special Revenue Fund		\$ 92,212
Fiduciary Fund - Flex Spending Trust		11,188
	<u>\$ 103,400</u>	<u>\$ 103,400</u>

The interfund between the General Fund and the Special Revenue Fund is due to a deficit in cash and cash equivalents in the Special Revenue Fund. The deficit is due to the timing between expenditure and reimbursement from the State. The interfund between the General Fund and the Flex Spending Trust Fund consists of funds the General Fund advanced the Flex Spending Trust Fund to open a bank account in the prior years; current year and prior year interest earned (net of bank service charges) in the Flex Spending Trust due to the General Fund and fiscal year 2011 unclaimed employee contributions due to the General Fund. The General Fund transferred \$27,702 to the Food Service to partially fund an operating deficit in the Food Service Fund.

NOTE 12. DEFERRED COMPENSATION

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

- Met Life Investors
- Sun Life Financial (Merrill Lynch)
- Lincoln National
- AXA Equitable
- AIG - Valic

NOTE 13. TAX CALENDAR

Property taxes are levied by the County 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 County who then disburses those funds to the School District on a predetermined mutually agreed-upon schedule.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO BASIC THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 14. ACCOUNTS PAYABLE

Payables as of June 30, 2012 were:

	Governmental Activities			Business-Type Activities Enterprise Funds
	General Fund	Special Revenue Fund	Total Governmental Funds	
Due to State of New Jersey	\$ 8,672	\$ 50,011	\$ 58,683	
Vendors	237,826	49,824	287,650	\$ 56,888
	<u>\$ 246,498</u>	<u>\$ 99,835</u>	<u>\$ 346,333</u>	<u>\$ 56,888</u>

NOTE 15. CONTINGENT LIABILITIES

Grant Programs

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

Litigation

The District is periodically involved in pending lawsuits. The District estimates that the potential claims against it resulting from such litigation and not covered by insurance would not materially affect the financial statements of the District.

Encumbrances

At June 30, 2012, there were encumbrances as detailed below in the governmental funds.

General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<u>\$ 306,184</u>	<u>\$ 21,510</u>	<u>\$ 1,331,633</u>	<u>\$ 1,659,327</u>

On the District's Governmental Funds Balance Sheet as of June 30, 2012, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$21,510 less than the actual year-end encumbrances on a budgetary basis. Encumbrances are not recognized on a GAAP basis and are reflected as either a reduction in grants receivables or an increase in deferred revenue.

BUDGETARY COMPARISON SCHEDULES

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
County Tax Levy	\$ 6,351,286		\$ 6,351,286	\$ 6,351,286	
Tuition from LEA's	8,540,474		8,540,474	8,439,180	\$ (101,294)
Tuition from Individuals	308,948		308,948	335,521	26,573
Interest Earned on Capital Reserve	1,500		1,500	1,093	(407)
Unrestricted Miscellaneous Revenues	42,360		42,360	45,203	2,843
Total - Local Sources	<u>15,244,568</u>		<u>15,244,568</u>	<u>15,172,283</u>	<u>(72,285)</u>
State Sources:					
Categorical Special Education Aid	439,079		439,079	439,079	
Equalization Aid	95,103		95,103	95,103	
Categorical Security Aid	60,820		60,820	60,820	
Adjustment Aid	336,909	\$ 163,048	499,957	499,957	
TPAF On-Behalf Pension Contributions (Non-Budgeted)				226,373	226,373
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				454,869	454,869
TPAF Reimbursed Social Security (Non-Budgeted)				514,901	514,901
Total State Sources	<u>931,911</u>	<u>163,048</u>	<u>1,094,959</u>	<u>2,291,102</u>	<u>1,196,143</u>
Federal Sources:					
Education Jobs Fund	52,466	1,644	54,110	54,110	
Total - Federal Sources	<u>52,466</u>	<u>1,644</u>	<u>54,110</u>	<u>54,110</u>	
Total Revenues	<u>16,228,945</u>	<u>164,692</u>	<u>16,393,637</u>	<u>17,517,495</u>	<u>1,123,858</u>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(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 - Grade 9-12 - Instruction:					
Salaries of Teachers	\$ 2,229,850	\$ 64,394	\$ 2,294,244	\$ 2,294,244	
Purchased Professional-Educational Services	1,920,285	31,080	1,951,365	1,950,698	\$ 667
Other Purchased Services	37,969	(13,974)	23,995	19,403	4,592
General Supplies	80,063	(3,298)	76,765	59,260	17,505
Textbooks	76,085	(6,057)	70,028	67,160	2,868
Other Objects	149	225	374	374	
Total Grade 9-12 - Instruction	4,344,401	72,370	4,416,771	4,391,139	25,632
Regular Programs - Home Instruction:					
Salaries of Teachers	10,000	(8,475)	1,525	1,525	
Purchased Professional-Educational Services		4,350	4,350	4,309	41
Total Home Instruction	10,000	(4,125)	5,875	5,834	41
Total Regular Programs - Instruction	4,354,401	68,245	4,422,646	4,396,973	25,673
Special Education Instruction - Resource Room/Resource Center:					
Salaries of Teachers	309,011	6,903	315,914	315,914	
Other Purchased Services		450	450	450	
General Supplies	1,350		1,350	541	809
Textbooks	500		500	460	40
Total Resource Room/Resource Center	310,861	7,353	318,214	317,365	849
Regular Vocational Programs:					
Salaries of Teachers	2,046,873	(111,392)	1,935,481	1,929,546	5,935
Other Salaries for Instruction	29,754	(8,258)	21,496	21,496	
Purchased Professional-Educational Services	28,925	4,585	33,510	30,695	2,815
Purchased Technical Services	8,969	(1,482)	7,487	2,838	4,649

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(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 Vocational Programs (Cont'd):					
Other Purchased Services	\$ 31,648	\$ (9,180)	\$ 22,468	\$ 18,483	\$ 3,985
General Supplies	213,345	7,656	221,001	179,768	41,233
Textbooks	4,983	11,520	16,503	16,503	
Other Objects	1,625	939	2,564	1,867	697
Total Regular Vocational Programs	<u>2,366,122</u>	<u>(105,612)</u>	<u>2,260,510</u>	<u>2,201,196</u>	<u>59,314</u>
Special Vocational Programs:					
Salaries of Teachers	376,095	685	376,780	376,780	
Purchased Technical Services	2,000	833	2,833	2,041	792
General Supplies	39,104	(5,604)	33,500	27,261	6,239
Textbooks	960	(960)			
Special Vocational Programs	<u>418,159</u>	<u>(5,046)</u>	<u>413,113</u>	<u>406,082</u>	<u>7,031</u>
School-Sponsored Co-curricular Activities:					
Salaries	64,922	8,669	73,591	63,441	10,150
Purchased Services	6,881	(2,630)	4,251	1,880	2,371
Supplies and Materials	3,265		3,265	1,550	1,715
Other Objects	33,348	(4,745)	28,603	24,677	3,926
Total School-Sponsored Co-curricular Activities	<u>108,416</u>	<u>1,294</u>	<u>109,710</u>	<u>91,548</u>	<u>18,162</u>
School-Sponsored Athletics:					
Salaries	80,407	9,003	89,410	89,410	
Purchased Services	31,786	(1,155)	30,631	25,425	5,206
Supplies and Materials	7,316	1,155	8,471	7,041	1,430
Other Objects	8,744		8,744	6,039	2,705
Total School-Sponsored Co-curricular Activities	<u>128,253</u>	<u>9,003</u>	<u>137,256</u>	<u>127,915</u>	<u>9,341</u>
Total Instruction	<u>7,686,212</u>	<u>(24,763)</u>	<u>7,661,449</u>	<u>7,541,079</u>	<u>120,370</u>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undist. Expend. - Attendance and Social Work Services:					
Salaries	\$ 51,954		\$ 51,954	\$ 51,954	
Supplies and Materials	1,000		1,000	686	\$ 314
Total Undist. Expend. - Attendance and Social Work Services	52,954		52,954	52,640	314
Undist. Expend. - Health Services:					
Salaries	82,969	\$ 890	83,859	83,858	1
Purchased Professional and Technical Services	2,295	14,720	17,015	9,741	7,274
Other Purchased Services	1,166	(649)	517	341	176
Supplies and Materials	3,240	(75)	3,165	2,478	687
Total Undist. Expend. - Health Services	89,670	14,886	104,556	96,418	8,138
Undist. Expend. - Speech, OT, PT, Related Svcs:					
Purchased Professional - Educational Services		1,208	1,208	1,208	
Total Undist. Expend. - Speech, OT, PT, Related Svcs		1,208	1,208	1,208	
Undist. Expend. - Guidance:					
Salaries of Other Professional Staff	455,254	17,296	472,550	472,550	
Salaries of Secretarial and Clerical Assistants	90,728	(3,907)	86,821	84,087	2,734
Other Salaries	74,797	3,522	78,319	78,319	
Purchased Professional - Educational Services	2,000		2,000		2,000
Other Purchased Services	25,400	10,646	36,046	30,088	5,958
Supplies and Materials	12,000	(4,295)	7,705	4,233	3,472
Other Objects	1,575	955	2,530	2,130	400
Total Undist. Expend. - Guidance	661,754	24,217	685,971	671,407	14,564
Undist. Expend. - Child Study Teams:					
Salaries of Other Professional Staff	275,827	(31,491)	244,336	244,333	3
Purchased Professional - Educational Services	375	30	405	5	400

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undist. Expend. - Child Study Teams: (Cont'd)					
Other Purchased Services	\$ 750	\$ (30)	\$ 720	\$ 567	\$ 153
Supplies and Materials	2,452		2,452	1,310	1,142
Other Objects	300		300	23	277
Total Undist. Expend. - Child Study Teams	279,704	(31,491)	248,213	246,238	1,975
Undist. Expend. - Improvement of Instruction Services:					
Salaries of Supervisor of Instruction	337,022	(29,653)	307,369	307,369	
Salaries of Other Professional Staff	16,200	(16,200)			
Salaries of Secretarial and Clerical Assistants	89,038	30,067	119,105	116,355	2,750
Other Purchased Professional and Technical Services	3,000		3,000	2,314	686
Other Objects	1,600	800	2,400	2,400	
Total Undist. Expend. - Improvement of Instruction Services	446,860	(14,986)	431,874	428,438	3,436
Undist. Expend. - Educational Media Services/School Library:					
Salaries	30,000	20,752	50,752	50,752	
Other Purchased Services	5,857	960	6,817	6,816	1
Supplies and Materials	2,843	(872)	1,971	1,964	7
Total Undist. Expend. - Educational Media Services/School Library	38,700	20,840	59,540	59,532	8
Undist. Expend. - Support Services - General Administration:					
Salaries	298,571		298,571	298,571	
Legal Services	41,300	20,952	62,252	50,989	11,263
Audit Fees	40,200		40,200	36,300	3,900
Architectural/Engineering Services		60,000	60,000		60,000
Other Purchased Professional Services	11,968	3,876	15,844	9,387	6,457
Communications/Telephone	31,627	4,888	36,515	30,508	6,007
Other Purchased Services	44,677	(1,810)	42,867	39,959	2,908

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undist. Expend. - Support Services - General Administration: (Cont'd)					
General Supplies	\$ 21,510	\$ 2,095	\$ 23,605	\$ 6,358	\$ 17,247
Miscellaneous Expenditures	34,122	(7,790)	26,332	25,757	575
Total Undist. Expend. - Support Services - General Administration	523,975	82,211	606,186	497,829	108,357
Undist. Expend. - Support Services - School Administration:					
Salaries of Principals/Assistant Principals	580,964	1,603	582,567	569,150	13,417
Salaries of Secretarial and Clerical Assistants	245,701	30,732	276,433	276,432	1
Other Salaries		1,146	1,146	1,146	
Purchased Professional and Technical Services		2,500	2,500	2,500	
Other Purchased Services	68,997	(19,872)	49,125	44,745	4,380
Supplies and Materials	24,600	6,432	31,032	29,825	1,207
Other Objects	3,405	2,372	5,777	5,729	48
Total Undist. Expend. - Support Services - School Administration	923,667	24,913	948,580	929,527	19,053
Undistributed Expenditures - Central Services:					
Salaries	396,669	(1,948)	394,721	394,569	152
Purchased Professional Services	52,143	9,852	61,995	61,803	192
Miscellaneous Purchased Services	9,398	3,794	13,192	10,560	2,632
Supplies and Materials	17,000	(3,745)	13,255	7,872	5,383
Miscellaneous Expenditures	4,823	1,828	6,651	2,043	4,608
Total Undistributed Expenditures - Central Services	480,033	9,781	489,814	476,847	12,967
Undistributed Expenditures - Administrative Information Technology:					
Salaries	170,282	(13,938)	156,344	153,683	2,661
Miscellaneous Purchased Services	1,900	7,524	9,424	3,482	5,942
Supplies and Materials	11,555	(4,581)	6,974	4,931	2,043
Total Undistributed Expenditures - Admin. Info. Technology	183,737	(10,995)	172,742	162,096	10,646

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(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:					
Required Maintenance for School Facilities:					
Salaries	\$ 265,797	\$ (3,123)	\$ 262,674	\$ 262,674	
Cleaning, Repair and Maintenance Services	79,808	29,913	109,721	102,515	\$ 7,206
General Supplies	20,170	8,428	28,598	18,758	9,840
Other Objects	500		500	125	375
Total Required Maintenance for School Facilities	<u>366,275</u>	<u>35,218</u>	<u>401,493</u>	<u>384,072</u>	<u>17,421</u>
Undist. Expend. - Custodial Services:					
Salaries	466,076	4,573	470,649	463,570	7,079
Purchased Professional and Technical Services	24,300	61,215	85,515	44,105	41,410
Cleaning, Repair and Maintenance Services	89,477	14,320	103,797	92,007	11,790
Other Purchased Property Services	24,422	(8,167)	16,255	12,765	3,490
Insurance	43,357	4,840	48,197	48,197	
Miscellaneous Purchased Services	3,400	(2,590)	810		810
General Supplies	85,150	(87)	85,063	74,271	10,792
Energy (Natural Gas)	238,368	(5,939)	232,429	149,828	82,601
Energy (Electricity)	411,957		411,957	361,552	50,405
Other Objects	6,800		6,800	2,328	4,472
Total Undist. Expend. - Custodial Services	<u>1,393,307</u>	<u>68,165</u>	<u>1,461,472</u>	<u>1,248,623</u>	<u>212,849</u>
Undist. Expend. - Care and Upkeep of Grounds:					
Cleaning, Repair and Maintenance Services	30,330	(8,934)	21,396	9,677	11,719
Total Undist. Expend. - Care and Upkeep of Grounds	<u>30,330</u>	<u>(8,934)</u>	<u>21,396</u>	<u>9,677</u>	<u>11,719</u>
Undist. Expend. - Security:					
Salaries	85,662	561	86,223	86,223	
General Supplies		251	251	251	
Total Undist. Expend. - Security	<u>85,662</u>	<u>812</u>	<u>86,474</u>	<u>86,474</u>	

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(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 - Student Transportation Services					
Salaries for Pupil Transportation:					
Other than Between Home and School	\$ 7,563	\$ 1,183	\$ 8,746	\$ 8,540	\$ 206
Contracted Services:					
Other than Between Home and School - Vendors	33,555	(11,126)	22,429	19,377	3,052
Contracted Services - Regular Students - ESCs & CTSA's	197,037	(68,715)	128,322	108,396	19,926
Other Purchased Professional & Technical Services		168	168	168	
Cleaning, Repair, & Maintenance Services	2,500		2,500		2,500
Rental Payments - School Buses	9,703		9,703	9,612	91
Miscellaneous Purchased Services - Transportation		1,125	1,125	20	1,105
General Supplies	2,500	(1,168)	1,332		1,332
Total Undistributed Expenditures - Student Transportation Services	<u>252,858</u>	<u>(78,533)</u>	<u>174,325</u>	<u>146,113</u>	<u>28,212</u>
Regular Programs - Instruction - Allocated Benefits:					
Social Security Contributions	4,781	2,040	6,821	6,761	60
Unemployment Compensation	29,000		29,000	14,000	15,000
Workmen's Compensation	22,042		22,042	22,042	
Health Benefits	355,923	21,727	377,650	377,650	
Tuition Reimbursement	14,700	20,008	34,708	31,164	3,544
Other Employee Benefits	17,384		17,384	17,325	59
Total Regular Programs - Allocated Benefits	<u>443,830</u>	<u>43,775</u>	<u>487,605</u>	<u>468,942</u>	<u>18,663</u>
Special Programs - Instruction - Allocated Benefits:					
Social Security Contributions	3,728	5,164	8,892	8,665	227
Workmen's Compensation	3,125		3,125	3,125	
Health Benefits	62,347	(10,127)	52,220	52,220	
Tuition Reimbursement		2,958	2,958	1,298	1,660

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(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 Programs - Instruction - Allocated Benefits: (Cont'd)					
Other Employee Benefits	\$ 3,014	\$ 1,736	\$ 4,750	\$ 4,750	
Total Special Programs - Instruction - Allocated Benefits	<u>72,214</u>	<u>(269)</u>	<u>71,945</u>	<u>70,058</u>	<u>\$ 1,887</u>
Vocational Programs - Allocated Benefits:					
Social Security Contributions	8,836	23,171	32,007	32,007	
Unemployment Compensation	33,000		33,000	31,000	2,000
Workmen's Compensation	24,314		24,314	24,314	
Health Benefits	459,332	(45,241)	414,091	414,091	
Tuition Reimbursement	7,200	(192)	7,008	1,200	5,808
Other Employee Benefits	19,590	800	20,390	18,642	1,748
Total Vocational Programs - Allocated Benefits	<u>552,272</u>	<u>(21,462)</u>	<u>530,810</u>	<u>521,254</u>	<u>9,556</u>
Other Instructional Programs - Allocated Benefits:					
Social Security Contributions	11,118	(3,071)	8,047	8,047	
Workmen's Compensation	1,469		1,469	1,077	392
Total Other Instructional Programs - Allocated Benefits	<u>12,587</u>	<u>(3,071)</u>	<u>9,516</u>	<u>9,124</u>	<u>392</u>
Attendance and Social Work - Allocated Benefits:					
Social Security Contributions	3,974		3,974	3,974	
Other Retirement Contributions - PERS	5,741		5,741	5,741	
Workmen's Compensation	525		525	525	
Health Benefits	24,002	(10,106)	13,896	13,896	
Other Employee Benefits	753	1	754	728	26
Total Attendance and Social Work - Allocated Benefits	<u>34,995</u>	<u>(10,105)</u>	<u>24,890</u>	<u>24,864</u>	<u>26</u>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Health Services - Allocated Benefits:					
Social Security Contributions	\$ 482	\$ (176)	\$ 306	\$ 306	
Workmen's Compensation	839		839	839	
Health Benefits	18,234	1,179	19,413	19,413	
Tuition Reimbursement	1,200	(1,200)			
Other Employee Benefits	753	40	793	793	
Total Health Services - Allocated Benefits	21,508	(157)	21,351	21,351	
Undist. Expend. - Guidance - Allocated Benefits :					
Social Security Contributions	14,333	(1,651)	12,682	12,130	\$ 552
Other Retirement Contributions - PERS	17,781		17,781	17,781	
Workmen's Compensation	6,277		6,277	6,277	
Health Benefits	121,164	1,875	123,039	123,039	
Tuition Reimbursement	4,800	67	4,867	2,467	2,400
Other Employee Benefits	5,274	418	5,692	5,692	
Total Undist. Expend. - Guidance - Allocated Benefits	169,629	709	170,338	167,386	2,952
Undist. Expend. - Child Study Team - Allocated Benefits:					
Social Security Contributions	549	(176)	373	372	1
Workmen's Compensation	2,789		2,789	2,789	
Health Benefits	32,795	2,358	35,153	35,153	
Tuition Reimbursement	4,800		4,800	2,400	2,400
Other Employee Benefits	4,575	444	5,019	3,963	1,056
Total Undist. Expend. - Child Study Team - Allocated Benefits	45,508	2,626	48,134	44,677	3,457

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(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:					
Undist. Expend. - Improvement of Instruction Services - Allocated Benefits:					
Social Security Contributions	\$ 8,050	\$ 15,960	\$ 24,010	\$ 5,767	\$ 18,243
Other Retirement Contributions - PERS	9,397	36,889	46,286	46,286	
Workmen's Compensation	4,472		4,472	4,472	
Health Benefits	81,583	12,199	93,782	93,782	
Other Employee Benefits	6,190	(2,132)	4,058	4,054	4
Total Undist. Expend. - Instructional Staff Training Services - Allocated Benefits	109,692	62,916	172,608	154,361	18,247
Undist. Expend. - Educational Media Services/School Library - Allocated Benefits:					
Health Benefits		6,336	6,336	6,336	
Other Employee Benefits		800	800		800
Total Undist. Expend. - Educational Media Services/School Library - Allocated Benefits		7,136	7,136	6,336	800
Undist. Expend. - Support Services - General Administration - Allocated Benefits:					
Social Security Contributions	8,931		8,931	8,931	
Other Retirement Contribution - PERS	12,901		12,901	12,901	
Workmen's Compensation	3,019		3,019	3,019	
Health Benefits	47,368		47,368	47,368	
Other Employee Benefits	4,683		4,683	3,364	1,319
Total Undist. Expend. - Support Services - General Administration - Allocated Benefits	76,902		76,902	75,583	1,319

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(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:					
Undist. Expend. - Support Serv. - School Administration - Allocated					
Benefits:					
Social Security Contributions	\$ 20,709	\$ 7,646	\$ 28,355	\$ 28,355	
Other Retirement Contribution - PERS	25,664		25,664	25,664	
Unemployment Compensation	24,000	(8,402)	15,598	6,440	\$ 9,158
Workmen's Compensation	8,359		8,359	8,359	
Health Benefits	221,231	(2,227)	219,004	219,004	
Tuition Reimbursement	9,600	(8,181)	1,419	1,200	219
Other Employee Benefits	10,765	(101)	10,664	10,388	276
Total Undist. Expend. - Support Serv. - School Administration - Allocated Benefits	320,328	(11,265)	309,063	299,410	9,653
Undist. Expend. - Support Serv. - Central Services - Allocated					
Benefits:					
Social Security Contributions	22,424	(3,944)	18,480	18,480	
Other Retirement Contribution - PERS	32,390		32,390	32,390	
Unemployment Compensation	4,000		4,000	4,000	
Workmen's Compensation	4,540		4,540	4,540	
Health Benefits	74,906	915	75,821	75,821	
Other Employee Benefits	6,943	(406)	6,537	4,647	1,890
Total Undist. Expend. - Support Serv. - Central Services - Allocated Benefits	145,203	(3,435)	141,768	139,878	1,890
Undist. Expend. - Support Serv. - Admin. Info. Tech. - Allocated					
Benefits:					
Social Security Contributions	13,027	(434)	12,593	12,593	
Other Retirement Contribution - PERS	18,816		18,816	18,816	
Unemployment Compensation	1,000		1,000	952	48

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(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:					
Undist. Expend. - Support Serv. - Admin. Info. Tech. - Allocated					
Benefits: (Cont'd)					
Workmen's Compensation	\$ 1,722		\$ 1,722	\$ 1,722	
Health Benefits	18,234	\$ 7,486	25,720	25,720	
Other Employee Benefits	1,561		1,561	1,121	\$ 440
Total Undist. Expend. - Support Serv. - Admin. Info. Tech. - Allocated Benefits	54,360	7,052	61,412	60,924	488
Undist. Expend. - Operation & Maintenance of Plant - Allocated					
Benefits:					
Social Security Contributions	62,006	920	62,926	62,926	
Other Retirement Contribution - PERS	80,491	(6,823)	73,668	73,006	662
Unemployment Compensation	9,000	(10)	8,990	4,500	4,490
Workmen's Compensation	8,267	10	8,277	8,277	
Health Benefits	203,579	(12,299)	191,280	191,280	
Other Employee Benefits	9,903		9,903	9,402	501
Total Undist. Expend. - Other Operation & Maintenance of Plant - Allocated Benefits	373,246	(18,202)	355,044	349,391	5,653
Student Transportation Services - Allocated Benefits:					
Social Security Contributions	459	419	878	878	
Workmen's Compensation	61		61	61	
Total Student Transportation Services	520	419	939	939	
On-Behalf TPAF Pension Contributions (Non-Budgeted)					
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				226,373	(226,373)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				454,869	(454,869)
TOTAL ON-BEHALF CONTRIBUTIONS				514,901	(514,901)
				1,196,143	(1,196,143)

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(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:					
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	\$ 2,432,794	\$ 56,667	\$ 2,489,461	\$ 3,610,621	\$ (1,121,160)
TOTAL UNDISTRIBUTED EXPENDITURES	5,809,486	137,312	5,946,798	5,497,139	449,659
TOTAL GENERAL CURRENT EXPENSE	15,928,492	169,216	16,097,708	16,648,839	(551,131)
CAPITAL OUTLAY:					
Equipment:					
Vocational Programs:					
Regular Programs	11,348	7,735	19,083	19,083	
Special Programs	8,257		8,257	8,257	
Undistributed Expenditures:					
Central Services		2,495	2,495	2,495	
Administrative Information Technology		2,028	2,028		2,028
Custodial Services	5,000	32,332	37,332	8,598	28,734
Total Equipment	24,605	44,590	69,195	38,433	30,762
Facilities Acquisition and Construction Services:					
Other Objects	41,932		41,932	41,932	
Total Facilities Acquisition and Construction Services	41,932		41,932	41,932	
Assets Acquired Under Capital Leases (Non-Budgeted):					
Transportation - School Bus				44,634	(44,634)
Total Assets Acquired Under Capital Leases (Non-Budgeted)				44,634	(44,634)
TOTAL CAPITAL OUTLAY	66,537	44,590	111,127	124,999	(13,872)

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(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					
Post-Secondary - Instruction:					
Salaries of Teachers	\$ 235,146	\$ (9,069)	\$ 226,077	\$ 226,077	
Purchased Professional and Technical Services	2,500		2,500	1,331	\$ 1,169
Other Purchased Services		826	826	406	420
General Supplies	31,779	(6,919)	24,860	23,471	1,389
Textbooks	22,400	(5,139)	17,261	13,191	4,070
Other Objects	1,280		1,280	388	892
Total Post-Secondary - Instruction	<u>293,105</u>	<u>(20,301)</u>	<u>272,804</u>	<u>264,864</u>	<u>7,940</u>
Post-Secondary - Support Services:					
Salaries	66,450	(13,316)	53,134	52,304	830
Personal Services - Employee Benefits	71,299	(15,497)	55,802	52,890	2,912
Total Post-Secondary - Support Services	<u>137,749</u>	<u>(28,813)</u>	<u>108,936</u>	<u>105,194</u>	<u>3,742</u>
TOTAL SPECIAL SCHOOLS	<u>430,854</u>	<u>(49,114)</u>	<u>381,740</u>	<u>370,058</u>	<u>11,682</u>
TOTAL EXPENDITURES	<u>16,425,883</u>	<u>164,692</u>	<u>16,590,575</u>	<u>17,143,896</u>	<u>(553,321)</u>
Excess/(Deficit) of Revenues Over/(Under) Expenditures	<u>(196,938)</u>		<u>(196,938)</u>	<u>373,599</u>	<u>570,537</u>
Other Financing Sources/(Uses):					
Transfer to Food Service Fund	(35,000)		(35,000)	(27,702)	7,298
Transfer from Flex Spending Trust Fund				1,148	1,148
Capital Leases (Non-budgeted)				44,634	44,634
Total Other Financing Sources/(Uses)	<u>(35,000)</u>		<u>(35,000)</u>	<u>18,080</u>	<u>53,080</u>
Excess/(Deficit) of Revenues and Other Financing Sources Over/ (Under) Expenditures and Other Financing (Uses)	<u>(231,938)</u>	<u>-0-</u>	<u>(231,938)</u>	<u>391,679</u>	<u>623,617</u>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Fund Balance, July 1	\$ 1,711,785		\$ 1,711,785	\$ 1,711,785	
Fund Balance, June 30	\$ 1,479,847	\$ -0-	\$ 1,479,847	\$ 2,103,464	\$ 623,617
<u>Recapitulation:</u>					
Restricted:					
Capital Reserve				\$ 878,633	
Assigned:					
Designated for Subsequent Year's Expenditures				200,000	
Year End Encumbrances				306,184	
Unassigned				718,647	
				2,103,464	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis				(104,699)	
Fund Balance per Governmental Funds (GAAP)				\$ 1,998,765	

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
State Sources	\$ 10,000	\$ 38,931	\$ 48,931	\$ 23,133	\$ (25,798)
Federal Sources	1,275,519	156,031	1,431,550	1,357,441	(74,109)
Total Revenues	<u>1,285,519</u>	<u>194,962</u>	<u>1,480,481</u>	<u>1,380,574</u>	<u>(99,907)</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	321,380	(99,360)	222,020	191,249	30,771
Purchased Professional and Technical Services		18,195	18,195	17,947	248
Other Purchased Services		20,171	20,171	20,033	138
General Supplies	321,380	(128,054)	193,326	185,179	8,147
Other Objects		11,793	11,793	11,793	
Total Instruction	<u>642,760</u>	<u>(177,255)</u>	<u>465,505</u>	<u>426,201</u>	<u>39,304</u>
Support Services:					
Salaries of Other Professional Staff	257,104	74,682	331,786	317,111	14,675
Personal Services-- Employee Benefits	128,552	(12,728)	115,824	113,279	2,545
Purchased Professional-Technical Services	64,276	17,669	81,945	75,772	6,173
Tuition		169,730	169,730	169,730	
Other Purchased Services	32,138	224,292	256,430	221,286	35,144
Supplies and Materials		6,100	6,100	4,104	1,996
Other Objects		166	166	96	70
Total Support Services	<u>482,070</u>	<u>479,911</u>	<u>961,981</u>	<u>901,378</u>	<u>60,603</u>
Facilities Acquisition and Construction Services:					
Instructional Equipment	160,690	(107,695)	52,995	52,995	
Total Facilities Acquisition and Construction Services	<u>160,690</u>	<u>(107,695)</u>	<u>52,995</u>	<u>52,995</u>	
Total Expenditures	<u>\$ 1,285,519</u>	<u>\$ 194,962</u>	<u>\$ 1,480,481</u>	<u>\$ 1,380,574</u>	<u>\$ 99,907</u>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 17,517,495	\$ 1,380,574
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognized Encumbrances as Expenditures and Revenue while the GAAP Basis does not:		
Current Year Encumbrances		(21,510)
Cancellation of Prior Year Encumbrances		(38,526)
Prior Year Encumbrances		92,482
Prior Year State Aid Payment not Recognized for Budgetary Purposes, Recognized for GAAP Statements	69,674	
Current Year State Aid Payment Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(104,699)</u>	
 Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	 <u>\$ 17,482,470</u>	 <u>\$ 1,413,020</u>
 Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 17,143,896	\$ 1,380,574
Differences - Budget to GAAP:		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes.:		
Current Year Encumbrances		(21,510)
Cancellation of Prior Year Encumbrances		(38,526)
Prior Year Encumbrances		<u>92,482</u>
 Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	 <u>\$ 17,143,896</u>	 <u>\$ 1,413,020</u>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISION SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budgets are submitted to the County office and are voted upon by the County School Board of Estimate, which consists of three Morris County Freeholders and two Morris County Vocational School District board members. 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. 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 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.

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 last state aid payments for the current year. Since the State is recording the last 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 COUNTY VOCATIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Consolidated Adult Basic Skills/Integrated English Literacy Civics Education		I.D.E.A. Part B, Basic		Carl D. Perkins Act Secondary	Carl D. Perkins Act Post Secondary
	FY 2012	Carryover	FY 2012	Carryover		
REVENUES:						
State Sources						
Federal Sources	\$ 571,584	\$ 28,337	\$ 174,920	\$ 8,369	\$ 285,205	\$ 93,591
Total Revenues	<u>571,584</u>	<u>28,337</u>	<u>174,920</u>	<u>8,369</u>	<u>285,205</u>	<u>93,591</u>
EXPENDITURES:						
Instruction:						
Salaries of Teachers	181,874					
Purchased Professional and Technical Services					13,017	2,240
Other Purchased Services			195		12,992	6,046
General Supplies	31,617		3,788		88,509	59,546
Other Objects					11,793	
Total Instruction	<u>213,491</u>		<u>3,983</u>		<u>126,311</u>	<u>67,832</u>
Support Services:						
Salaries of Other Professional Staff	110,966		116,743	7,133	50,696	4,671
Personal Services - Employee Benefits	67,077		36,681	641	4,567	1,650
Purchased Professional - Technical Services			15,687	595	58,270	
Tuition						
Other Purchased Services	180,050	28,337	304		11,429	375
Supplies and Materials			1,522			
Other Objects						
Total Support Services	<u>358,093</u>	<u>28,337</u>	<u>170,937</u>	<u>8,369</u>	<u>124,962</u>	<u>6,696</u>
Total Facilities Acquisition and Construction Services						
Instructional Equipment					33,932	19,063
Total Facilities Acquisition and Construction Services					<u>33,932</u>	<u>19,063</u>
Total Expenditures	<u>\$ 571,584</u>	<u>\$ 28,337</u>	<u>\$ 174,920</u>	<u>\$ 8,369</u>	<u>\$ 285,205</u>	<u>\$ 93,591</u>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Youth Transition to Work	Apprenticeship Coordinator	No Child Left Behind			Title IID
			Title I	Title I Carryover	Title IIA	
REVENUES:						
State Sources	\$ 8,164	\$ 14,969				
Federal Sources			\$ 19,153	\$ 4,619	\$ 1,870	\$ 63
Total Revenues	8,164	14,969	19,153	4,619	1,870	63
EXPENDITURES:						
Instruction:						
Salaries of Teachers			5,950	3,425		
Purchased Professional and Technical Services			2,690			
Other Purchased Services	800					
General Supplies	19		1,700			
Other Objects						
Total Instruction	819		10,340	3,425		
Support Services:						
Salaries of Other Professional Staff	6,000	14,969	4,334	964	635	
Personal Services - Employee Benefits	459		1,974	230		
Purchased Professional - Technical Services			1,220			
Tuition						
Other Purchased Services	791					
Supplies and Materials	95		1,189		1,235	63
Other Objects			96			
Total Support Services	7,345	14,969	8,813	1,194	1,870	63
Total Facilities Acquisition and Construction Services						
Instructional Equipment						
Total Facilities Acquisition and Construction Services						
Total Expenditures	\$ 8,164	\$ 14,969	\$ 19,153	\$ 4,619	\$ 1,870	\$ 63

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Pell Grant</u>	<u>Stafford Loans</u>		<u>Totals 2012</u>
		<u>Subsidized</u>	<u>Unsubsidized</u>	
REVENUES:				
State Sources				\$ 23,133
Federal Sources	\$ 71,600	\$ 38,323	\$ 59,807	1,357,441
Total Revenues	<u>71,600</u>	<u>38,323</u>	<u>59,807</u>	<u>1,380,574</u>
EXPENDITURES:				
Instruction:				
Salaries of Teachers				191,249
Purchased Professional and Technical Services				17,947
Other Purchased Services				20,033
General Supplies				185,179
Other Objects				11,793
Total Instruction				<u>426,201</u>
Support Services:				
Salaries of Other Professional Staff				317,111
Personal Services - Employee Benefits				113,279
Purchased Professional - Technical Services				75,772
Tuition	71,600	38,323	59,807	169,730
Other Purchased Services				221,286
Supplies and Materials				4,104
Other Objects				96
Total Support Services	<u>71,600</u>	<u>38,323</u>	<u>59,807</u>	<u>901,378</u>
Total Facilities Acquisition and Construction Services				
Instructional Equipment				52,995
Total Facilities Acquisition and Construction Services				<u>52,995</u>
Total Expenditures	<u>\$ 71,600</u>	<u>\$ 38,323</u>	<u>\$ 59,807</u>	<u>\$ 1,380,574</u>

CAPITAL PROJECTS FUND

Exhibit F-1

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Revenue and Other Financing Sources:	
County Improvement Authorization	\$ 1,963,892
Total Revenue and Other Financing Sources	<u>1,963,892</u>
Excess of Revenue and Other Financing Sources Over Expenditures	1,963,892
Fund Balance - Beginning of Year	<u>-0-</u>
Fund Balance - End of Year	<u>\$ 1,963,892</u>
<u>Recapitulation:</u>	
Committed	\$ 632,259
Committed - Year End Encumbrances	<u>1,331,633</u>
Total Fund Balance - Budgetary Basis	1,963,892
Reconciliation to Governmental Funds Statements (GAAP):	
County Bond Ordinance Receivable not Recognized on the GAAP Basis	<u>-0-</u>
Fund Balance per Governmental Funds (GAAP)	<u>\$ 1,963,892</u>

Exhibit F-1A

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
VARIOUS IMPROVEMENTS/RENOVATIONS TO SCHOOL DISTRICT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
County Improvement Authorization		\$ 1,963,892	\$ 1,963,892	\$ 1,963,892
Total Revenue and Other Financing Sources		1,963,892	1,963,892	1,963,892
Expenditures:				
Legal Services				32,305
Purchased Professional and Technical Services				154,000
Construction Services				1,692,940
Other Objects				84,647
Total Expenditures				1,963,892
Excess of Revenue and Other Financing Sources Over Expenditures	\$ -0-	\$ 1,963,892	\$ 1,963,892	\$ -0-

Additional Project Information:

Project Numbers	3365-050-12-2000; 3365-050-12-3000; 3365-050-12-4000
Grant Date	N/A
County Improvement Authorization Date	05/09/12
County Improvement Authorization	\$ 1,963,892
Original Authorized Cost	\$ 1,963,892
Additional Authorized Cost	-0-
Revised Authorized Cost	<u>\$ 1,963,892</u>
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	0%
Original Target Completion Date	02/13
Revised Target Completion Date	N/A

PROPRIETARY FUNDS

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2012

	Supermarket Account	Internet Consortium	Adult Education	ETTC	Cisco Academy	Cosmetology	Food Service	Food Function	Totals
ASSETS:									
Current Assets:									
Cash and Cash Equivalents	\$ 9,563	\$ 18,454	\$ 15,411	\$ 71,580		\$ 2,005		\$ 29,935	\$ 146,948
Intergovernmental Accounts Receivable:									
State							\$ 71		71
Federal							1,661		1,661
Other				99					99
Other Accounts Receivable			33,450					930	34,380
Inventories							2,398		2,398
Total Current Assets	9,563	18,454	48,861	71,679		2,005	4,130	30,865	185,557
Non-Current Assets:									
Capital Assets		76,146	8,410	2,834			59,600		146,990
Less: Accumulated Depreciation		(73,384)	(1,906)	(2,834)			(36,650)		(114,774)
Total Non-Current Assets		2,762	6,504				22,950		32,216
Total Assets	9,563	21,216	55,365	71,679		2,005	27,080	30,865	217,773
LIABILITIES:									
Current Liabilities:									
Accounts Payable		2,519	35,363				14,922	4,084	56,888
Deferred Revenue			9,146				285		9,431
Total Current Liabilities		2,519	44,509				15,207	4,084	66,319
Non-Current Liabilities:									
Compensated Absences Payable			3,106						3,106
Total Non-Current Liabilities			3,106						3,106
Total Liabilities		2,519	47,615				15,207	4,084	69,425
NET ASSETS:									
Investment in Capital Assets Net of Related Debt Unrestricted/(Deficit)	9,563	15,935	7,750	71,679		2,005	(11,077)	26,781	116,132
Total Net Assets	\$ 9,563	\$ 18,697	\$ 7,750	\$ 71,679	\$ -0-	\$ 2,005	\$ 11,873	\$ 26,781	\$ 148,348

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Supermarket Account</u>	<u>Internet Consortium</u>	<u>Adult Education</u>	<u>ETTC</u>	<u>Cisco Academy</u>	<u>Cosmetology</u>	<u>Food Service</u>	<u>Food Function</u>	<u>Totals</u>
Operating Revenue:									
Daily Sales:									
Reimbursable Programs							\$ 68,346		\$ 68,346
Non-Reimbursable Programs							49,764		49,764
Charges for Services:									
Program Fees	\$ 17,769	\$ 51,106	\$ 568,540	\$ 7,911		\$ 1,997			647,323
Special Events								\$ 10,170	10,170
Miscellaneous Revenue							5,675		5,675
Total Operating Revenue	17,769	51,106	568,540	7,911		1,997	123,785	10,170	781,278
Operating Expenses:									
Cost of Sales							54,306		54,306
Salaries		10,000	296,998	54,638			76,466		438,102
Employee Benefits			48,917	3,799			12,660		65,376
Purchased Professional and Technical Services			56,709				24,396	2,016	83,121
Other Purchased Services		45,061	62,922				6,684		114,667
Travel			558						558
Supplies and Materials	17,507	490	115,693			1,148	9,028	28,936	172,802
Miscellaneous Expense			540				902		1,442
Depreciation Expense		1,501	1,098				3,660		6,259
Total Operating Expenses	17,507	57,052	583,435	58,437		1,148	188,102	30,952	936,633
Operating Income/(Loss)	262	(5,946)	(14,895)	(50,526)		849	(64,317)	(20,782)	(155,355)

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Supermarket Account	Internet Consortium	Adult Education	ETTC	Cisco Academy	Cosmetology	Food Service	Food Function	Totals
Non-Operating Revenue:									
State Sources:									
State School Lunch Program							\$ 1,199		\$ 1,199
Federal Sources:									
National School Lunch Program							24,079		24,079
Food Distribution Program							7,101		7,101
Total Non-Operating Income							<u>32,379</u>		<u>32,379</u>
Change in Net Assets Before Other Items and Transfers	<u>\$ 262</u>	<u>\$ (5,946)</u>	<u>\$ (14,895)</u>	<u>\$ (50,526)</u>		<u>\$ 849</u>	<u>(31,938)</u>	<u>\$ (20,782)</u>	<u>(122,976)</u>
Other Items and Transfers:									
Operating Transfer In - General Fund							27,702		27,702
Residual Equity Transfer			15,104		\$ (15,104)				
Cancellation of Prior Year's Accounts Payable		194	813						1,007
Cancellation of Prior Year's Accounts Receivable								(2,995)	(2,995)
Total Other Items and Transfers		<u>194</u>	<u>15,917</u>		<u>(15,104)</u>		<u>27,702</u>	<u>(2,995)</u>	<u>25,714</u>
Change in Net Assets	262	(5,752)	1,022	(50,526)	(15,104)	849	(4,236)	(23,777)	(97,262)
Net Assets - Beginning of Year	<u>9,301</u>	<u>24,449</u>	<u>6,728</u>	<u>122,205</u>	<u>15,104</u>	<u>1,156</u>	<u>16,109</u>	<u>50,558</u>	<u>245,610</u>
Net Assets - End of Year	<u>\$ 9,563</u>	<u>\$ 18,697</u>	<u>\$ 7,750</u>	<u>\$ 71,679</u>	<u>\$ -0-</u>	<u>\$ 2,005</u>	<u>\$ 11,873</u>	<u>\$ 26,781</u>	<u>\$ 148,348</u>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Supermarket Account	Internet Consortium	Adult Education	ETTC	Cisco Academy	Cosmetology	Food Service	Food Function	Totals
Cash Flows from Operating Activities:									
Receipts from Customers	\$ 17,769	\$ 57,314	\$ 523,057	\$ 7,812		\$ 1,997	\$ 123,785	\$ 10,170	\$ 741,904
Payments to/for Employees		(10,000)	(345,915)	(58,437)			(89,126)		(503,478)
Payments to Suppliers	(17,507)	(80,619)	(203,555)			(1,148)	(87,278)	(26,868)	(416,975)
Net Cash Provided by/(Used for) Operating Activities	262	(33,305)	(26,413)	(50,625)		849	(52,619)	(16,698)	(178,549)
Cash Flows from Capital and Related Financing Activities:									
Purchase of Capital Assets			(4,371)						(4,371)
Net Cash Used for Capital and Related Financing Activities			(4,371)						(4,371)
Cash Flows from Noncapital Financing Activities:									
Cash Received from Operating Transfers							27,702		27,702
State Sources							1,208		1,208
Federal Sources							23,709		23,709
Residual Equity Transfer			15,104		\$ (15,104)				
Net Cash Provided by/(Used for) Noncapital and Financing Activities			15,104		(15,104)		52,619		52,619
Net Increase/(Decrease) in Cash and Cash Equivalents	262	(33,305)	(15,680)	(50,625)	(15,104)	849		(16,698)	(130,301)
Cash and Cash Equivalents, July 1	9,301	51,759	31,091	122,205	\$ 15,104	1,156		46,633	277,249
Cash and Cash Equivalents, June 30	\$ 9,563	\$ 18,454	\$ 15,411	\$ 71,580	\$ -0-	\$ 2,005	\$ -0-	\$ 29,935	\$ 146,948

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Supermarket Account	Internet Consortium	Adult Education	ETTC	Cisco Academy	Cosmetology	Food Service	Food Function	Totals
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:									
Operating Income/(Loss)	\$ 262	\$ (5,946)	\$ (14,895)	\$ (50,526)	\$ -0-	\$ 849	\$ (64,317)	\$ (20,782)	\$ (155,355)
Adjustment to Reconcile Operating Income/(Loss) to Cash Provided by/(Used for) Operating Activities:									
Depreciation		1,501	1,098				3,660		6,259
Food Distribution Program							7,101		7,101
Changes in Assets and Liabilities:									
Decrease in Other Intergovernmental Accounts Receivable		6,208							6,208
(Increase)/Decrease in Other Accounts Receivable			(32,766)	(99)					(32,865)
Increase/(Decrease) in Accounts Payable		(35,068)	31,047				941	4,084	1,004
(Decrease) in Deferred Revenue			(12,717)				(900)		(13,617)
Increase in Compensated Absences Payable			1,820						1,820
Decrease in Inventory							896		896
Net Cash Provided by/(Used for) Operating Activities	\$ 262	\$ (33,305)	\$ (26,413)	\$ (50,625)	\$ -0-	\$ 849	\$ (52,619)	\$ (16,698)	\$ (178,549)

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund Received U.S.D.A. Donated Commodities Through the Food Distribution Program Valued at \$6,201 and Utilized Commodities Valued at \$7,101.

FIDUCIARY FUNDS

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2012

	<u>Agency</u>		<u>Total Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Flex Spending Trust</u>	<u>Private Purpose Scholarships Trust</u>
	<u>Student Activity</u>	<u>Payroll</u>				
<u>ASSETS:</u>						
Cash and Cash Equivalents	\$ 73,025	\$ 267,484	\$ 340,509	\$ 1,186	\$ 15,311	\$ 93,111
Total Assets	<u>73,025</u>	<u>267,484</u>	<u>340,509</u>	<u>1,186</u>	<u>15,311</u>	<u>93,111</u>
<u>LIABILITIES:</u>						
Interfund Payable:						
General Fund					11,188	
Payroll Deductions and Withholdings		88,085	88,085			
Accrued Salaries and Wages		179,399	179,399			
Due to Student Groups	<u>73,025</u>		<u>73,025</u>			
Total Liabilities	<u>73,025</u>	<u>267,484</u>	<u>340,509</u>		<u>11,188</u>	
<u>NET ASSETS:</u>						
Held in Trust for Unemployment Claims				1,186		
Held in Trust for Flex Spending Claims					4,123	
Restricted for Scholarships						<u>93,111</u>
Total Net Assets	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 1,186</u>	<u>\$ 4,123</u>	<u>\$ 93,111</u>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
FIDUCIARY FUND
STATEMENT OF CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Unemployment Compensation Trust	Flex Spending Trust	Private Purpose Scholarships Trust
ADDITIONS:			
Contributions:			
Plan Members	\$ 17,516	\$ 23,543	
Board Contributions	60,892		
Investment Earnings:			
Interest	8		\$ 247
Total Additions	<u>78,416</u>	<u>23,543</u>	<u>247</u>
DEDUCTIONS:			
Unemployment Benefit Claims	78,497		
Flex Spending Claims		20,519	
Scholarships Awarded			1,300
Bank Service Charges			31
Total Deductions	<u>78,497</u>	<u>20,519</u>	<u>1,331</u>
Change in Net Assets before Other Financing Uses	<u>(81)</u>	<u>3,024</u>	<u>(1,084)</u>
OTHER FINANCING USES:			
Transfer to General Fund:			
Unclaimed Employee Contributions		(1,148)	
Total Other Financing Uses		<u>(1,148)</u>	
Change in Net Assets	(81)	1,876	(1,084)
Net Assets - Beginning of the Year	<u>1,267</u>	<u>2,247</u>	<u>94,195</u>
Net Assets - End of the Year	<u>\$ 1,186</u>	<u>\$ 4,123</u>	<u>\$ 93,111</u>

Exhibit H-3

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 63,241	\$ 150,656	\$ 140,872	\$ 73,025
Total Assets	<u>\$ 63,241</u>	<u>\$ 150,656</u>	<u>\$ 140,872</u>	<u>\$ 73,025</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 63,241	\$ 150,656	\$ 140,872	\$ 73,025
Total Liabilities	<u>\$ 63,241</u>	<u>\$ 150,656</u>	<u>\$ 140,872</u>	<u>\$ 73,025</u>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 199,560	\$ 11,460,939	\$ 11,393,015	\$ 267,484
Total Assets	\$ 199,560	\$ 11,460,939	\$ 11,393,015	\$ 267,484
 <u>LIABILITIES:</u>				
Interfund Payable:				
General Fund	\$ 824		\$ 824	
Payroll Deductions and Withholdings	24,785	\$ 11,280,829	11,217,529	\$ 88,085
Accrued Salaries and Wages	173,951	180,110	174,662	179,399
Total Liabilities	\$ 199,560	\$ 11,460,939	\$ 11,393,015	\$ 267,484

LONG-TERM DEBT

Exhibit I-1

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

<u>Purpose</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance June 30, 2012</u>
Thomas 24-passengar School Bus	2.75%	\$ 44,634	\$ 44,634	\$ 8,691	\$ 35,943
			<u>\$ 44,634</u>	<u>\$ 8,691</u>	<u>\$ 35,943</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. The District implemented Statement 34 in a previous fiscal year. Schedules presenting government-wide information include information beginning in the fiscal year ended June 30, 2005.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NET ASSETS BY COMPONENT
LAST EIGHT FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
UNAUDITED

	June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
Governmental Activities								
Invested in Capital Assets, Net of Related Debt	\$ 14,972,740	\$ 16,099,510	\$ 18,012,369	\$ 18,453,593	\$ 18,114,525	\$ 17,726,665	\$ 17,268,964	\$ 16,799,233
Restricted	3,511,631	2,713,606	3,163,900	2,440,427	1,277,463	1,014,488	719,472	2,842,525
Unrestricted	513,300	714,776	435,986	356,475	897,989	129,870	580,782	684,138
Total Governmental Activities Net Assets	<u>\$ 18,997,671</u>	<u>\$ 19,527,892</u>	<u>\$ 21,612,255</u>	<u>\$ 21,250,495</u>	<u>\$ 20,289,977</u>	<u>\$ 18,871,023</u>	<u>\$ 18,569,218</u>	<u>\$ 20,325,896</u>
Business-type Activities								
Invested in Capital Assets, Net of Related Debt	\$ 65,303	\$ 71,191	\$ 72,670	\$ 62,785	\$ 46,852	\$ 38,426	\$ 34,104	\$ 32,216
Unrestricted	462,774	460,183	461,089	467,862	381,707	263,690	211,506	116,132
Total Business-type Activities Net Assets	<u>\$ 528,077</u>	<u>\$ 531,374</u>	<u>\$ 533,759</u>	<u>\$ 530,647</u>	<u>\$ 428,559</u>	<u>\$ 302,116</u>	<u>\$ 245,610</u>	<u>\$ 148,348</u>
District-wide								
Invested in Capital Assets, Net of Related Debt	\$ 15,038,043	\$ 16,170,701	\$ 18,085,039	\$ 18,516,378	\$ 18,161,377	\$ 17,765,091	\$ 17,303,068	\$ 16,831,449
Restricted	3,511,631	2,713,606	3,163,900	2,440,427	1,277,463	1,014,488	719,472	2,842,525
Unrestricted	976,074	1,174,959	897,075	824,337	1,279,696	393,560	792,288	800,270
Total District Net Assets	<u>\$ 19,525,748</u>	<u>\$ 20,059,266</u>	<u>\$ 22,146,014</u>	<u>\$ 21,781,142</u>	<u>\$ 20,718,536</u>	<u>\$ 19,173,139</u>	<u>\$ 18,814,828</u>	<u>\$ 20,474,244</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
CHANGES IN NET ASSETS, LAST EIGHT FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
UNAUDITED

	Fiscal Year Ending June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
Expenses:								
Governmental Activities:								
Instruction								
Regular	\$ 2,320,519	\$ 2,632,723	\$ 3,099,798	\$ 3,995,248	\$ 4,114,766	\$ 4,574,965	\$ 4,802,430	\$ 5,273,623
Special Education	128,108	122,306	118,660	223,776	277,639	379,783	409,248	450,689
Vocational Education	3,743,634	3,622,026	3,791,358	3,880,587	3,536,180	3,777,258	3,585,918	3,720,334
Other Special Instruction	23,622	261,243	300,944	441,039	445,002	440,205	256,821	233,990
Support Services:								
Student and Instruction Related Services	1,340,757	1,431,145	1,536,519	1,372,369	1,370,525	1,830,658	2,373,119	2,714,931
General Administrative Services	413,789	486,909	498,678	536,066	415,245	392,675	583,387	607,139
School Administrative Services	1,442,746	1,497,101	1,607,104	1,751,725	1,562,126	1,490,547	1,309,806	1,332,581
Central Services	335,956	428,787	485,476	504,734	522,604	528,839	671,784	655,869
Administrative Information Technology	87,375	112,750	121,779	146,381	155,508	163,698	215,829	244,956
Plant Operations and Maintenance	1,029,130	1,429,290	1,315,105	1,538,568	1,513,626	1,621,683	2,069,839	2,101,988
Pupil Transportation					239	7,104	108,470	142,824
Special Schools	2,513,246	2,562,024	2,446,559	3,014,889	3,242,842	2,909,832	1,203,924	1,106,689
Capital Outlay	418,546	365,564	41,413	2,962	49,839		78,585	54,775
Unallocated Depreciation	132,061	155,710	414,861	407,758	407,757	463,126	435,761	435,762
Total Governmental Activities Expenses	13,929,489	15,107,578	15,778,254	17,816,102	17,613,898	18,580,373	18,104,921	19,076,150
Business-Type Activities:								
Enterprise Funds	349,000	352,965	353,618	389,188	468,985	706,502	999,329	936,633
Total Business-Type Activities Expense	349,000	352,965	353,618	389,188	468,985	706,502	999,329	936,633
Total District Expenses	14,278,489	15,460,543	16,131,872	18,205,290	18,082,883	19,286,875	19,104,250	20,012,783
Program Revenues:								
Governmental Activities:								
Charges for Services:								
Tuition								8,774,701
Operating Grants and Contributions	2,901,195	2,896,719	3,360,077	3,765,529	2,935,855	2,903,398	2,997,416	3,100,157
Capital Grants and Contributions	117,444	137,990						
Total Governmental Activities Program Revenues	3,018,639	3,034,709	3,360,077	3,765,529	2,935,855	2,903,398	2,997,416	11,874,858

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
CHANGES IN NET ASSETS, LAST EIGHT FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

UNAUDITED
(Continued)

	Fiscal Year Ending June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
Program Revenues: (Cont'd)								
Business-Type Activities:								
Charges for Services:								
Enterprise Funds	\$ 348,857	\$ 338,229	\$ 348,393	\$ 342,643	\$ 326,277	\$ 521,007	\$ 872,288	\$ 781,278
Operating Grants and Contributions	4,200	5,252	8,381	13,248	20,998	25,795	25,551	32,379
Total Business-Type Activities Program Revenues	<u>353,057</u>	<u>343,481</u>	<u>356,774</u>	<u>355,891</u>	<u>347,275</u>	<u>546,802</u>	<u>897,839</u>	<u>813,657</u>
Total District Program Revenues	<u>3,371,696</u>	<u>3,378,190</u>	<u>3,716,851</u>	<u>4,121,420</u>	<u>3,283,130</u>	<u>3,450,200</u>	<u>3,895,255</u>	<u>12,688,515</u>
Net (Expense)/Revenue:								
Governmental Activities	(10,910,850)	(12,072,869)	(12,418,177)	(14,050,573)	(14,678,043)	(15,676,975)	(15,107,505)	(7,201,292)
Business-Type Activities	4,057	(9,484)	3,156	(33,297)	(121,710)	(159,700)	(101,490)	(122,976)
Total District-Wide Net Expense	<u>(10,906,793)</u>	<u>(12,082,353)</u>	<u>(12,415,021)</u>	<u>(14,083,870)</u>	<u>(14,799,753)</u>	<u>(15,836,675)</u>	<u>(15,208,995)</u>	<u>(7,324,268)</u>
General Revenues and Other Changes in Net Assets:								
Governmental Activities:								
County Tax Levy	5,763,747	5,848,095	6,086,061	6,351,286	6,351,286	6,351,286	\$ 6,351,286	\$ 6,351,286
Federal and State Aid not Restricted	246,729	334,534	290,966	335,005	1,032,956	655,008	388,508	623,050
Tuition	3,765,382	4,206,892	4,941,747	5,580,316	5,992,857	6,937,181	8,232,968	
Interest Earnings	24,271	35,582	37,362	32,524	22,000	2,435	2,461	2,671
Transfers	(22,304)	(16,577)	(4,649)	(36,646)	(19,152)	(34,092)	(47,664)	(26,554)
Residual Equity Transfer		4,947	7,067					
County Bond Ordinance Proceeds	722,111	995,123	2,462,325	773,626	(8,307)			
County Improvement Authorization								1,963,892
Debt Service Contribution to County of Morris					(246,200)	(246,200)	(246,200)	
Miscellaneous Income	534,815	653,853	713,530	652,702	592,085	592,403	124,341	43,625
Total Governmental Activities	<u>11,034,751</u>	<u>12,062,449</u>	<u>14,534,409</u>	<u>13,688,813</u>	<u>13,717,525</u>	<u>14,258,021</u>	<u>14,805,700</u>	<u>8,957,970</u>
Business-Type Activities:								
Transfers	22,304	16,577	4,649	36,646	19,152	34,092	47,664	27,702
Residual Equity Transfer		(4,947)	(7,067)					
Contributed Capital	59,600							
Miscellaneous Income	53	1,151						

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
CHANGES IN NET ASSETS, LAST EIGHT FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
UNAUDITED
(Continued)

	Fiscal Year Ending June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
General Revenues and Other Changes in Net Assets:								
Business-Type Activities:								
Cancellation of Prior Year's Accounts Receivable/Payable				\$ 166	\$ 470	\$ (835)	\$ (2,680)	\$ (1,988)
Deletion of Capital Assets, Net of Accumulated Depreciation				(6,627)				
Total Business-Type Activities	\$ 81,957	\$ 12,781	\$ (2,418)	30,185	19,622	33,257	44,984	25,714
Total District-Wide	11,116,708	12,075,230	14,531,991	13,718,998	13,737,147	14,291,278	14,850,684	8,983,684
Change in Net Assets:								
Governmental Activities	123,901	(10,420)	2,116,232	(361,760)	(960,518)	(1,418,954)	(301,805)	1,756,678
Business-Type Activities	86,014	3,297	738	(3,112)	(102,088)	(126,443)	(56,506)	(97,262)
Total District	\$ 209,915	\$ (7,123)	\$ 2,116,970	\$ (364,872)	\$ (1,062,606)	\$ (1,545,397)	\$ (358,311)	\$ 1,659,416

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
FUND BALANCES, GOVERNMENTAL FUNDS
LAST EIGHT FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
UNAUDITED

	June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
General Fund								
Reserved/Restricted	\$ 3,248,271	\$ 2,450,066	\$ 3,163,900	\$ 2,440,427	\$ 1,277,463	\$ 1,014,488	\$ 719,472	\$ 878,633
Assigned							191,506	506,184
Unreserved/Unassigned	821,619	1,016,210	748,773	697,007	1,204,247	494,765	731,133	613,948
Total General Fund	<u>\$ 4,069,890</u>	<u>\$ 3,466,276</u>	<u>\$ 3,912,673</u>	<u>\$ 3,137,434</u>	<u>\$ 2,481,710</u>	<u>\$ 1,509,253</u>	<u>\$ 1,642,111</u>	<u>\$ 1,998,765</u>
All Other Governmental Funds								
Reserved/Restricted		\$ 2,933,314	\$ 774,559					
Committed								\$ 1,963,892
Unreserved, Reported In:								
Capital Projects Fund/(Deficit)	\$ 263,360	(2,669,774)	(774,559)					
Total All Other Governmental Funds	<u>\$ 263,360</u>	<u>\$ 263,540</u>	<u>\$ -0-</u>	<u>\$ 1,963,892</u>				
Total All Governmental Funds								
Reserved/Restricted	\$ 3,248,271	\$ 5,383,380	\$ 3,938,459	\$ 2,440,427	\$ 1,277,463	\$ 1,014,488	\$ 719,472	\$ 878,633
Committed								1,963,892
Assigned							191,506	506,184
Unreserved/Unassigned/(Deficit)	1,084,979	(1,653,564)	(25,786)	697,007	1,204,247	494,765	731,133	613,948
Total All Governmental Funds	<u>\$ 4,333,250</u>	<u>\$ 3,729,816</u>	<u>\$ 3,912,673</u>	<u>\$ 3,137,434</u>	<u>\$ 2,481,710</u>	<u>\$ 1,509,253</u>	<u>\$ 1,642,111</u>	<u>\$ 3,962,657</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST EIGHT FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
UNAUDITED

	Fiscal Year Ending June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
Revenues:								
County Tax Levy	\$ 5,763,747	\$ 5,848,095	\$ 6,086,061	\$ 6,351,286	\$ 6,351,286	\$ 6,351,286	\$ 6,351,286	\$ 6,351,286
Tuition from LEA's	3,553,351	3,939,749	4,670,005	5,248,766	5,697,043	6,607,163	7,915,480	8,439,180
Other Tuition	212,031	267,143	271,742	331,550	295,814	330,018	317,488	335,521
Interest Earned on Capital Reserve Funds	24,271	35,582	37,362	32,524	7,980	650	514	1,094
Unrestricted Miscellaneous Revenue	536,828	653,853	713,530	652,702	606,105	594,188	126,288	45,202
State Sources	1,959,250	2,189,307	2,482,995	2,706,358	2,366,682	1,993,269	1,835,427	2,279,210
Federal Sources	1,304,105	1,179,936	1,168,048	1,394,176	1,602,129	1,565,137	1,550,497	1,443,997
Total Revenue	13,353,583	14,113,665	15,429,743	16,717,362	16,927,039	17,441,711	18,096,980	18,895,490
Expenditures:								
Instruction:								
Regular Instruction	2,222,686	2,366,720	2,714,656	3,378,653	3,615,355	3,933,461	3,993,233	4,411,557
Special Education Instruction	70,228	96,306	79,111	164,887	227,084	303,079	301,950	321,444
Vocational Education Instruction	2,845,006	2,905,978	2,917,813	2,895,232	2,866,273	2,858,581	2,715,427	2,737,163
School-Sponsored/Other Instruction	22,648	256,469	295,040	381,734	428,209	420,870	238,683	219,463
Support Services:								
Student and Instruction Related Services	1,244,104	1,272,164	1,265,103	1,218,697	1,140,551	1,538,262	1,914,034	2,065,247
General Administrative Services	380,068	440,195	446,223	460,798	357,542	332,430	483,439	497,829
School Administrative Services	1,127,523	1,164,084	1,224,840	1,325,925	1,256,705	1,064,143	931,067	929,527
Central Services	242,969	353,139	384,243	370,721	417,662	398,580	504,745	476,847
Administrative Information Technology	71,161	95,971	95,607	97,334	107,313	102,974	144,417	162,096
Plant Operations and Maintenance	925,866	1,265,869	1,162,251	1,314,221	1,307,840	1,351,665	1,717,503	1,728,846
Pupil Transportation					239	7,104	108,470	146,113
Allocated Benefits	920,066	1,170,598	1,346,263	1,658,630	1,319,648	1,829,784	2,278,270	2,414,478
Unallocated Benefits	496,102	608,189	954,695	1,125,669	867,620	978,141	964,464	1,196,143
Special Schools	2,443,485	2,467,933	2,350,101	2,879,265	3,162,328	2,831,627	1,194,196	1,072,169
Capital Outlay	7,295,927	1,236,977	2,475,683	957,815	234,735	183,175	180,360	177,994
Total Expenditures	20,307,839	15,700,592	17,711,629	18,229,581	17,309,104	18,133,876	17,670,258	18,556,916
Excess (Deficiency) of Revenues								
Over (Under) Expenditures	(6,954,256)	(1,586,927)	(2,281,886)	(1,512,219)	(382,065)	(692,165)	426,722	338,574

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST EIGHT FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
UNAUDITED
(Continued)

	Fiscal Year Ending June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
Other Financing Sources (Uses):								
County Bond Ordinance Proceeds	\$ 722,111	\$ 995,123	\$ 2,462,325	\$ 773,626	\$ (8,307)			
County Improvement Authorizations								\$ 1,963,892
Transfers	(22,304)	(11,630)	2,418	(36,646)	(19,152)	\$ (34,092)	\$ (47,664)	(26,554)
Debt Service Contribution to County of Morris					(246,200)	(246,200)	(246,200)	
Capital Leases (Non-budgeted)								44,634
Total Other Financing Sources (Uses)	<u>699,807</u>	<u>983,493</u>	<u>2,464,743</u>	<u>736,980</u>	<u>(273,659)</u>	<u>(280,292)</u>	<u>(293,864)</u>	<u>1,981,972</u>
Net Change in Fund Balances	<u>\$ (6,254,449)</u>	<u>\$ (603,434)</u>	<u>\$ 182,857</u>	<u>\$ (775,239)</u>	<u>\$ (655,724)</u>	<u>\$ (972,457)</u>	<u>\$ 132,858</u>	<u>\$ 2,320,546</u>
Debt Service as a Percentage of Noncapital Expenditures	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

N/A Not Applicable

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

Exhibit J-5

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
UNAUDITED

Fiscal Year Ended June 30,	Tuition	Interest on Investments	Textbook Sales	Program Fees	Miscellaneous	Total
2003	\$ 2,726,756	\$ 15,660	\$ 67,031	\$ 454,222	\$ 46,924	3,310,593
2004	2,897,230	15,340	53,673	370,494	154,518	3,491,255
2005	3,765,382	42,150	50,902	392,052	73,982	4,324,468
2006	4,206,892	156,432	62,196	361,393	109,414	4,896,327
2007	4,941,747	174,486	166	440,528	135,712	5,692,639
2008	5,580,316	131,231		438,648	115,347	6,265,542
2009	5,992,857	22,000		453,116	138,969	6,606,942
2010	6,937,181	2,435		438,161	154,242	7,532,019
2011	8,232,968	2,461		971	123,370	8,359,770
2,012	8,774,701	2,671			43,625	8,820,997

Source: District records

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST EIGHT YEARS
UNAUDITED

Year Ended December 31,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Public Utilities *	Net Valuation Taxable	Total Direct School Tax Rate	Estimated Actual (County Equalized Value)
2004	\$ 1,199,689,645	\$ 41,550,709,640	\$ 383,798,101	\$ 13,242,383	\$ 10,450,199,511	\$ 2,607,272,701	\$ 1,540,536,100	\$ 57,745,448,081	\$ 5,658,024,729	\$ 157,639,243	\$ 57,903,087,324	N/A	\$ 71,724,336,057
2005	1,229,486,204	45,689,330,230	452,337,200	13,817,146	10,455,808,911	2,564,928,201	1,621,924,900	62,027,632,792	5,923,634,379	150,182,136	62,177,814,928	N/A	79,054,301,765
2006	1,384,463,250	53,666,398,302	561,415,000	13,255,508	11,013,366,111	2,574,295,500	1,771,297,600	70,984,491,271	6,664,569,079	137,976,024	71,122,467,295	N/A	88,856,872,329
2007	1,334,469,750	54,814,294,479	574,707,200	13,183,558	10,831,009,211	2,557,634,300	1,819,573,000	71,944,871,498	6,829,609,200	133,403,935	72,078,275,433	N/A	98,075,628,273
2008	1,373,940,350	58,547,857,080	709,356,800	13,465,748	11,350,378,461	2,711,381,200	1,994,223,900	76,700,603,539	7,001,701,800	142,959,362	76,843,562,901	N/A	102,596,960,196
2009	1,310,313,450	60,378,573,088	714,322,900	13,238,748	11,613,287,447	2,841,125,700	2,080,489,400	78,951,350,733	7,413,133,700	147,168,209	79,098,518,942	N/A	103,669,450,016
2010	1,218,511,450	58,195,366,425	652,147,200	12,013,308	11,275,927,757	2,690,796,500	2,071,807,000	76,116,569,640	7,395,815,300	148,405,358	76,264,974,998	N/A	102,332,070,127
2011	1,150,385,750	57,863,255,210	667,820,200	12,177,178	11,088,116,597	2,626,022,625	2,119,407,700	75,527,185,260	7,393,879,200	128,034,958	75,655,220,218	N/A	98,052,992,752

N/A - Not Applicable

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

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

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: Morris County Board of Taxation

Exhibit J-8

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS,
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

<u>Taxpayer</u>	<u>2011</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total County Net Valuation Taxable</u>
Point View Campus LLC	\$ 358,026,000	1	0.47%
Novartis Corporation	321,530,700	2	0.42%
Rockaway Center Associates	170,000,000	3	0.22%
MC NEIL-PPC Inc	160,000,000	4	0.21%
Oakwood Garden Associates, LLC	99,500,000	5	0.13%
Segal Realty Associates	78,700,000	6	0.10%
Pernwil Associates	75,000,000	7	0.10%
KBS II 100-200 Campus Drive, LLC	73,000,900	8	0.10%
Allied Signal, Inc.	64,900,000	9	0.09%
Knoll Manor Associates	61,015,400	10	0.08%
Total	<u>\$ 1,461,673,000</u>		<u>1.77%</u>

<u>Taxpayer</u>	<u>2002</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total District Net Assessed Value</u>
INFORMATION IS NOT AVAILABLE			

Exhibit J-9

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
COUNTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
UNAUDITED

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	
2003	\$ 5,010,551	\$ 5,010,551	100.00%	\$ -0-
2004	5,872,159	5,872,159	100.00%	-0-
2005	5,763,747	5,763,747	100.00%	-0-
2006	5,848,095	5,848,095	100.00%	-0-
2007	6,086,061	5,566,940	91.47%	519,121
2008	6,351,286	5,811,860	91.51%	539,426
2009	6,351,286	6,351,286	100.00%	-0-
2010	6,351,286	6,351,286	100.00%	-0-
2011	6,351,286	6,351,286	100.00%	-0-
2012	6,351,286	6,351,286	100.00%	-0-

^a School taxes are collected by the County Treasurer. Under New Jersey State Statute, a county is required to remit to the school district the entire property county tax balance, in the amount voted upon or certified prior to the end of the school year.

Source: District records.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST THREE FISCAL YEARS
(DOLLARS IN THOUSANDS, EXCEPT PER CAPITA)
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities				Bond Anticipation Notes (BANs)	Business- Type Activities Capital Leases	Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases						
2012	\$ -0-	\$ -0-	\$ 35,943	\$ -0-	\$ -0-	\$ 35,943	0.00%	\$ 0.07	

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

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

^b Includes Early Retirement Incentive Plan (ERIP) refunding

This schedule does not contain ten years of information as there are no outstanding debt until fiscal year ending June 30, 2012.

Source: School District Financial Reports

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Year	Population ^a	Morris County Per Capital Personal Income ^b	Total Morris County Personal Income	Unemployment Rate ^c
2003	479,532	\$ 56,804	\$ 27,239,335,728	4.20%
2004	482,155	60,780	29,305,380,900	3.40%
2005	483,198	62,930	30,407,650,140	2.80%
2006	484,887	67,918	32,932,555,266	3.30%
2007	485,592	71,191	34,569,780,072	3.00%
2008	486,946	74,025	36,046,177,650	4.00%
2009	488,518	67,614	33,030,656,052	7.20%
2010	492,681	69,811	34,394,553,291	7.30%
2011	494,976	69,811 **	34,554,769,536	7.00%
2012	494,976 *	69,811 **	34,554,769,536 ***	N/A

* - Latest population data available (2011) was used for calculation purposes.

** - Latest Morris County per capita personal income available (2010) was used for calculation purposes.

*** - Latest available population data (2011) and latest available Morris County per capita personal income (2010) was used for calculation purposes.

N/A - Information not available

Source:

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

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

^c Per capita personal income by county estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

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

Exhibit J-15

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
PRINCIPAL EMPLOYERS, COUNTY OF MORRIS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

Employer	2011		
	Employees	Rank (Optional)	Percentage of Total Employment
Novartis Corporation	6,200	1	N/A
U.S. Army Armament Research and Development	5,274	2	N/A
Atlantic Health Systems	5,013	3	N/A
United Parcel Service	2,332	4	N/A
County of Morris	1,928	5	N/A
Automatic Data Processing, Inc.	1,924	6	N/A
Saint Clare's	1,841	7	N/A
AT&T Corporation	1,550	8	N/A
Chilton Memorial	1,440	9	N/A
BASF Corporation	1,400	10	N/A
	28,902		

Employer	2002		
	Employees	Rank (Optional)	Percentage of Total Employment

INFORMATION IS NOT AVAILABLE

N/A - Total amount of employment is not available in order to do the percentage calculation

Source: County of Morris

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST EIGHT FISCAL YEARS
UNAUDITED

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Instruction:								
Regular	9.0	17.0	18.0	28.0	32.5	34.5	32.0	33.0
Special Education	2.0	3.0	3.0	5.0	5.0	5.0	5.0	5.0
Vocational	23.0	23.0	28.0	24.0	24.0	24.0	23.0	22.5
Other Instruction	7.0	5.0	6.0	5.0	5.0	5.0	4.5	5.0
Adult/Continuing Education Programs	58.0	61.0	74.0	73.5	79.0	68.0	70.0	71.0
Support Services:								
Student & Instruction Related Services	8.0	9.0	12.0	12.0	12.0	12.0	10.0	10.0
School Administrative Services	19.0	23.0	21.0	23.0	23.0	22.0	22.0	22.0
General Administrative Services	4.0	4.0	3.0	3.0	3.0	3.0	3.0	3.0
Central Services	5.0	5.0	6.0	6.0	6.0	6.0	7.0	7.0
Administrative Information Technology	1.0	1.0	1.0	1.5	1.5	1.5	1.5	1.5
Plant Operations and Maintenance	13.0	15.0	17.0	17.0	16.0	15.0	14.0	14.0
Total	<u>149.0</u>	<u>166.0</u>	<u>189.0</u>	<u>198.0</u>	<u>207.0</u>	<u>196.0</u>	<u>192.0</u>	<u>194.0</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: District Personnel Records

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
OPERATING STATISTICS
LAST EIGHT FISCAL YEARS
UNAUDITED

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures^a</u>	<u>Cost Per Pupil^d</u>	<u>Percentage Change</u>	<u>Teaching Staff^b</u>	<u>Pupil/Teacher Ratio School of Technology</u>	<u>Average Daily Enrollment (ADE)^c</u>	<u>Average Daily Attendance (ADA)^c</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2005	494.5	\$ 10,568,427	\$ 21,371.95	3.26%	46	1:10.80	494.5	465.1	17.88%	94.05%
2006	531.0	11,995,682	22,590.74	5.70%	52	1:10.20	531.0	502.7	7.38%	94.67%
2007	680.9	12,885,845	18,924.72	-16.23%	55	1:12.04	680.9	642.9	28.23%	94.42%
2008	695.0	14,392,501	20,708.63	9.43%	64	1:11.00	695.0	649.6	2.07%	93.47%
2009	715.2	13,912,041	19,451.96	-6.07%	73	1:09.80	715.2	688.1	2.91%	96.21%
2010	734.9	15,119,074	20,572.97	5.76%	73	1:10.06	734.9	710.7	2.75%	96.71%
2011	939.3	16,295,702	17,348.77	-15.67%	65	1:14.56	939.3	893.2	27.81%	95.09%
2012	942.6	17,306,753	18,360.65	5.83%	68	1:13.86	942.6	887.2	0.35%	94.12%

Note: Enrollment based on annual October district count.

^a Operating expenditures equal total expenditures less debt service, capital outlay and special schools. Operating expenditures reflected above do not include special schools expenditures for comparison purposes.

^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).

^d Cost per pupil is the sum of operating expenditures divided by enrollment. This cost per pupil may be different from the State's cost per pupil calculations.

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Sources: School District records

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST EIGHT FISCAL YEARS
UNAUDITED

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>District Buildings</u>								
School of Technology (1969)								
Square Feet	122,443	153,011	165,011	165,011	165,011	165,011	165,011	165,011
Capacity (students)	614	774	934	934	934	934	934	934
Enrollment	494.5	531.0	594.0	635.0	715.2	734.9	939.3	942.6

Number of Schools at June 30, 2012
 School of Technology = 1
 Off-site Academies = 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.

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Facilities Office

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS
UNAUDITED

Undistributed Expenditures - Required Maintenance for School Facilities
Account # 11-000-261-xxx

Facility	Fiscal Year Ended June 30,									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Morris County Vocational School	\$ 384,072	\$ 329,790	\$ 274,042	\$ 250,993	\$ 252,112	\$ 270,902	\$ 328,860	\$ 177,194	\$ 219,751	\$ 150,804
Total School Facilities	<u>\$ 384,072</u>	<u>\$ 329,790</u>	<u>\$ 274,042</u>	<u>\$ 250,993</u>	<u>\$ 252,112</u>	<u>\$ 270,902</u>	<u>\$ 328,860</u>	<u>\$ 177,194</u>	<u>\$ 219,751</u>	<u>\$ 150,804</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: School District records

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2012
UNAUDITED

	Coverage
<u>Morris County Insurance Fund:</u>	
Property Policy - Policy Loss Limit:	\$ 250,000,000
Blanket Building, Contents Business/Interruption	
Sub-Limits:	
Earthquake (Annual Aggregate)	25,000,000
Flood (Annual Aggregate)	15,000,000
Debris Removal	250,000
Pollutants Cleanup and Removal	100,000
Boiler and Machinery Policy	100,000,000
Inland Marine Floater:	
Various Limits and Coverages	
Valuable Papers	1,000,000
Electronic Data Processing Equipment	2,525,000
Fine Arts Folder	1,500,000
Equipment Floater	6,723,104
Liability:	
SIR	500,000
Automobile	10,000,000
General	10,000,000
Employee Benefit	10,000,000
Law Enforcement	10,000,000
Public Official	10,000,000
School Leaders Errors & Omissions	3,000,000
Crime:	
Public Employee Dishonesty	1,000,000
Public Officials' Bonds - Hartford Fire Insurance Company	
Treasurer of School Monies	250,000
School Business Administrator/Board Secretary	250,000
Assistant to the Business Administrator/Board Secretary	50,000
Environmental Coverage Policy - American Safety Casualty	
Claims Made: Site Specific	
Each Occurrence	1,000,000
Each Aggregate Limit	3,000,000
STR	15,000
<u>Morris Essex Insurance Fund:</u>	
Workers Compensation:	
Per Occurrence	Statutory Benefits as required by the State of New Jersey
Policy Limit	1,000,000
Aggregate	1,000,000

Source: Morris County - Risk Management Department

SINGLE AUDIT



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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*

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

We have audited 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 County Vocational School District, in the County of Morris (the "Board"), a component unit of the County of Morris, as of, and for the fiscal year ended, June 30, 2012 which collectively comprise the District's basic financial statements and have issued our report thereon dated October 1, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Board's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over financial reporting.

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 Board's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

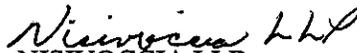
The Honorable President and Members
of the Board of Education
Morris County Vocational School District
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board'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* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. However, we noted certain matters that we have reported to the Board in a separate report, the *Auditors' Management Report on Administrative Findings – Financial, Compliance, and Performance*, dated October 1, 2012.

This report is intended solely for the information and use of management, the members of the Board of Education, and to meet the requirements for filing with the New Jersey State Department of Education, and other state and federal awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

October 1, 2012
Mount Arlington, New Jersey


NISIVOC CIA LLP



Francis J. Jones, Jr.
Licensed Public School Accountant #1154
Certified Public Accountant



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Independent Auditors' Report on Compliance with Requirements that could have a Direct
And Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB
Circular A-133 and New Jersey OMB's Circular 04-04

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

Compliance

We have audited the compliance of the Board of Education of the Morris County Vocational School District in the County of Morris (the "Board"), a component unit of the County of Morris, with the types of compliance requirements described in the U.S. Office of Management and Budget (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 its major federal and state programs for the fiscal year ended June 30, 2012. The Board's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal and state programs is the responsibility of the Board's management. Our responsibility is to express an opinion on the Board's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*; and Federal Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards, Federal OMB Circular A-133, and New Jersey OMB's Circular 04-04 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 Board'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. Our audit does not provide a legal determination of the Board's compliance with those requirements.

In our opinion, the Board complied, in all material respects, with the 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, 2012.

The Honorable President and Members
of the Board of Education
Morris County Vocational School District
Page 2

Internal Control Over Compliance

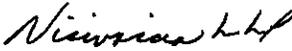
The management of the Board is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Board's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the *New Jersey State Aid/Grant Compliance Supplement*, but not for the purpose of expressing our opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board'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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the members of the Board of Education, and to meet the requirements for filing with the New Jersey State Department of Education, and other state and federal agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

October 1, 2012
Mount Arlington, New Jersey


NISIVOCCIA LLP


Francis J. Jones, Jr.
Licensed Public School Accountant #1154
Certified Public Accountant

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2011				Cancellation of Prior Year Encumbrance Payable	Repayment of Prior Years' Balances	Balance at June 30, 2012			
					Budgetary Accounts Receivable	Budgetary Deferred Revenue	Due to Grantor	Cash Received			Budgetary Expenditures	Adjustments	Budgetary Accounts Receivable	Budgetary Deferred Revenue
U.S. Department of Education:														
Passed-through State Department of Education:														
General Fund:														
Education Jobs Fund	84.410	N/A	8/10/10-9/30/12	\$ 54,110				\$ 51,384	\$ (54,110)				\$ (2,726)	
Total General Fund								51,384	(54,110)				(2,726)	
Special Revenue Fund:														
Student Financial Aid Cluster:														
Federal Pell Grant	84.063	P063P064434	9/1/11-8/31/12	71,600				71,600	(71,600)					
Federal Family Education Loans:														
Stafford Loans - Subsidized	84.032	N/A	9/1/11-8/31/12	38,323				38,323	(38,323)					
Stafford Loans - Unsubsidized	84.032	N/A	9/1/11-8/31/12	59,807				59,807	(59,807)					
Total Student Financial Aid Cluster								169,730	(169,730)					
Passed-through State Department of Education:														
No Child Left Behind:														
Title I	84.010A	NCLB336512	9/1/11-8/31/12	26,864				9,598	(19,153)				(9,555)	
Title I	84.010A	NCLB336511	9/1/10-8/31/11	58,227		\$ 10,874		3,583	(4,619)				\$ 9,838	
Subtotal Title I						10,874		13,181	(23,772)				(9,555)	9,838
Title IIA	84.367A	NCLB336512	9/1/11-8/31/12	4,474				2,372	(1,870)					502
Title IIA	84.367A	NCLB336511	9/1/10-8/31/11	2,632	\$ (1,159)			23					(1,136)	
Title IIA	84.367A	NCLB336510	9/1/09-8/31/10	5,013			\$ 23					\$ (23)		
Subtotal Title IIA					(1,159)		23	2,395	(1,870)			(23)	(1,136)	502
Title IID	84.318X	NCLB336512	9/1/11-8/31/12	63					(63)				(63)	
Title IID	84.318X	NCLB336511	9/1/10-8/31/11	483		196						(196)		
Subtotal Title IID						196			(63)			(196)	(63)	
Title IV	84.186A	NCLB336511	9/1/10-8/31/11	1,341		314				\$ 993	\$ 34		(1,341)	
Subtotal Title IV						314				993	34		(1,341)	
Special Education Cluster:														
I.D.E.A. Part B, Basic	84.027	IDEA336512	9/1/11-8/31/12	187,895				146,182	(174,920)				(28,738)	
I.D.E.A. Part B, Basic	84.027	IDEA336511	9/1/10-8/31/11	169,659	(36,390)			44,698	(8,369)	\$ 96				\$ 35
ARRA - I.D.E.A. Part B, Basic	84.391	ARRA536011	7/1/09-8/31/11	135,459	(12,660)			12,660						
Total Special Education Cluster					(49,050)			203,540	(183,289)	96			(28,738)	35
Carl D. Perkins Secondary	84.048	PERK336512	7/1/11-6/30/12	285,400				285,329	(285,205)					124
Carl D. Perkins Secondary	84.048	PERK336511	7/1/10-6/30/11	385,957	(157,550)			156,504		1,499				453
Carl D. Perkins Post Secondary	84.048	PERK336512	7/1/11-6/30/12	93,980				93,591	(93,591)					
Carl D. Perkins Post Secondary	84.048	PERK336511	7/1/10-6/30/11	83,454	(32,768)			27,260		478			(5,030)	
Subtotal Carl D. Perkins					(190,318)			562,684	(378,796)	1,977			(5,030)	577

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2011			Cash Received	Budgetary Expenditures	Cancellation of Prior Year Encumbrance Payable	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2012		
					Budgetary Accounts Receivable	Budgetary Deferred Revenue	Due to Grantor						Budgetary Accounts Receivable	Budgetary Deferred Revenue	Due to Grantor
<u>U.S. Department of Education:</u>															
Passed thru State Department of Labor and Workforce Development:															
Consolidated Adult Basic Skills and and Integrated English Literacy and Civics Education	84.002	ABS-14-07-31	7/1/11-6/30/12	\$ 591,234				\$ 413,585	\$ (571,584)			\$ (157,999)			
Consolidated Adult Basic Skills and and Integrated English Literacy and Civics Education	84.002	ABS-14-07-31	7/1/10-6/30/11	745,317	\$ (107,439)		84,714	(28,337)	\$ 35,460			(15,602)			
Consolidated Adult Basic Skills and and Integrated English Literacy and Civics Education	84.002	ABS-14-07-31	7/1/09-6/30/10	921,524		\$ 4,213					\$ (4,213)				
					(107,439)	4,213	498,299	(599,921)	35,460		(4,213)	(173,601)			
Total U.S. Department of Education					(347,966)	\$ 11,384	4,236	1,501,213	(1,411,551)	38,526	\$ 34	\$ (5,773)	(220,849)	\$ 10,340 \$ 612	
<u>U.S. Department of Agriculture:</u>															
Passed-through State Department of Education:															
Child Nutrition Cluster:															
Food Distribution Program	10.555	N/A	7/1/11-6/30/12	6,201			6,201	(5,916)					285		
Food Distribution Program	10.555	N/A	7/1/10-6/30/11	6,025		1,185		(1,185)							
National School Lunch Program	10.555	N/A	7/1/11-6/30/12	21,409			20,044	(21,409)				(1,365)			
National School Lunch Program	10.555	N/A	7/1/10-6/30/11	18,794	(1,291)		1,291								
School Breakfast Program	10.553	N/A	7/1/11-6/30/12	2,670			2,374	(2,670)				(296)			
Total Child Nutrition Cluster					(1,291)	1,185	29,910	(31,180)				(1,661)	285		
Total Federal Awards					\$ (349,257)	\$ 12,569	\$ 4,236	\$ 1,531,123	\$ (1,442,731)	\$ 38,526	\$ 34	\$ (5,773)	\$ (222,510)	\$ 10,625 \$ 612	

N/A - Not Available/Applicable

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2011			Balance at June 30, 2012		Cumulative Total Expenditures
				Budgetary Accounts Receivable	Cash Received	Budgetary Expenditures	GAAP Accounts Receivable	Budgetary Accounts Receivable	
NJ Department of Education:									
General Fund State Aid:									
Equalization Aid	12-495-034-5120-078	7/1/11-6/30/12	\$ 95,103		\$ 86,009	\$ (95,103)		\$ (9,094)	\$ 95,103
Special Education Categorical Aid	12-495-034-5120-089	7/1/11-6/30/12	439,079		397,095	(439,079)		(41,984)	439,079
Security Aid	12-495-034-5120-084	7/1/11-6/30/12	60,820		55,004	(60,820)		(5,816)	60,820
Adjustment Aid	12-495-034-5120-085	7/1/11-6/30/12	499,957		452,152	(499,957)		(47,805)	499,957
Reimbursed TPAF Social Security Contributions	12-495-034-5095-002	7/1/11-6/30/12	514,901		514,901	(514,901)			514,901
Equalization Aid	11-495-034-5120-078	7/1/10-6/30/11	95,103	\$ (8,618)	8,618				95,103
Special Education Categorical Aid	11-495-034-5120-089	7/1/10-6/30/11	439,079	(39,789)	39,789				439,079
Security Aid	11-495-034-5120-084	7/1/10-6/30/11	60,820	(5,512)	5,512				60,820
Adjustment Aid	11-495-034-5120-085	7/1/10-6/30/11	173,860	(15,755)	15,755				173,860
Reimbursed TPAF Social Security Contributions	11-495-034-5095-002	7/1/10-6/30/11	502,876	(24,529)	24,529				502,876
Total General Fund State Aid				(94,203)	1,599,364	(1,609,860)		(104,699)	2,881,598
Enterprise Fund:									
State School Lunch Program	12-100-010-3350-023	7/1/11-6/30/12	1,199		1,128	(1,199)	\$ (71)	(71)	1,199
State School Lunch Program	11-100-010-3350-023	7/1/10-6/30/11	1,116	(80)	80				1,116
Total Enterprise Fund State Aid				(80)	1,208	(1,199)	(71)	(71)	2,315
NJ Department of Labor and Workforce Development:									
Special Revenue Fund:									
Apprenticeship Coordinator	N/A	7/1/11-6/30/12	14,969		12,747	(14,969)	(2,222)	(2,222)	14,969
Apprenticeship Coordinator	N/A	7/1/10-6/30/11	14,813	(7,843)	7,843				14,813
(Passed thru Hunterdon County Vocational School District):									
Youth Transitions to Work	N/A	10/1/11-9/30/12	28,957		4,000	(8,164)	(4,164)	(4,164)	8,164
Total NJ Department of Labor and Workforce Development				(7,843)	24,590	(23,133)	(6,386)	(6,386)	37,946
Total State Awards				\$ (102,126)	\$ 1,625,162	\$ (1,634,192)	\$ (6,457)	\$ (111,156)	\$ 2,921,859

N/A - Not Available

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

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Morris County Vocational School District under programs of the federal and state governments for the fiscal year ended June 30, 2012. 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 OMB's Circular 04-04, *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 assets 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 the 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 N.J.S.A. 18A:22-44.2. For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last 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 net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$35,025) for the General Fund and \$32,446 for the Special Revenue Fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Additionally, the schedule of expenditures of state awards does not include the on-behalf TPAF Post Retirement Contribution revenue of \$454,869 or the \$226,373 of TPAF On-Behalf Pension Contribution. Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 54,110	\$ 2,256,077	\$ 2,310,187
Special Revenue Fund	1,389,887	23,133	1,413,020
Enterprise Funds (Food Service Fund)	31,180	1,199	32,379
Total Federal and State Awards	<u>\$ 1,475,177</u>	<u>\$ 2,280,409</u>	<u>\$ 3,755,586</u>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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 employers' share of social security contributions for TPAF members for the year ended June 30, 2012. Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Summary of Auditors' Results:

- An unqualified report was issued on the District's financial statements.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the District.
- The audit did not disclose any noncompliance which is material in relation to the financial statements of the District.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the District's major federal or state programs.
- An unqualified report was issued on the District's compliance for major federal and state programs.
- The audit did not disclose any audit findings which are required to be reported under Federal OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*.
- The District's major federal and state programs for the current fiscal year consisted of the following awards:

	<u>C.F.D.A. Number/ State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>Federal:</u>				
Consolidated Adult Basic Skills and Integrated English Literacy and Civics Education	84.002	7/1/11-6/30/12	\$ 591,234	\$ 571,584
Consolidated Adult Basic Skills and Integrated English Literacy and Civics Education	84.002	7/1/10-6/30/11	745,317	28,337
<u>State:</u>				
<u>General Fund State Aid:</u>				
Reimbursed TPAF Social Security Contributions	12-495-034-5095-002	7/1/11-6/30/12	514,901	514,901

- The District qualified as a "low-risk" auditee under the provisions of section 530 of the federal Circular.
- The threshold for determining Type A and B federal and state programs was \$300,000.

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.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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 NJOMB 04-04.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Status of Prior Year Findings:

There were no prior year audit findings.