

**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, 2015**

**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, 2015**

**Prepared by**

**Morris County Vocational School District  
Business Office**

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INTRODUCTORY SECTION



## MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT

400 East Main Street Denville, NJ 07834-2592

973-627-4600

November 30, 2015

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, 2015 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. 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 Auditors' 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 States, Local Governments and Non-Profit Organizations*, and the New Jersey's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' report on internal control and compliance with applicable laws and regulations, findings and questioned costs, 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 in Codification Section 2100. 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 eleven Full Time Career Academies, and fourteen share-time (half day) programs, which include programs for students who have greater individualized needs and require a smaller class size. Nine of the eleven 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  
 November 30, 2015

Thirty-two (32) high schools from seventy-eight (78) communities and three 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 55 part time Adult Evening classes where enrollment averages around 600 students per semester.

The District completed the 2014-15 school year with a full time equivalent enrollment of 975.1 students. The District's secondary enrollment increased at a rate of .3% during the year.

## 2. MAJOR INITIATIVES:

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

- a. Commencement of a new full time Academy for Sports Medicine for the 2014-2015 year.
- b. Receipt of a competitive County Vocational Partnership Grant to develop and fund a new Engineering, Design & Advanced Manufacturing Academy for 2015-2016 in collaboration with the County College of Morris.
- c. Receipt of a competitive New Jersey Achievement Coaches grant to empower the district's outstanding educators to provide direct support to their peers through high quality training and resources.
- d. Completed a majority of the \$1.3 million of capital projects funded by the County of Morris including but not limited to replacement of rooftop air-conditioning units, installation of a campus access control system, removal of in ground oil separator tanks and resurfacing of shop floors. Acquired portable computer carts and a network core upgrade also with County funds. A physical education challenge course similarly funded was scheduled for Summer 2015 installation.

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.

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

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control 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 School Estimate. Annual appropriated budgets are adopted for the general fund and the special revenue fund.

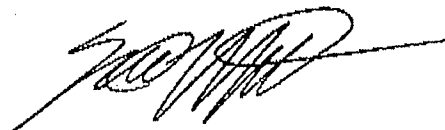


The Honorable President and  
 Members of the Board of Education  
 Morris County Vocational School District  
 November 30, 2015

Capital Improvements are funded by the County of Morris, which pays the resulting debt service. 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, 2015.

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's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The Auditors' report on the basic financial statements and individual fund statements and schedules is included in the financial section of this report. The Auditors' reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.
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.

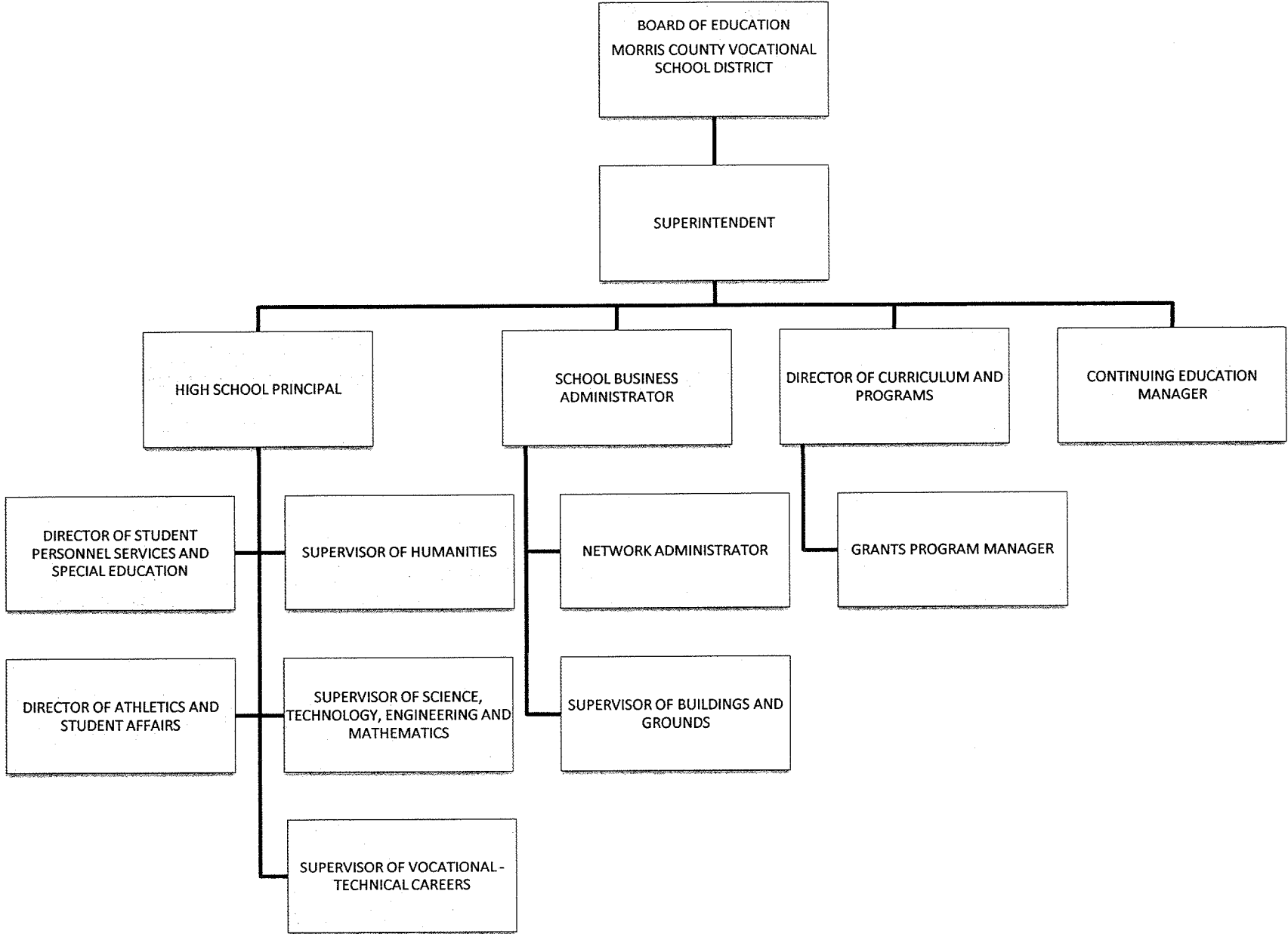
Respectfully submitted,



Scott Moffitt  
 Superintendent



Susan Young  
 Business Administrator/Board Secretary



**MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
ROSTER OF OFFICIALS  
JUNE 30, 2015**

<u>Members of the Board of Education</u>	<u>Title</u>	<u>Term Expires</u>
Barbara Dawson	President	2015
Lawrence J. Colasurdo	Vice President	2016
Mary Dougherty	Member	2018
John P. Hyland	Member	2017
Dr. Rosalie Lamonte	Member (Interim Executive 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 Depository**

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

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

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

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

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

### ***Auditors' Responsibility***

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

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

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

The Honorable President and Members  
of the Board of Education  
Morris County Vocational School District  
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### ***Opinions***

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

### ***Emphasis of Matter***

As discussed in Note 16 to the basic financial statements, the District implemented Governmental Accounting Standards Board (“GASB”) Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment to GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* during the fiscal year ended June 30, 2015. Our opinions are not modified with respect to this matter. The implementation resulted in the restatement of certain balances on the Statement of Net Position and the ending balance for Net Position for the Governmental Activities and Business-type Activities as of June 30, 2014 as detailed in Note 16 to the basic financial statements.

### ***Other Matters***

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

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

#### ***Other Information***

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

The Honorable President and Members  
of the Board of Education  
Morris County Vocational School District  
Page 3

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

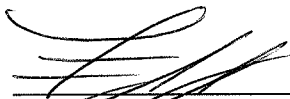
The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2015 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

November 30, 2015  
Mount Arlington, New Jersey

  
NISIVOCCIA LLP

  
\_\_\_\_\_  
Francis L. 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, 2015. 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 both a district-wide basis and a governmental fund basis.
- Overall revenue was \$25.13 million.
- Overall expenses were \$22.28 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 the Basic 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

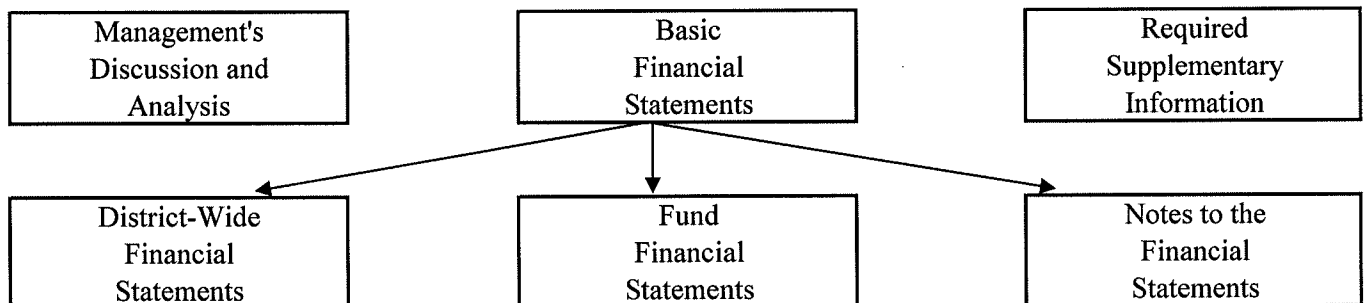


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents 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, 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"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenue, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenue, expenses, and changes in net position</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position</li> </ul>
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 position includes all of the District's assets, deferred inflows and outflows and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

- Over time, increases or decreases in the District's net position 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 the Basic 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 Position.* The District's combined net position increased by \$2,853,169. Net position from governmental activities increased by \$2,751,414 and net position from business-type activities increased by \$101,755. Net investment in capital assets increased by \$1,403,429, restricted net position increased by \$957,101, and unrestricted net position increased by \$492,639.

Figure A-3

#### Condensed Statement of Net Position

	Government Activities		Business-Type Activities		Total School District		Total Percentage Change
	2013/14*	2014/15	2013/14*	2014/15	2013/14*	2014/15	
Current and							
Other Assets	\$ 5,288,637	\$ 6,557,233	\$ 167,211	\$ 195,138	\$ 5,455,848	\$ 6,752,371	23.76%
Capital Assets, Net	19,164,318	20,505,611	31,799	66,569	19,196,117	20,572,180	7.17%
Total Assets	<u>24,452,955</u>	<u>27,062,844</u>	<u>199,010</u>	<u>261,707</u>	<u>24,651,965</u>	<u>27,324,551</u>	10.84%
Deferred Outflow of Resources		193,439		12,347		205,786	100.00%
Other Liabilities	458,378	422,310	39,568	7,244	497,946	429,554	-13.73%
Long-Term							
Liabilities	7,744,132	6,692,308	474,816	407,676	8,218,948	7,099,984	-13.61%
Total Liabilities	<u>8,202,510</u>	<u>7,114,618</u>	<u>514,384</u>	<u>414,920</u>	<u>8,716,894</u>	<u>7,529,538</u>	-13.62%
Deferred Inflow of Resources		1,139,806		72,753		1,212,559	100.00%
Net Position:							
Net Investment							
in Capital Assets	19,083,633	20,449,783	21,889	59,168	19,105,522	20,508,951	7.35%
Restricted	1,809,685	2,766,786			1,809,685	2,766,786	52.89%
Unrestricted	<u>(4,642,873)</u>	<u>(4,214,710)</u>	<u>(337,263)</u>	<u>(272,787)</u>	<u>(4,980,136)</u>	<u>(4,487,497)</u>	-9.89%
Total Net Position	<u>\$16,250,445</u>	<u>\$19,001,859</u>	<u>\$(315,374)</u>	<u>\$(213,619)</u>	<u>\$15,935,071</u>	<u>\$18,788,240</u>	17.90%

\* Restated

*Changes in Net Position.* The District's combined net position was \$18,788,240 on June 30, 2015, \$2,853,169 or 17.90% more than the year before (see Figure A-3). Net Investment in Capital Assets increased due to current year capital assets additions of \$1,991,181 and a net decrease of \$27,366 in capital leases payable; offset by current year depreciation expense of \$615,118. Restricted net position increased primarily due to a board approved deposit of \$500,000 into the Capital Reserve and an increase in excess surplus of \$455,626. Unrestricted net position increased primarily due to a \$64,476 increase in business-type activities unrestricted net position, an increase in funds committed to capital projects of \$329,301, a decrease in net pension liability of \$1,109,820 and an increase in changes in pension assumptions of \$205,786; offset by an increase in investment gains in pension of \$390,001 and an increase in changes in proportion in pension of \$822,558.

Figure A-4

## Changes in Net Position from Operating Results

	Governmental Activities 2013/14	Governmental Activities 2014/15	Business- Type Activities 2013/14	Business- Type Activities 2014/15	Total School District 2013/14	Total School District 2014/15	Percentage Change
<b>Revenue:</b>							
<b>Program Revenue:</b>							
Charges for Services	\$ 9,314,509	\$ 9,950,842	\$ 726,521	\$ 845,773	\$ 10,041,030	\$ 10,796,615	7.52%
Operating Grants and Contributions	3,560,437	5,097,290	21,401	28,556	3,581,838	5,125,846	43.11%
<b>General Revenue:</b>							
County Tax Levy	6,351,286	6,351,286			6,351,286	6,351,286	0.00%
State and Federal Aid not Restricted	706,862	720,276			706,862	720,276	1.90%
County Improvement Authorizations	1,292,220	2,061,000			1,292,220	2,061,000	59.49%
Other	52,659	76,253			52,659	76,253	44.81%
<b>Total Revenue</b>	<b>21,277,973</b>	<b>24,256,947</b>	<b>747,922</b>	<b>874,329</b>	<b>22,025,895</b>	<b>25,131,276</b>	<b>14.10%</b>
<b>Expenses:</b>							
Instruction	9,860,456	11,784,382			9,860,456	11,784,382	19.51%
Pupil and Instruction Services	2,749,365	2,919,317			2,749,365	2,919,317	6.18%
Administrative and Business	2,760,696	2,690,409			2,760,696	2,690,409	-2.55%
Maintenance and Operations	2,023,212	2,162,383			2,023,212	2,162,383	6.88%
Pupil Transportation	152,221	151,617			152,221	151,617	-0.40%
Special Schools	1,334,528	1,238,950			1,334,528	1,238,950	-7.16%
Capital Outlay	62,039	62,289			62,039	62,289	0.40%
Other	469,963	476,167	795,080	792,832	1,265,043	1,268,999	0.31%
<b>Total Expenses</b>	<b>19,412,480</b>	<b>21,485,514</b>	<b>795,080</b>	<b>792,832</b>	<b>20,207,560</b>	<b>22,278,346</b>	<b>10.25%</b>
<b>Other Items:</b>							
Capital Contributions		(3,258)		3,258			0.00%
Other			(3,283)		(3,283)		100.00%
Transfers	(44,059)	(16,761)	44,142	17,000	83	239	187.95%
<b>Increase/(Decrease) in Net Position</b>	<b>\$ 1,821,434</b>	<b>\$ 2,751,414</b>	<b>\$ (6,299)</b>	<b>\$ 101,755</b>	<b>\$ 1,815,135</b>	<b>\$ 2,853,169</b>	<b>57.19%</b>

*Revenue Sources.* The District's total revenue for the 2014/15 school year was \$25,131,276. (See Figure A-4). The County tax levy of \$6,351,286 accounted for a substantial portion of the District's revenue, or 25.27 percent, along with 42.96% from charges for services. (See Figure A-5). Another 23.27 percent came from operating grants and contributions for specific programs and state and federal aid not restricted with the remainder from miscellaneous sources and County improvement authorizations.

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

	<u>Amount</u>	<u>Percentage</u>
Sources of Income:		
State and Federal Aid Not Restricted	\$ 720,276	2.87%
County Tax Levy	6,351,286	25.27%
Operating Grants and Contributions	5,125,846	20.40%
Charges for Services	10,796,615	42.96%
County Improvement Authorizations	2,061,000	8.20%
Other	76,253	0.30%
	<u>\$ 25,131,276</u>	<u>100.00%</u>

The total cost of all programs and services was \$22,278,346. The District's expenses are predominantly related to instructing, caring for students (pupil services) and special schools (71.56 percent). (See Figure A-6). The District's administrative and business activities accounted for 12.08 percent of total costs.

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

Expense Category:	<u>Amount</u>	<u>Percentage</u>
Instruction	\$ 11,784,382	52.90%
Pupil and Instruction Services	2,919,317	13.10%
Administrative and Business	2,690,409	12.08%
Maintenance and Operations	2,162,383	9.71%
Pupil Transportation	151,617	0.68%
Special Schools	1,238,950	5.56%
Capital Outlay	62,289	0.28%
Other	1,268,999	5.69%
	<u>\$ 22,278,346</u>	<u>100.00%</u>

***Governmental Activities***

The net position of the governmental activities increased due to several factors. The most significant factor was \$2,061,000 of capital project funding from the County of Morris for several projects such as the replacement of rooftop HVAC units, a water main replacement, steel refinishing and garage door replacements, shop floor refinishing and exterior stucco replacement. Overall the general fund budget results exceeded expectations. Tuition revenue generated a surplus of \$598,999 due to increased enrollment acceptances and the movement of the Sports Medicine Academy to the Denville campus after the budget had been finalized. On the expense side, utility expenses generated almost \$300,000 of surplus due to participation in energy cooperative and curtailment programs, installation of a new building management system, boilers, HVAC rooftop units and LED lighting and overall mild weather. Additionally, surplus in excess of \$200,000 was generated in salary breakage due to the retirement of several senior administrators and supervisors. In general, the District was able to replenish its capital reserve account by \$500,000 due to these savings increasing its net position while also generating excess surplus funds to maintain its 6% surplus balance and assist with funding the 2016-2017 budget.

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**

	<b>Net Cost of Governmental Activities</b>			
	Total Cost of Services	Total Cost of Services	Net Cost of Services	Net Cost of Services
	2013/14	2014/15	2013/14	2014/15
Instruction	\$ 9,860,456	\$ 11,784,382	\$ 3,014,485	\$ 3,032,280
Pupil and Instruction Services	2,749,365	2,919,317	406,506	350,135
Administrative and Business	2,760,696	2,690,409	1,147,894	966,392
Maintenance and Operations	2,023,212	2,162,383	949,162	963,392
Pupil Transportation	152,221	151,617	71,412	68,573
Special Schools	1,334,528	1,238,950	416,073	518,154
Capital Outlay	62,039	62,289	62,039	62,289
Other	469,963	476,167	469,963	476,167
	<u>\$ 19,412,480</u>	<u>\$ 21,485,514</u>	<u>\$ 6,537,534</u>	<u>\$ 6,437,382</u>

- The cost of all governmental activities this year was \$21.49 million.
- The federal and state governments subsidized certain programs with grants and contributions (\$5.10 million).
- A portion of governmental activities was financed with \$0.72 million in state aid based on the SFRA formula.
- Approximately 29% of the District's costs (\$6.35 million) were financed with the County tax levy.
- The County of Morris authorized funding of \$2.06 million for capital improvements at the District.
- The remainder of the funding came from charges for services (including tuition) and miscellaneous revenue (\$10.0 million).

### **Business-Type Activities**

Net position from the District's business-type activities increased overall by \$101,755. (Refer to Figure A-4). The most significant factors contributing to these results were:

- Adult Education Enterprise Fund's net position increased by \$84,895, mainly due to an increase in enrollment and tuition rates.
- Food Service Fund's net position increased by \$10,119 primarily due to the operating transfer from the General Fund for the purchase of capital equipment.

### **Financial Analysis of the District's Funds**

The District's overall net position improved year over year by \$2.8 million with \$1.4 million due to capital from the County of Morris for various improvements/renovations to the District. Additionally, the previously mentioned tuition revenue surplus coupled with utility costs and salary breakage contributed to the remainder of that financial improvement. Most of these factors cannot be anticipated to recur in 2015-2016. The County capital project funding has been fairly reliable however 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		
	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	
Sites and Site Improvements	\$ 315,527	\$ 314,712			\$ 315,527	\$ 314,712	-0.26%
Construction in Progress	1,093,559	2,825,258			1,093,559	2,825,258	158.35%
Buildings and Building Improvements	17,072,887	16,597,535			17,072,887	16,597,535	-2.78%
Furniture, Machinery and Equipment	682,345	768,106	\$ 31,799	\$ 66,569	714,144	834,675	16.88%
<b>Total</b>	<b>\$ 19,164,318</b>	<b>\$ 20,505,611</b>	<b>\$ 31,799</b>	<b>\$ 66,569</b>	<b>\$ 19,196,117</b>	<b>\$ 20,572,180</b>	<b>7.17%</b>

### Long-term Debt

At year-end, the District had \$7,099,984 of long term liabilities – a decrease of \$1,18,964 from last year – as shown in Figure A-9. This decrease was a result of a net increase in compensated absences of \$18,222, offset by a net decrease in capital leases payable of \$27,366 and a net decrease of \$1,109,820 in net pension liability. 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 Percentage Change
	2013/14*	2014/15	
Other Long-Term Liabilities	\$ 564,891	\$ 555,747	-1.62%
Net Pension Liability	7,654,057	6,544,237	-14.50%
	<b>\$ 8,218,948</b>	<b>\$ 7,099,984</b>	<b>-13.61%</b>

\* Restated

### 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. However, plans to increase programs and enrollment at alternate secondary public institutions.
- Level county tax levy funding since the 2007-2008 fiscal year exerts budget pressure.
- The rising cost of health benefits and district personnel achieving Tier IV of Chapter 78 health benefit contributions during the 2015-2016 school year will create additional budget concerns. Additionally, the MCVTEA union contract expired June 30, 2015 and has not been settled. The financial impact of a final settlement is uncertain.
- The district continues to bump up against the maximum allowable state certified tuition rate capping potential revenues from sending districts.

- Receipt of competitive grants continues to assist with the establishment and multi-year funding of new initiatives.
- Admission applications for full time academies continue to far exceed available seats. Predictability of shared time admissions continues to be uncertain from year to year.

### **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 POSITION  
JUNE 30, 2015

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 1,427,269	\$ 187,310	\$ 1,614,579
Interfund Receivable	10,551		10,551
Receivables from State Government	48,067	98	48,165
Receivables from Federal Government	187,066	2,125	189,191
Receivables from Other Governments	3,201,697		3,201,697
Other Receivables	8,029	3,111	11,140
Inventories		2,494	2,494
Restricted Assets:			
Capital Reserve Account - Cash and Cash Equivalents	1,674,554		1,674,554
Capital Assets, Net:			
Sites (Land) and Construction in Progress	3,133,858		3,133,858
Depreciable Site Improvements, Buildings and Building Improvements and Furniture, Machinery and Equipment	17,371,753	66,569	17,438,322
Total Assets	<u>27,062,844</u>	<u>261,707</u>	<u>27,324,551</u>
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>			
Changes in Assumptions - Pensions	193,439	12,347	205,786
Total Deferred Outflows of Resources	<u>193,439</u>	<u>12,347</u>	<u>205,786</u>
<u>LIABILITIES</u>			
Accounts Payable	404,689	7,244	411,933
Payable to State Government	92		92
Payable to Federal Government	4,081		4,081
Unearned Revenue	13,448		13,448
Non-Current Liabilities:			
Due Within One Year	27,189	2,562	29,751
Due Beyond One Year	6,665,119	405,114	7,070,233
Total Liabilities	<u>7,114,618</u>	<u>414,920</u>	<u>7,529,538</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Investment Gains - Pensions	366,601	23,400	390,001
Changes in Proportion - Pensions	773,205	49,353	822,558
Total Deferred Inflows of Resources	<u>1,139,806</u>	<u>72,753</u>	<u>1,212,559</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	20,449,783	59,168	20,508,951
Restricted for:			
Capital Projects	1,674,554		1,674,554
Other Purposes	1,092,232		1,092,232
Unrestricted	(4,214,710)	(272,787)	(4,487,497)
Total Net Position	<u>\$ 19,001,859</u>	<u>\$ (213,619)</u>	<u>\$ 18,788,240</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, 2015

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental Activities:</b>						
<b>Instruction:</b>						
Regular	\$ 6,184,345	\$ 3,075,141	\$ 1,085,839	\$ (2,023,365)		\$ (2,023,365)
Special	683,732	322,188	681,661	320,117		320,117
Vocational Education	4,559,939	2,205,454	1,182,875	(1,171,610)		(1,171,610)
Other Instruction	356,366	198,944		(157,422)		(157,422)
<b>Support Services:</b>						
Student and Instruction Related Services	2,919,317	1,471,732	1,097,450	(350,135)		(350,135)
General Administrative Services	664,769	340,958	85,507	(238,304)		(238,304)
School Administrative Services	1,107,805	563,064	172,526	(372,215)		(372,215)
Central Services	657,205	344,897	70,636	(241,672)		(241,672)
Administrative Information Technology	260,630	146,429		(114,201)		(114,201)
Plant Operations and Maintenance	2,162,383	1,198,991		(963,392)		(963,392)
Pupil Transportation	151,617	83,044		(68,573)		(68,573)
Special Schools	1,238,950		720,796	(518,154)		(518,154)
Capital Outlay	62,289			(62,289)		(62,289)
Unallocated Depreciation	476,167			(476,167)		(476,167)
<b>Total Governmental Activities</b>	<b>21,485,514</b>	<b>9,950,842</b>	<b>5,097,290</b>	<b>(6,437,382)</b>		<b>(6,437,382)</b>
<b>Business-Type Activities:</b>						
Supermarket Account	8,617	11,018			\$ 2,401	2,401
Internet Consortium	55,576	49,628			(5,948)	(5,948)
Adult Education	553,562	644,640			91,078	91,078
Cosmetology	1,416	1,933			517	517
Food Service	161,629	122,934	28,556		(10,139)	(10,139)
Food Function	12,032	15,620			3,588	3,588
<b>Total Business-Type Activities</b>	<b>792,832</b>	<b>845,773</b>	<b>28,556</b>		<b>81,497</b>	<b>81,497</b>
<b>Total Primary Government</b>	<b>\$ 22,278,346</b>	<b>\$ 845,773</b>	<b>\$ 5,125,846</b>	<b>(6,437,382)</b>	<b>81,497</b>	<b>(6,355,885)</b>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenues, Transfers and Other Items:			
Taxes:			
County Tax Levy	\$ 6,351,286		\$ 6,351,286
Federal and State Aid not Restricted	720,276		720,276
Interest Earnings	4,063		4,063
Miscellaneous Income	72,190		72,190
County Improvement Authorization	2,061,000		2,061,000
Transfers	(16,761)	\$ 17,000	239
Capital Contributions	(3,258)	3,258	
	9,188,796	20,258	9,209,054
Total General Revenues, Transfers and Other Items			
	2,751,414	101,755	2,853,169
Change in Net Position			
	16,250,445	(315,374)	15,935,071
Net Position - Beginning (Restated)			
	\$ 19,001,859	\$ (213,619)	\$ 18,788,240
Net Position - Ending			

FUND FINANCIAL STATEMENTS



Exhibit B-1

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 1,427,269			\$ 1,427,269
Interfund Receivables:				
Special Revenue Fund	82,373			82,373
Capital Projects Fund	253,212			253,212
Fiduciary Fund - Flex Spending Trust Fund	10,551			10,551
Receivables From State Government	26,332	\$ 21,735		48,067
Receivables From Federal Government		187,066		187,066
Receivables From Other Governments	747,516		\$ 2,454,181	3,201,697
Other Accounts Receivables	8,029			8,029
Restricted Cash and Cash Equivalents	1,674,554			1,674,554
<b>Total Assets</b>	<b>\$ 4,229,836</b>	<b>\$ 208,801</b>	<b>\$ 2,454,181</b>	<b>\$ 6,892,818</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Interfund Payable - General Fund		\$ 82,373	\$ 253,212	\$ 335,585
Accounts Payable	\$ 286,953	117,080	656	404,689
Payable to State Government		92		92
Payable to Federal Government		4,081		4,081
Unearned Revenue	8,273	5,175		13,448
<b>Total Liabilities</b>	<b>295,226</b>	<b>208,801</b>	<b>253,868</b>	<b>757,895</b>
<b>Fund Balances:</b>				
<b>Restricted:</b>				
Capital Reserve Account	1,674,554			1,674,554
Excess Surplus for 2016-2017	706,664			706,664
Excess Surplus for 2015-2016	385,568			385,568
<b>Committed:</b>				
Capital Projects Fund			2,200,313	2,200,313
<b>Assigned:</b>				
Other Purposes	280,788			280,788
Unassigned	887,036			887,036
<b>Total Fund Balances</b>	<b>3,934,610</b>		<b>2,200,313</b>	<b>6,134,923</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 4,229,836</b>	<b>\$ 208,801</b>	<b>\$ 2,454,181</b>	

Amounts Reported for Governmental Activities in the Statement of Net Position (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 \$30,504,490 and the Accumulated Depreciation is \$9,998,879.	20,505,611
Long-Term Liabilities, Including Compensated Absences, Capital Leases Payable and Net Pension Liability for PERS, are not due and payable in the current period and therefore are not reported as liabilities in the Funds.	(6,692,308)
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:	
Changes in Assumptions - Pensions	193,439
Investment Gains - Pensions	(366,601)
Changes in Proportions - Pensions	(773,205)
<b>Net Position of Governmental Activities</b>	<b>\$ 19,001,859</b>

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, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<b>REVENUES:</b>				
<b>Local Sources:</b>				
County Tax Levy	\$ 6,351,286			\$ 6,351,286
Tuition from LEA's	9,462,981			9,462,981
Tuition from Individuals	487,861			487,861
Interest Earned on Capital Reserve Funds	1,475			1,475
Unrestricted Miscellaneous Revenue	74,778	\$ 750		75,528
Total - Local Sources	16,378,381	750		16,379,131
State Sources	2,737,833	48,285		2,786,118
Federal Sources		1,391,840		1,391,840
Total Revenues	19,116,214	1,440,875		20,557,089
<b>EXPENDITURES:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular Instruction	4,637,431	4,908		4,642,339
Special Education Instruction	423,474	8,569		432,043
Vocational Education Instruction	2,883,881	154,726		3,038,607
School-Sponsored/Other Instruction	307,298			307,298
<b>Support Services and Undistributed Costs:</b>				
Student and Other Instruction Related Services	1,661,191	539,316		2,200,507
General Administration Services	527,100			527,100
School Administration Services	791,065			791,065
Central Services	495,682			495,682
Administrative Information Technology	221,550			221,550
Plant Operations and Maintenance	1,960,469			1,960,469
Student Transportation Services	154,556			154,556
Unallocated Benefits	3,435,663			3,435,663
Capital Outlay	149,240	126,775	\$ 1,731,699	2,007,714
Special Schools	472,232	606,581		1,078,813
Total Expenditures	18,120,832	1,440,875	1,731,699	21,293,406
Excess/(Deficit) of Revenue Over/(Under) Expenditures	995,382		(1,731,699)	(736,317)
<b>Other Financing Sources/(Uses):</b>				
County Improvement Authorization			2,061,000	2,061,000
Transfer to Food Service Fund	(17,000)			(17,000)
Transfer from Flex Spending Trust Fund	239			239
Capital Contribution to Food Service Fund	(3,258)			(3,258)
Total Other Financing Sources/(Uses)	(20,019)		2,061,000	2,040,981
Net Change in Fund Balances	975,363		329,301	1,304,664
Fund Balance - July 1	2,959,247		1,871,012	4,830,259
Fund Balance - June 30	\$ 3,934,610	\$ -0-	\$ 2,200,313	\$ 6,134,923

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, 2015

Total Net Change in Fund Balances - Governmental Funds (from B-2)		\$ 1,304,664
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 in the period.		
Depreciation Expense	\$ (604,132)	
Capital Outlays	<u>1,945,425</u>	1,341,293
Repayment of capital leases is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities.		
		24,857
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 (+).		
		(16,264)
The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:		
Change in Net Pension Liability		1,043,231
Deferred Outflows:		
Changes in Assumptions		193,439
Deferred Inflows:		
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		(366,601)
Changes in Proportion		<u>(773,205)</u>
Change in Net Position of Governmental Activities (Exhibit A-2)		<u>\$ 2,751,414</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 POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2015

	<u>Business-Type Activities Enterprise Funds</u>
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 187,310
Intergovernmental Accounts Receivable:	
State	98
Federal	2,125
Other Accounts Receivable	3,111
Inventories	2,494
Total Current Assets	<u>195,138</u>
Non-Current Assets:	
Capital Assets	207,418
Less: Accumulated Depreciation	<u>(140,849)</u>
Total Non-Current Assets	<u>66,569</u>
Total Assets	<u>261,707</u>
<u>DEFERRED OUTFLOW OF RESOURCES:</u>	
Changes in Assumptions - Pensions	<u>12,347</u>
Total Deferred Outflow of Resources	<u>12,347</u>
<u>LIABILITIES:</u>	
Current Liabilities:	
Accounts Payable	<u>7,244</u>
Total Current Liabilities	<u>7,244</u>
Non-Current Liabilities:	
Compensated Absences Payable	7,621
Capital Leases Payable:	
Due Within One Year	2,562
Due Beyond One Year	4,839
Net Pension Liability	<u>392,654</u>
Total Non-Current Liabilities	<u>407,676</u>
Total Liabilities	<u>414,920</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>	
Investment Gains - Pensions	23,400
Changes in Proportion - Pensions	<u>49,353</u>
Total Deferred Inflow of Resources	<u>72,753</u>
<u>NET POSITION:</u>	
Net Investment in Capital Assets	59,168
Unrestricted	<u>(272,787)</u>
Total Net Position	<u>\$ (213,619)</u>

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

Exhibit B-5

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

	<u>Business-Type Activities Enterprise Funds</u>
Operating Revenue:	
Daily Sales	\$ 120,962
Charges for Services:	
Program Fees	707,219
Special Events	15,620
Miscellaneous Revenue	<u>1,972</u>
Total Operating Revenue	<u>845,773</u>
Operating Expenses:	
Cost of Sales	74,268
Salaries	393,515
Employee Benefits	61,786
Purchased Professional and Technical Services	54,515
Other Purchased Services	93,383
Supplies and Materials	97,122
Miscellaneous Expense	7,257
Depreciation Expense	<u>10,986</u>
Total Operating Expenses	<u>792,832</u>
Operating Income	<u>52,941</u>
Non-Operating Income:	
State Sources:	
State School Lunch Program	1,112
Federal Sources:	
National School Lunch Program	22,419
School Breakfast Program	1,367
Food Distribution Program	<u>3,658</u>
Total Non-Operating Income	<u>28,556</u>
Change in Net Position Before Other Items and Transfers	81,497
Other Items and Transfers:	
Operating Transfer In - General Fund	17,000
Capital Contribution	<u>3,258</u>
Total Other Items and Transfers	<u>20,258</u>
Change in Net Position	101,755
Net Position - Beginning of Year (Restated)	<u>(315,374)</u>
Net Position - End of Year	<u>\$ (213,619)</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, 2015

	<u>Business-Type Activities Enterprise Funds</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 847,042
Payments to Food Service Contractor	(184,160)
Payments to/for Employees	(396,676)
Payments to Suppliers	(236,246)
	29,960
Net Cash Provided by Operating Activities	
Cash Flows Used for Capital and Related Financing Activities:	
Purchases of Capital Assets	(42,498)
Lease Purchase Principal Payment	(2,509)
	(45,007)
Net Cash Used for Capital and Related Financing Activities:	
Cash Flows from Noncapital Financing Activities:	
Cash Received from Operating Transfers	17,000
State Sources	1,159
Federal Sources	25,005
	43,164
Net Cash Provided by Noncapital Financing Activities	
Net Increase in Cash and Cash Equivalents	28,117
Cash and Cash Equivalents, July 1	159,193
Cash and Cash Equivalents, June 30	\$ 187,310
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:	
Operating Income	\$ 52,941
Adjustment to Reconcile Operating Loss to Cash Provided by Operating Activities:	
Depreciation	10,986
Food Distribution Program	3,658
Changes in Assets and Liabilities:	
Decrease in Other Accounts Receivable	9
(Decrease) in Accounts Payable	(33,584)
Increase in Unearned Revenue	1,260
Increase in Compensated Absences Payable	1,958
(Increase) in Inventory	(1,085)
(Decrease) in Net Pension Liability	(66,589)
(Increase) in Changes in Assumptions - Pensions	(12,347)
Increase in Investment Gains - Pensions	23,400
Increase in Changes in Proportions - Pensions	49,353
	29,960
Net Cash Provided by Operating Activities	\$ 29,960

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 \$3,658 and Utilized Commodities Valued at \$3,658. The Adult Education Enterprise Fund paid down \$2,509 of capital leases payable.

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

Exhibit B-7

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
JUNE 30, 2015

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>	<u>Private Purpose Scholarships Trust</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 437,817	\$ 26,869	\$ 13,721	\$ 86,897
Interfund Receivable:				
Payroll Agency		3,099		
Total Assets	<u>437,817</u>	<u>29,968</u>	<u>13,721</u>	<u>86,897</u>
<u>LIABILITIES:</u>				
Interfund Payable:				
General Fund			10,551	
Unemployment Compensation Trust	3,099			
Payroll Deductions and Withholdings	93,192			
Accrued Salaries and Wages	243,005			
Due to Student Groups	98,521			
Total Liabilities	<u>437,817</u>		<u>10,551</u>	
<u>NET POSITION:</u>				
Held in Trust for:				
Unemployment Claims		29,968		
Flexible Spending Claims			3,170	
Restricted for Scholarships				86,897
Total Net Position	<u>\$ -0-</u>	<u>\$ 29,968</u>	<u>\$ 3,170</u>	<u>\$ 86,897</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 POSITION  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Unemployment Compensation Trust	Flexible Spending Trust	Private Purpose Scholarships Trust
ADDITIONS:			
Contributions:			
Plan Members	\$ 18,613	\$ 24,000	
Total Contributions	18,613	24,000	
Investment Earnings:			
Interest	23		\$ 134
Total Additions	18,636	24,000	134
DEDUCTIONS:			
Unemployment Benefit Claims	5,273		
Flexible Spending Claims		22,260	
Scholarships Awarded			3,300
Total Deductions	5,273	22,260	3,300
Change in Net Position before Other Financing Uses	13,363	1,740	(3,166)
OTHER FINANCING USES:			
Transfer to General Fund		(239)	
Total Other Financing Uses		(239)	
Change in Net Position	13,363	1,501	(3,166)
Net Position - Beginning of the Year	16,605	1,669	90,063
Net Position - End of the Year	\$ 29,968	\$ 3,170	\$ 86,897

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, 2015

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 and a resulting financial benefit or burden relationship, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. 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 position and the statement of activities present financial information about the District's governmental and business type activities. These statements include the financial activities of the overall 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, 2015  
(Continued)

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

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

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.

Fund Financial Statements:

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

The District reports the following governmental funds:

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

As required by NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenue. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to 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, 2015  
(Continued)

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

B. Basis of Presentation: (Cont'd)

Enterprise Fund: The Enterprise Funds account 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, ETTC (Educational Technology Training Center), Adult Education, Cosmetology, Food Service and Food Function Funds. 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 Flexible 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 position may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general 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.

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

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

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

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	\$ 19,117,846	\$ 1,440,080
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		(5,577)
Cancellation of Prior Year Encumbrances		(1,664)
Prior Year Encumbrances		8,036
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	106,971	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(108,603)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 19,116,214	\$ 1,440,875

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

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

D. Budgets/Budgetary Control (Cont'd)

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 18,120,832	\$ 1,440,080
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		(5,577)
Cancellation of Prior Year Encumbrances		(1,664)
Prior Year Encumbrances		<u>8,036</u>
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 18,120,832</u>	<u>\$ 1,440,875</u>

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

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

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

F. Interfund Transactions: (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 position, 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 unearned revenue at fiscal year end.

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

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

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, 2015  
(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, capital assets used in governmental fund operations are accounted for as capital outlay expenditures in the governmental fund upon acquisition. Capital assets are not capitalized and related depreciation is not reported in the fund financial statements.

L. Long Term Liabilities:

In the district-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise funds. 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, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

M. Accrued Salaries and Wages

Beginning in fiscal year 2015, 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, 2015, the amount earned by these employees but not disbursed was \$243,005.

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 Position*, the liabilities, whose average maturities are greater than one year, should be reported in two components – the amount due within one year and the amount due in more than one year.

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

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

O. Unearned Revenue

Unearned 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 \$3,934,610 General Fund fund balance at June 30, 2015, \$280,788 is assigned for encumbrances; \$1,674,554 is restricted in the capital reserve account; \$1,092,232 is restricted for excess surplus in accordance with N.J.S.A.18A:17F-7 as amended by P.L. 2004, C.73 (S1701) (\$385,568 of prior year excess surplus has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2016; \$706,664 of current year excess surplus will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2017); and \$887,036 is unassigned, which is \$108,603 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, 2016.

Capital Projects Fund: Of the \$2,200,313 Capital Projects Fund committed fund balance at June 30, 2015, \$1,047,823 is committed for year-end encumbrances.

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 had excess surplus at June 30, 2015 as detailed above.

Unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis in the amount of \$108,603 as of June 30, 2015 as reported in the fund statements (modified accrual basis). 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 these 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 two 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 two state aid payments, and not the fund balance reported on the fund statement which excludes these state aid payments.

Q. Deficit Net Position

The District has a deficit in unrestricted net position of \$4,214,710 in its governmental activities, which is due to investment gains in pensions of \$366,601, changes in proportion in pensions of \$773,205, net pension liability of \$6,151,583 and \$484,897 of compensated absences payable; offset by unassigned General Fund fund balance of \$887,036, \$280,788 of General Fund fund balance assigned for encumbrances, \$2,200,313 of committed Capital Projects Fund fund balance and changes in pension assumptions of \$193,439. The District also has a deficit in unrestricted net position in the Adult Education Enterprise Fund of \$396,300 primarily due to net pension liability of \$392,654. The Food Service Enterprise Fund has a deficit in unrestricted net position of \$43 primarily due to the unanticipated cost of a change in a point of sale system as a result of a change in food service management company. The District will resolve this deficit with contributions from either the General Fund or the other Enterprise Funds during the fiscal year ended June 30, 2016. These deficits do not indicate the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.



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

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

R. Net Position:

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had a deferred outflow of resources at June 30, 2015 for the changes in assumptions in pensions. The District had deferred inflows of resources at June 30, 2015 for the changes in proportion in pension and the net difference between projected and actual investment earnings on pension plan investments.

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

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

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

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

S. Fund Balance Restrictions, Commitments and Assignments:

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

Fund balance restrictions have been established for a capital reserve and excess surplus.

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, 2015.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose.

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

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

S. Fund Balance Restrictions, Commitments and Assignments: (Cont'd)

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 in the General Fund at June 30, 2015.

T. Revenue - Exchange and Nonexchange Transactions:

Revenue, resulting from exchange transactions in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end. Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the 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.

W. Pensions

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

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

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 below.

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;

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

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

Investments: (Cont'd)

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

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

	Cash and Cash Equivalents	Restricted Cash & Cash Equivalents Capital Reserve Account	Total
Checking and Savings Accounts	\$ 2,179,883	\$ 1,674,554	\$ 3,854,437

During the period ended June 30, 2015, 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, 2015 was \$3,854,437 and the bank balance was \$4,441,053.

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).

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

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

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, 2014	\$ 1,173,079
Add:	
Interest Earnings	1,475
Transfer from Unassigned Fund Balance as per Board Resolution	500,000
	\$ 1,674,554
Ending Balance, June 30, 2015	\$ 1,674,554

The June 30, 2015 LRFP balance of local support costs of uncompleted capital projects exceeds the balance in the capital reserve account at June 30, 2015.

NOTE 5. CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases/ Adjustments	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 308,600			\$ 308,600
Construction in Progress	1,093,559	\$ 1,731,699		2,825,258
Total Capital Assets Not Being Depreciated	1,402,159	1,731,699		3,133,858
Capital Assets Being Depreciated:				
Site Improvements	1,110,900			1,110,900
Buildings and Building Improvements	23,767,614			23,767,614
Machinery and Equipment	2,280,992	213,726	\$ (2,600)	2,492,118
Total Capital Assets Being Depreciated	27,159,506	213,726	(2,600)	27,370,632
Governmental Activities Capital Assets	28,561,665	1,945,425	(2,600)	30,504,490
Less Accumulated Depreciation for:				
Site Improvements	(1,103,973)	(815)		(1,104,788)
Buildings and Building Improvements	(6,694,727)	(475,352)		(7,170,079)
Machinery and Equipment	(1,598,647)	(127,965)	2,600	(1,724,012)
	(9,397,347)	(604,132)	2,600	(9,998,879)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 19,164,318	\$ 1,341,293	\$ -0-	\$ 20,505,611
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 161,662	\$ 45,756		\$ 207,418
Less Accumulated Depreciation	(129,863)	(10,986)		(140,849)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	\$ 31,799	\$ 34,770	\$ -0-	\$ 66,569

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

NOTE 5. CAPITAL ASSETS (Cont'd)

The District had active construction projects totaling \$2,200,313 as of June 30, 2015. These projects include renovations of the District's schools and grounds.

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 9,615
Vocational Education	65,996
Other Instruction	3,128
Student and Instruction Related Services	940
General Administration	2,251
School Administration	6,208
Central Services	3,189
Administrative Information Technology	12,128
Plant Operations and Maintenance	14,875
Pupil Transportation	4,464
Special Schools	5,171
Unallocated	476,167
	<u>\$ 604,132</u>

NOTE 6. LONG-TERM LIABILITIES

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

	(Restated) Balance 6/30/2014	Accrued	Retired	Balance 6/30/2015
Capital Leases	\$ 90,595		\$ 27,366	\$ 63,229
Compensated Absences Payable	474,296	\$ 55,614	37,392	492,518
Net Pension Liability	7,654,057		1,109,820	6,544,237
	<u>\$ 8,218,948</u>	<u>\$ 55,614</u>	<u>\$ 1,174,578</u>	<u>\$ 7,099,984</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 \$1,747 and is separated from the long-term liability balance of compensated absences of \$483,150. The General Fund will be used to liquidate these 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, 2015, \$7,621 is recorded for compensated absences in the Adult Education Enterprise Fund.

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

NOTE 6. LONG-TERM LIABILITIES (Cont'd)

C. Capital Leases Payable:

The District is leasing a 24-passenger school bus and several copiers under capital leases valued at \$117,339 of which \$54,110 has been amortized. The capital leases are for a term of five years. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2015.

<u>Year</u>	<u>Amount</u>
2016	\$ 29,214
2017	19,602
2018	<u>16,335</u>
	65,151
Less: Amount Representing Interest	<u>(1,922)</u>
Present Value of Minimum Lease Payments	<u>\$ 63,229</u>

The current portion of capital lease payable at June 30, 2015 in the governmental funds is \$25,442 and the long-term portion is \$30,386. The General Fund will be used to liquidate the capital lease payable in the governmental activities. The current portion of capital lease payable at June 30, 2015 in the business-type activities is \$2,562 and the long-term portion is \$4,839. The Adult Education Enterprise Fund will be used to liquidate the capital lease payable in the business-type activities.

D. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2015 is \$-0- and the long-term portion is \$6,151,583. The Public Employees' Retirement System's (PERS) net pension liability of the proprietary fund types is recorded in the current and long-term liabilities and will be liquidated by the Adult Education Enterprise Fund. The current portion of the net pension liability at June 30, 2015 is \$-0- and the long-term portion is \$392,654. See Note 7 for further information on the PERS.

NOTE 7. PENSION PLANS

A. Public Employees' Retirement System (PERS)

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

Plan Description

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

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

(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$288,151 for fiscal year 2015.

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



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

NOTE 7. PENSION PLANS (Cont'd)

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

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

At June 30, 2015, the District reported a liability of \$6,544,237 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2014, the District's proportion was 0.035%, which was a decrease of 0.005% from its proportion measured as of June 30, 2013.

For the fiscal year ended June 30, 2015, the District recognized pension expense of \$185,205. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	\$ 205,786	
Changes in Proportion		\$ 822,558
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		<u>390,001</u>
	<u>\$ 205,786</u>	<u>\$ 1,212,559</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2015	\$ (59,672)
2016	(59,671)
2017	(59,672)
2018	(59,672)
2019	37,828
Thereafter	<u>16,644</u>
	<u>\$ (184,215)</u>

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

NOTE 7. PENSION PLANS (Cont'd)

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

Actuarial Assumptions

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

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

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

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2014 are summarized in the following table:

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

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

NOTE 7. PENSION PLANS (Cont'd)

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

Discount Rate

The discount rate used to measure the total pension liability was 5.39% as of June 30, 2014. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 4.29% as of June 30, 2014 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

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

	Fiscal Year Ended June 30, 2014		
	1% Decrease (4.39%)	Current Discount Rate (5.39%)	1% Increase (6.39%)
District's proportionate share of the Net Pension Liability	\$ 8,232,873	\$ 6,544,237	\$ 5,126,213

Pension plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the TPAF, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

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

NOTE 7. PENSION PLANS (Cont'd)

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

Benefits Provided

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

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

Contributions

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

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2015, the State of New Jersey contributed \$387,763 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$2,026,621.

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

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

At June 30, 2015, the State's proportionate share of the net pension liability associated with the District was \$37,662,969. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014.

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

NOTE 7. PENSION PLANS (Cont'd)

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

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

The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2014, the District's proportion was 0.070%, which was an increase of 0.000% from its proportion measured as of June 30, 2013.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	37,662,969
	37,662,969
Total	\$ 37,662,969

For the fiscal year ended June 30, 2014, the State recognized pension expense on behalf of the District in the amount of \$2,026,621 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2015 financial statements.

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

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

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

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

NOTE 7. PENSION PLANS (Cont'd)

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

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

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

Actuarial Assumptions

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

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

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

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2014 is summarized in the following table:

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

NOTE 7. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

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

Discount Rate – TPAF

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

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

NOTE 7. PENSION PLANS (Cont'd)

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

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

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

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

Pension Plan Fiduciary Net Position

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

C. Defined Contribution Retirement Program (DCRP)

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

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

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

For DCRP, the District recognized pension expense of \$5,698 for the fiscal year ended June 30, 2015. Employee contributions to DCRP amounted to \$13,244 for the fiscal year ended June 30, 2015.



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

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, 2014, there were 103,432 retirees eligible for post-retirement medical benefits and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with, P.L. 1994 c.62.

Funding of post-retirement medical premiums changed from a 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, P.L. 1992 c.126, 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 2014, the State paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members.

The State's on-behalf Post Retirement Medical Contributions to TPAF for the District amounted to \$615,575, \$488,787 and \$810,887 for 2015, 2014 and 2013, 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 Horizon Blue Cross/Blue Shield of NJ.

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 management 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 the Fund/Group, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of either the 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.

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

NOTE 9. RISK MANAGEMENT (Cont'd)

Property, Liability and Health Benefits (Cont'd)

The June 30, 2015 audit report for the Group is not available as of the date of this report. Selected, summarized financial information for the pools are detailed below:

	<u>Morris County Insurance Fund Dec. 31, 2014</u>	<u>Morris-Essex Insurance Group June 30, 2014</u>
Total Assets	\$ 10,296,435	\$ 8,623,310
Net Position	\$ 4,723,569	\$ 5,409,944
Total Revenue	\$ 3,084,167	\$ 3,086,254
Total Expenses	\$ 3,081,987	\$ 1,290,579
Change in Net Position	\$ 2,180	\$ 1,795,675
Members Dividends	\$ -0-	\$ 733,820

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

Morris County Insurance Fund

Administration & Records Building  
Court Street, P.O. Box 900  
Morristown, NJ 07963-0900

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>
2014-2015	\$ -0-	\$ 23	\$ 18,613	\$ 5,273	\$ 29,968
2013-2014	4,143	8	17,990	12,343	16,605
2012-2013	41,446	7	16,011	51,843	6,807

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, 2015  
(Continued)

NOTE 11. INTERFUND RECEIVABLES AND PAYABLES

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 346,136	
Special Revenue Fund		\$ 82,373
Capital Projects Fund		253,212
Fiduciary Fund - Unemployment Compensation Trust	3,100	
Fiduciary Fund - Flexible Spending Trust		10,551
Fiduciary Fund - Payroll Agency		3,100
	<u>\$ 349,236</u>	<u>\$ 349,236</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 of federal grant funds from the State. The interfund between the General Fund and the Capital Projects Fund is due to a deficit in cash and cash equivalents in the Capital Projects Fund. The deficit is due to the timing between expenditure and reimbursement of capital expenditures from the County. The interfund between the General Fund and the Flexible Spending Trust Fund consists of funds the General Fund advanced the Flexible Spending Trust Fund to open a bank account in prior years; current year and prior year interest earned (net of bank service charges) in the Flexible Spending Trust due to the General Fund and fiscal years 2011 through 2014 unclaimed employee contributions due to the General Fund. The interfund receivable in the Unemployment Compensation Trust Fund is fiscal year 2015 employee unemployment withholdings not turned over from the Payroll Agency at year end. The General Fund transferred \$17,000 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, permit 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:

- AXA Equitable
- Lincoln Financial Advisors Corp
- MetLife Resources
- Primerica Financial Services
- VALIC Financial Advisors, Inc.

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, 2015  
(Continued)

NOTE 14. ACCOUNTS PAYABLE

Payables as of June 30, 2015 were:

	Governmental Activities			Total Governmental Funds	Business-Type Activities Enterprise Funds
	General Fund	Special Revenue Fund	Capital Projects Fund		
Accrued Salaries	\$ 42,496	\$ 704		\$ 43,200	
Due to State of New Jersey		21,927		21,927	
Vendors	244,457	94,449	\$ 656	339,562	\$ 7,244
	<u>\$ 286,953</u>	<u>\$ 117,080</u>	<u>\$ 656</u>	<u>\$ 404,689</u>	<u>\$ 7,244</u>

NOTE 15. CONTINGENT LIABILITIESGrant 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 position of the District.

Encumbrances

At June 30, 2015, there were encumbrances as detailed below in the governmental funds.

General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<u>\$ 280,788</u>	<u>\$ 5,577</u>	<u>\$ 1,047,823</u>	<u>\$ 1,334,188</u>

On the District's Governmental Funds Balance Sheet as of June 30, 2015, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$5,577 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 unearned revenue. The \$1,047,823 of year-end encumbrances in the Capital Projects Fund on a budgetary basis are included in the \$2,200,313 committed fund balance on a GAAP basis at June 30, 2015.

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

NOTE 16. PRIOR PERIOD ADJUSTMENTS

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

	Balance 6/30/14 as Previously Reported	Retroactive Adjustments	Balance 6/30/14 as Restated
<u>Statement of Net Position:</u>			
Governmental Activities:			
Liabilities:			
Non-Current Liabilities	\$ 549,318	\$ 7,194,814	\$ 7,744,132
Total Liabilities	1,007,696	7,194,814	8,202,510
Net Position:			
Unrestricted/(Deficit)	2,551,941	(7,194,814)	(4,642,873)
Total Net Position	23,445,259	(7,194,814)	16,250,445
Business-type activities:			
Liabilities:			
Non-Current Liabilities	15,573	459,243	474,816
Total Liabilities	55,141	459,243	514,384
Net Position:			
Unrestricted/(Deficit)	121,980	(459,243)	(337,263)
Total Net Position	143,869	(459,243)	(315,374)
<u>Statement of Revenue, Expenses And Changes in</u>			
<u>Net Position - Proprietary Funds:</u>			
Net Position - Beginning of Year	143,869	(459,243)	(315,374)

**SCHEDULES OF REQUIRED  
SUPPLEMENTARY INFORMATION**

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

	<u>Fiscal Year Ending June 30,</u>	
	<u>2014</u>	<u>2015</u>
District's proportion of the net pension liability	0.0400484645%	0.0349534257%
District's proportionate share of the net pension liability	\$ 7,654,057	\$ 6,544,237
District's covered employee payroll	\$ 2,422,162	\$ 2,492,294
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	316.00%	262.58%
Plan fiduciary net position as a percentage of the total pension liability	48.72%	52.08%

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

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LAST TWO FISCAL YEARS  
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2014</u>	<u>2015</u>
Contractually required contribution	\$ 301,757	\$ 288,151
Contributions in relation to the contractually required contribution	<u>(301,757)</u>	<u>(288,151)</u>
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 2,422,162	\$ 2,492,294
Contributions as a percentage of covered employee payroll	12.46%	11.56%

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



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

	<u>Fiscal Year Ending June 30,</u>	
	<u>2014</u>	<u>2015</u>
State's proportion of the net pension liability attributable to the District	0.0699233863%	0.0704692184%
State's proportionate share of the net pension liability attributable to the District	\$ 35,338,729	\$ 37,662,969
District's covered employee payroll	\$ 7,023,608	\$ 7,128,713
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	503.14%	528.33%
Plan fiduciary net position as a percentage of the total pension liability	33.76%	33.64%

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

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

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

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

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

BUDGETARY COMPARISON SCHEDULES

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
Local Sources:					
County Tax Levy	\$ 6,351,286		\$ 6,351,286	\$ 6,351,286	
Tuition from LEA's	8,695,428	\$ 204,586	8,900,014	9,462,981	\$ 562,967
Tuition from Individuals	451,829		451,829	487,861	36,032
Interest Earned on Capital Reserve	1,500		1,500	1,475	(25)
Unrestricted Miscellaneous Revenues	41,125		41,125	74,778	33,653
<b>Total - Local Sources</b>	<u>15,541,168</u>	<u>204,586</u>	<u>15,745,754</u>	<u>16,378,381</u>	<u>632,627</u>
State Sources:					
Categorical Special Education Aid	490,726		490,726	490,726	
Equalization Aid	76,082		76,082	76,082	
Categorical Security Aid	64,206		64,206	64,206	
Adjustment Aid	561,578	2,207	563,785	563,785	
Other State Aids	20,027	(2,207)	17,820	17,820	
TPAF On-Behalf Pension Contributions (Non-Budgeted)				387,763	387,763
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				615,575	615,575
TPAF Reimbursed Social Security (Non-Budgeted)				523,508	523,508
<b>Total State Sources</b>	<u>1,212,619</u>		<u>1,212,619</u>	<u>2,739,465</u>	<u>1,526,846</u>
<b>Total Revenues</b>	<u>16,753,787</u>	<u>204,586</u>	<u>16,958,373</u>	<u>19,117,846</u>	<u>2,159,473</u>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
Current Expense:					
Regular Programs - Grade 9-12 - Instruction:					
Salaries of Teachers	\$ 2,556,756	\$ 8,944	\$ 2,565,700	\$ 2,565,375	\$ 325
Purchased Professional-Educational Services	1,861,862	62,063	1,923,925	1,920,409	3,516
Other Purchased Services	27,626	(1,077)	26,549	24,730	1,819
General Supplies	81,954	(10,249)	71,705	69,895	1,810
Textbooks	47,649	2,144	49,793	47,664	2,129
Other Objects	4,500	(4,250)	250	243	7
<b>Total Grade 9-12 - Instruction</b>	<b>4,580,347</b>	<b>57,575</b>	<b>4,637,922</b>	<b>4,628,316</b>	<b>9,606</b>
Regular Programs - Home Instruction:					
Salaries of Teachers	3,500	(3,275)	225	225	
Purchased Professional-Educational Services	15,063	(3,982)	11,081	8,691	2,390
Other Purchased Services		199	199	199	
<b>Total Home Instruction</b>	<b>18,563</b>	<b>(7,058)</b>	<b>11,505</b>	<b>9,115</b>	<b>2,390</b>
<b>Total Regular Programs - Instruction</b>	<b>4,598,910</b>	<b>50,517</b>	<b>4,649,427</b>	<b>4,637,431</b>	<b>11,996</b>
Special Education Instruction:					
Resource Room/Resource Center:					
Salaries of Teachers	386,025	33,199	419,224	419,224	
Other Purchased Services	2,400	627	3,027	2,964	63
General Supplies	2,700	(1,414)	1,286	1,286	
Textbooks	500	(500)			
<b>Total Resource Room/Resource Center/Special Education Instruction</b>	<b>391,625</b>	<b>31,912</b>	<b>423,537</b>	<b>423,474</b>	<b>63</b>
Regular Vocational Programs:					
Salaries of Teachers	1,963,669	69,779	2,033,448	2,033,448	
Other Salaries for Instruction	27,475	777	28,252	28,252	

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
Current Expense:					
Regular Vocational Programs (Cont'd):					
Purchased Professional-Educational Services	\$ 30,961	\$ (1,762)	\$ 29,199	\$ 14,576	\$ 14,623
Purchased Technical Services	5,700	(2,743)	2,957	2,679	278
Other Purchased Services	21,891	(2,767)	19,124	18,347	777
General Supplies	233,178	75,821	308,999	241,346	67,653
Textbooks	32,089	5,913	38,002	35,833	2,169
Other Objects	5,248	(875)	4,373	4,206	167
<b>Total Regular Vocational Programs</b>	<u>2,320,211</u>	<u>144,143</u>	<u>2,464,354</u>	<u>2,378,687</u>	<u>85,667</u>
Special Vocational Programs:					
Salaries of Teachers	474,154		474,154	473,894	260
Other Purchased Services	8,178	(4,466)	3,712	3,704	8
General Supplies	30,135	(1,670)	28,465	27,596	869
<b>Special Vocational Programs</b>	<u>512,467</u>	<u>(6,136)</u>	<u>506,331</u>	<u>505,194</u>	<u>1,137</u>
School-Sponsored Co-curricular Activities:					
Salaries	95,744	(13,806)	81,938	81,937	1
Purchased Services	6,776	970	7,746	7,148	598
Supplies and Materials	6,200	(5,827)	373		373
Other Objects	18,000	27,534	45,534	25,424	20,110
<b>Total School-Sponsored Co-curricular Activities</b>	<u>126,720</u>	<u>8,871</u>	<u>135,591</u>	<u>114,509</u>	<u>21,082</u>
School-Sponsored Athletics:					
Salaries	110,234	12,513	122,747	122,747	
Purchased Services	69,410	(15,461)	53,949	53,314	635
Supplies and Materials	7,520	4,721	12,241	8,662	3,579
Other Objects	7,382	740	8,122	8,066	56
<b>Total School-Sponsored Co-curricular Activities</b>	<u>194,546</u>	<u>2,513</u>	<u>197,059</u>	<u>192,789</u>	<u>4,270</u>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
Total Instruction	\$ 8,144,479	\$ 231,820	\$ 8,376,299	\$ 8,252,084	\$ 124,215
<b>Undist. Expend. - Attendance and Social Work Services:</b>					
Salaries	53,922	2,456	56,378	50,447	5,931
Supplies and Materials	1,000	(1,000)			
Total Undist. Expend. - Attendance and Social Work Services	<u>54,922</u>	<u>1,456</u>	<u>56,378</u>	<u>50,447</u>	<u>5,931</u>
<b>Undist. Expend. - Health Services:</b>					
Salaries	94,260	(1,490)	92,770	92,744	26
Purchased Professional and Technical Services	11,450	1,505	12,955	9,660	3,295
Other Purchased Services	600	(514)	86		86
Supplies and Materials	5,923	576	6,499	6,360	139
Total Undist. Expend. - Health Services	<u>112,233</u>	<u>77</u>	<u>112,310</u>	<u>108,764</u>	<u>3,546</u>
<b>Undist. Expend. - Guidance:</b>					
Salaries of Other Professional Staff	462,484	(3,122)	459,362	440,818	18,544
Salaries of Secretarial and Clerical Assistants	87,389	970	88,359	88,359	
Other Salaries	88,213	3,647	91,860	91,860	
Purchased Professional - Educational Services	1,500		1,500	1,292	208
Other Purchased Services	62,211	252	62,463	54,635	7,828
Supplies and Materials	22,382	(6,869)	15,513	14,368	1,145
Other Objects	5,630	(1,013)	4,617	4,256	361
Total Undist. Expend. - Guidance	<u>729,809</u>	<u>(6,135)</u>	<u>723,674</u>	<u>695,588</u>	<u>28,086</u>
<b>Undist. Expend. - Child Study Teams:</b>					
Salaries of Other Professional Staff	252,503	(40,683)	211,820	205,584	6,236
Purchased Professional - Educational Services	400	15,350	15,750	15,750	
Other Purchased Services	2,442		2,442	558	1,884

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Undist. Expend. - Child Study Teams (Cont'd):</b>					
Supplies and Materials	\$ 319		\$ 319	\$ 263	\$ 56
Other Objects	228	\$ 584	812	663	149
<b>Total Undist. Expend. - Child Study Teams</b>	<b>255,892</b>	<b>(24,749)</b>	<b>231,143</b>	<b>222,818</b>	<b>8,325</b>
<b>Undist. Expend. - Improvement of Instruction Services:</b>					
Salaries of Supervisors of Instruction	417,939	(9,486)	408,453	377,345	31,108
Salaries of Other Professional Staff	33,000	(30,375)	2,625		2,625
Salaries of Secretarial and Clerical Assistants	120,723	(20,513)	100,210	91,874	8,336
Other Purchased Professional and Technical Services	20,787	1,469	22,256	20,736	1,520
Supplies and Materials	2,000	521	2,521	2,521	
Other Objects	2,000	(1,840)	160	160	
<b>Total Undist. Expend. - Improvement of Instruction Services</b>	<b>596,449</b>	<b>(60,224)</b>	<b>536,225</b>	<b>492,636</b>	<b>43,589</b>
<b>Undist. Expend. - Educational Media Services/School Library:</b>					
Salaries	70,119	6,950	77,069	77,069	
Other Purchased Services	8,700	1,646	10,346	10,346	
Supplies and Materials	5,520	(1,987)	3,533	3,523	10
<b>Total Undist. Expend. - Educational Media Services/School Library</b>	<b>84,339</b>	<b>6,609</b>	<b>90,948</b>	<b>90,938</b>	<b>10</b>
<b>Undist. Expend. - Support Services - General Administration:</b>					
Salaries	276,514	5,776	282,290	282,101	189
Legal Services	58,137	40,856	98,993	93,995	4,998
Audit Fees	43,000	(1,500)	41,500	41,500	
Architectural/Engineering Services	54,625	75,802	130,427	23,639	106,788
Other Purchased Professional Services	3,600	(1,060)	2,540	2,444	96
Communications/Telephone	17,890	(5,290)	12,600	10,536	2,064
BOE Other Purchased Services	151	(151)			



MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undist. Expend. - Support Services - General Administration: (Cont'd)					
Other Purchased Services	\$ 58,883	\$ (12,942)	\$ 45,941	\$ 41,000	\$ 4,941
General Supplies	8,682	(1,410)	7,272	7,228	44
Miscellaneous Expenditures	22,825	2,191	25,016	24,657	359
Total Undist. Expend. - Support Services - General Administration	<u>544,307</u>	<u>102,272</u>	<u>646,579</u>	<u>527,100</u>	<u>119,479</u>
Undist. Expend. - Support Services - School Administration:					
Salaries of Principals/Assistant Principals	545,477		545,477	479,862	65,615
Salaries of Secretarial and Clerical Assistants	242,505		242,505	226,102	16,403
Other Salaries	3,500		3,500	1,155	2,345
Purchased Professional and Technical Services	16,640	11,313	27,953	22,795	5,158
Other Purchased Services	44,802	(22,230)	22,572	19,116	3,456
Supplies and Materials	29,612	8,814	38,426	36,488	1,938
Other Objects	5,250	300	5,550	5,547	3
Total Undist. Expend. - Support Services - School Administration	<u>887,786</u>	<u>(1,803)</u>	<u>885,983</u>	<u>791,065</u>	<u>94,918</u>
Undistributed Expenditures - Central Services:					
Salaries	429,979	10,322	440,301	440,301	
Purchased Professional Services	1,750	6,320	8,070	8,070	
Miscellaneous Purchased Services	37,085	2,944	40,029	37,222	2,807
Supplies and Materials	15,729	(6,095)	9,634	8,555	1,079
Miscellaneous Expenditures	2,065	(400)	1,665	1,534	131
Total Undistributed Expenditures - Central Services	<u>486,608</u>	<u>13,091</u>	<u>499,699</u>	<u>495,682</u>	<u>4,017</u>
Undistributed Expenditures - Administrative Information Technology:					
Salaries	210,990	(5,400)	205,590	195,990	9,600
Purchased Professional Services		1,935	1,935	1,860	75
Miscellaneous Purchased Services	16,615	1	16,616	15,503	1,113

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures - Administrative Information Technology (Cont'd):					
Supplies and Materials	\$ 11,891	\$ (1,220)	\$ 10,671	\$ 8,197	\$ 2,474
Total Undistributed Expenditures - Admin. Info. Technology	<u>239,496</u>	<u>(4,684)</u>	<u>234,812</u>	<u>221,550</u>	<u>13,262</u>
Required Maintenance for School Facilities:					
Salaries	304,783	8,684	313,467	307,803	5,664
Cleaning, Repair and Maintenance Services	193,842	32,304	226,146	212,390	13,756
General Supplies	72,305	(1,921)	70,384	68,892	1,492
Other Objects	425		425		425
Total Required Maintenance for School Facilities	<u>571,355</u>	<u>39,067</u>	<u>610,422</u>	<u>589,085</u>	<u>21,337</u>
Undist. Expend. - Custodial Services:					
Salaries	520,834	(49,205)	471,629	463,299	8,330
Purchased Professional and Technical Services	59,146	55,378	114,524	68,641	45,883
Cleaning, Repair and Maintenance Services	96,285	15,100	111,385	77,580	33,805
Other Purchased Property Services	17,200	(5,476)	11,724	11,595	129
Insurance	64,295	(17,462)	46,833	21,441	25,392
Miscellaneous Purchased Services	5,070	3,765	8,835	8,834	1
General Supplies	75,537	62,366	137,903	131,364	6,539
Energy (Natural Gas)	292,289	(48,747)	243,542	161,804	81,738
Energy (Electricity)	400,000	(55,421)	344,579	230,550	114,029
Other Objects	900		900		900
Total Undist. Expend. - Custodial Services	<u>1,531,556</u>	<u>(39,702)</u>	<u>1,491,854</u>	<u>1,175,108</u>	<u>316,746</u>
Undist. Expend. - Care and Upkeep of Grounds:					
Cleaning, Repair and Maintenance Services	67,875	(8,905)	58,970	58,443	527
Total Undist. Expend. - Care and Upkeep of Grounds	<u>67,875</u>	<u>(8,905)</u>	<u>58,970</u>	<u>58,443</u>	<u>527</u>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Undist. Expend. -Security:					
Salaries	\$ 61,798	\$ 2,609	\$ 64,407	\$ 64,033	\$ 374
Purchased Professional and Technical Services	78,500	(4,700)	73,800	73,800	
Total Undist. Expend. - Security	<u>140,298</u>	<u>(2,091)</u>	<u>138,207</u>	<u>137,833</u>	<u>374</u>
Undistributed Expenditures - Student Transportation Services					
Salaries for Pupil Transportation:					
Other than Between Home and School	13,000	(192)	12,808	7,580	5,228
Contracted Services:					
Other than Between Home and School - Vendors	8,595	(4,051)	4,544	4,055	489
Contracted Services - Regular Students - ESCs & CTSA's	160,596	(26,277)	134,319	131,862	2,457
Cleaning, Repair, & Maintenance Services	2,500	(1,869)	631	631	
Rental Payments - School Buses	9,613		9,613	9,612	1
Miscellaneous Purchased Services - Transportation	1,000		1,000	816	184
Total Undistributed Expenditures - Student Transportation Services	<u>195,304</u>	<u>(32,389)</u>	<u>162,915</u>	<u>154,556</u>	<u>8,359</u>
Unallocated Benefits:					
Social Security Contributions	217,883	7,380	225,263	224,610	653
Other Retirement Contributions - PERS	286,416	(27,107)	259,309	259,309	
Other Retirement Contributions - Regular	2,718	1,719	4,437	4,270	167
Unemployment Compensation	40,000	(40,000)			
Workmen's Compensation	99,077	1,890	100,967	100,964	3
Health Benefits	1,182,022	2,456	1,184,478	1,154,855	29,623
Tuition Reimbursement	61,330	(38,837)	22,493	18,379	4,114
Other Employee Benefits	121,569	45,434	167,003	146,430	20,573
Total Unallocated Benefits	<u>2,011,015</u>	<u>(47,065)</u>	<u>1,963,950</u>	<u>1,908,817</u>	<u>55,133</u>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
On-Behalf TPAF Pension Contributions (Non-Budgeted)				\$ 387,763	\$ (387,763)
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				615,575	(615,575)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				523,508	(523,508)
TOTAL ON-BEHALF CONTRIBUTIONS				<u>1,526,846</u>	<u>(1,526,846)</u>
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	<u>\$ 2,011,015</u>	<u>\$ (47,065)</u>	<u>\$ 1,963,950</u>	<u>3,435,663</u>	<u>(1,471,713)</u>
TOTAL UNDISTRIBUTED EXPENDITURES	<u>6,498,229</u>	<u>(18,110)</u>	<u>6,480,119</u>	<u>5,811,613</u>	<u>668,506</u>
TOTAL GENERAL CURRENT EXPENSE	<u>16,653,723</u>	<u>166,645</u>	<u>16,820,368</u>	<u>17,499,360</u>	<u>(678,992)</u>
CAPITAL OUTLAY:					
Equipment:					
Grades 9-12		4,932	4,932	4,932	
Regular Vocational Programs	28,550	4,604	33,154	18,378	14,776
Special Programs	29,551	(15,757)	13,794	13,794	
Undistributed Expenditures:					
Instruction		14,498	14,498		14,498
Other Support Services Students - Regular	5,000	(2,369)	2,631	2,631	
School Administration		3,349	3,349		3,349
Administrative Information Technology		47,216	47,216	47,216	
Total Equipment	<u>63,101</u>	<u>56,473</u>	<u>119,574</u>	<u>86,951</u>	<u>32,623</u>
Facilities Acquisition and Construction Services:					
Other Objects		5,000	5,000	4,741	259
Assessment for Debt Service on SDA Funding	57,548		57,548	57,548	
Total Facilities Acquisition and Construction Services	<u>57,548</u>	<u>5,000</u>	<u>62,548</u>	<u>62,289</u>	<u>259</u>
TOTAL CAPITAL OUTLAY	<u>120,649</u>	<u>61,473</u>	<u>182,122</u>	<u>149,240</u>	<u>32,882</u>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
SPECIAL SCHOOLS					
Post-Secondary - Instruction:					
Salaries of Teachers	\$ 283,184	\$ (3,204)	\$ 279,980	\$ 279,980	
Purchased Professional and Technical Services	1,800	3,637	5,437	1,573	\$ 3,864
Other Purchased Services	4,000	(900)	3,100	1,280	1,820
General Supplies	33,133	3,662	36,795	33,519	3,276
Textbooks		400	400		400
Other Objects	400	1,300	1,700	783	917
Total Post-Secondary - Instruction	<u>322,517</u>	<u>4,895</u>	<u>327,412</u>	<u>317,135</u>	<u>10,277</u>
Post-Secondary - Support Services:					
Salaries	91,206	4,250	95,456	95,456	
Personal Services - Employee Benefits	82,803	(20,535)	62,268	59,201	3,067
Other Purchased Services	3,000	(2,400)	600	440	160
Total Post-Secondary - Support Services	<u>177,009</u>	<u>(18,685)</u>	<u>158,324</u>	<u>155,097</u>	<u>3,227</u>
TOTAL SPECIAL SCHOOLS	<u>499,526</u>	<u>(13,790)</u>	<u>485,736</u>	<u>472,232</u>	<u>13,504</u>
TOTAL EXPENDITURES	<u>17,273,898</u>	<u>214,328</u>	<u>17,488,226</u>	<u>18,120,832</u>	<u>(632,606)</u>
Excess/(Deficit) of Revenues Over/(Under) Expenditures	<u>(520,111)</u>	<u>(9,742)</u>	<u>(529,853)</u>	<u>997,014</u>	<u>1,526,867</u>
Other Financing Sources/(Uses):					
Transfer to Food Service Fund to Cover Deficit	(30,000)	13,000	(17,000)	(17,000)	
Transfer from Flexible Spending Trust Fund				239	239
Capital Contribution to Food Service Fund		(3,258)	(3,258)	(3,258)	
Total Other Financing Sources/(Uses)	<u>(30,000)</u>	<u>9,742</u>	<u>(20,258)</u>	<u>(20,019)</u>	<u>239</u>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Excess/(Deficit) of Revenues and Other Financing Sources Over/ (Under) Expenditures and Other Financing (Uses)	\$ (550,111)		\$ (550,111)	\$ 976,995	\$ 1,527,106
Fund Balance, July 1	<u>3,066,218</u>		<u>3,066,218</u>	<u>3,066,218</u>	
Fund Balance, June 30	<u>\$ 2,516,107</u>	<u>\$ -0-</u>	<u>\$ 2,516,107</u>	<u>\$ 4,043,213</u>	<u>\$ 1,527,106</u>
 <u>Recapitulation:</u>					
Restricted:					
Excess Surplus to be Utilized for 2016-2017 school year				\$ 706,664	
Excess Surplus to be Utilized for 2015-2016 school year				385,568	
Capital Reserve				1,674,554	
Assigned:					
Year End Encumbrances				280,788	
Unassigned				<u>995,639</u>	
				4,043,213	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payments not Recognized on GAAP Basis				<u>(108,603)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 3,934,610</u>	

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources		\$ 3,469	\$ 3,469	\$ 750	\$ (2,719)
State Sources	\$ 55,445	376,794	432,239	48,078	(384,161)
Federal Sources	1,594,670	(99,570)	1,495,100	1,391,252	(103,848)
Total Revenues	<u>1,650,115</u>	<u>280,693</u>	<u>1,930,808</u>	<u>1,440,080</u>	<u>(490,728)</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	412,529	(75,789)	336,740	158,532	178,208
Purchased Professional and Technical Services		71,667	71,667	61,448	10,219
Other Purchased Services		59,056	59,056	19,360	39,696
General Supplies	412,529	(161,693)	250,836	154,967	95,869
Other Objects		13,828	13,828	13,301	527
Total Instruction	<u>825,058</u>	<u>(92,931)</u>	<u>732,127</u>	<u>407,608</u>	<u>324,519</u>
Support Services:					
Salaries of Other Professional Staff	330,023	31,986	362,009	320,196	41,813
Personal Services - Employee Benefits	165,012	(452)	164,560	90,340	74,220
Purchased Professional-Technical Services	82,506	(69,006)	13,500	8,270	5,230
Tuition		243,655	243,655	243,655	
Other Purchased Services	41,253	206,024	247,277	231,549	15,728
Supplies and Materials		31,676	31,676	11,687	19,989
Total Support Services	<u>618,793</u>	<u>443,884</u>	<u>1,062,677</u>	<u>905,697</u>	<u>156,980</u>
Facilities Acquisition and Construction Services:					
Instructional Equipment	206,264	(70,260)	136,004	126,775	9,229
Total Facilities Acquisition and Construction Services	<u>206,264</u>	<u>(70,260)</u>	<u>136,004</u>	<u>126,775</u>	<u>9,229</u>
Total Expenditures	<u>\$ 1,650,115</u>	<u>\$ 280,693</u>	<u>\$ 1,930,808</u>	<u>\$ 1,440,080</u>	<u>\$ 490,728</u>

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 19,117,846	\$ 1,440,080
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue while the GAAP Basis does not:		
Current Year Encumbrances		(5,577)
Cancellation of Prior Year Encumbrances		(1,664)
Prior Year Encumbrances		8,036
Prior Year State Aid Payments not Recognized for Budgetary Purposes, Recognized for GAAP Statements	106,971	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(108,603)	
	<u>\$ 19,116,214</u>	<u>\$ 1,440,875</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.		
	<u>\$ 19,116,214</u>	<u>\$ 1,440,875</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 18,120,832	\$ 1,440,080
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		(5,577)
Cancellation of Prior Year Encumbrances		(1,664)
Prior Year Encumbrances		8,036
	<u>\$ 18,120,832</u>	<u>\$ 1,440,875</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds		
	<u>\$ 18,120,832</u>	<u>\$ 1,440,875</u>



MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(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 Morris 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 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.

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, 2015

	Private Donations	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
REVENUES:					
Local Sources	\$ 750				
State Sources					
Federal Sources		\$ 518,318	\$ 205,978	\$ 305,486	\$ 117,815
Total Revenues	<u>750</u>	<u>518,318</u>	<u>205,978</u>	<u>305,486</u>	<u>117,815</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers		152,382		2,520	
Purchased Professional and Technical Services			2,565	22,034	36,789
Other Purchased Services				16,340	3,020
General Supplies		10,554	6,004	102,926	35,015
Other Objects				12,626	675
Total Instruction		<u>162,936</u>	<u>8,569</u>	<u>156,446</u>	<u>75,499</u>
Support Services:					
Salaries of Other Professional Staff		111,419	133,120	28,193	8,623
Personal Services - Employee Benefits		43,152	41,299	2,217	203
Purchased Professional - Technical Services			8,270		
Tuition					
Other Purchased Services	750	200,811		28,239	350
Supplies and Materials			9,149	2,327	
Total Support Services	<u>750</u>	<u>355,382</u>	<u>191,838</u>	<u>60,976</u>	<u>9,176</u>
Total Facilities Acquisition and Construction Services					
Instructional Equipment			5,571	88,064	33,140
Total Facilities Acquisition and Construction Services			<u>5,571</u>	<u>88,064</u>	<u>33,140</u>
Total Expenditures	<u>\$ 750</u>	<u>\$ 518,318</u>	<u>\$ 205,978</u>	<u>\$ 305,486</u>	<u>\$ 117,815</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, 2015

	<u>Youth Transition to Work FY 2014</u>	<u>Apprenticeship Coordinator</u>	<u>New Jersey Achievement Coaches</u>	<u>County Vocational School District Partnership Grant</u>
<b>REVENUES:</b>				
Local Sources				
State Sources	\$ 11,838	\$ 18,993	\$ 10,332	\$ 6,915
Federal Sources				
<b>Total Revenues</b>	<u>11,838</u>	<u>18,993</u>	<u>10,332</u>	<u>6,915</u>
<b>EXPENDITURES:</b>				
<b>Instruction:</b>				
Salaries of Teachers	3,630			
Purchased Professional and Technical Services	60			
Other Purchased Services				
General Supplies	320	148		
Other Objects				
<b>Total Instruction</b>	<u>4,010</u>	<u>148</u>		
<b>Support Services:</b>				
Salaries of Other Professional Staff	6,701	17,225	8,000	6,915
Personal Services - Employee Benefits	790	575	2,104	
Purchased Professional - Technical Services				
Tuition				
Other Purchased Services	126	1,045	228	
Supplies and Materials	211			
<b>Total Support Services</b>	<u>7,828</u>	<u>18,845</u>	<u>10,332</u>	<u>6,915</u>
<b>Total Facilities Acquisition and Construction Services</b>				
Instructional Equipment				
<b>Total Facilities Acquisition and Construction Services</b>				
<b>Total Expenditures</b>	<u>\$ 11,838</u>	<u>\$ 18,993</u>	<u>\$ 10,332</u>	<u>\$ 6,915</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, 2015

	Pell Grant	Stafford Loans		PLUS Loans	Totals 2015
		Subsidized	Unsubsidized		
REVENUES:					\$ 750
Local Sources					48,078
State Sources					1,391,252
Federal Sources	\$ 137,128	\$ 72,873	\$ 31,738	\$ 1,916	
Total Revenues	<u>137,128</u>	<u>72,873</u>	<u>31,738</u>	<u>1,916</u>	<u>1,440,080</u>
EXPENDITURES:					
Instruction:					158,532
Salaries of Teachers					61,448
Purchased Professional and Technical Services					19,360
Other Purchased Services					154,967
General Supplies					13,301
Other Objects					<u>407,608</u>
Total Instruction					
Support Services:					320,196
Salaries of Other Professional Staff					90,340
Personal Services - Employee Benefits					8,270
Purchased Professional - Technical Services					243,655
Tuition	137,128	72,873	31,738	1,916	231,549
Other Purchased Services					11,687
Supplies and Materials					<u>905,697</u>
Total Support Services	<u>137,128</u>	<u>72,873</u>	<u>31,738</u>	<u>1,916</u>	
Total Facilities Acquisition and Construction Services					126,775
Instructional Equipment					<u>126,775</u>
Total Facilities Acquisition and Construction Services					
Total Expenditures	<u>\$ 137,128</u>	<u>\$ 72,873</u>	<u>\$ 31,738</u>	<u>\$ 1,916</u>	<u>\$ 1,440,080</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, 2015

Revenue and Other Financing Sources:	
County Improvement Authorization	\$ 2,061,000
	<hr/>
Total Revenue and Other Financing Sources	2,061,000
	<hr/>
Expenditures:	
Legal Services	300
Purchased Professional and Technical Services	275,967
Construction Services	1,363,590
Equipment	91,842
	<hr/>
Total Expenditures	1,731,699
	<hr/>
Excess of Revenue and Other Financing Sources Over Expenditures	329,301
	<hr/>
Fund Balance - Beginning of Year	1,871,012
	<hr/>
Fund Balance - End of Year	\$ 2,200,313
	<hr/> <hr/>
<u>Recapitulation:</u>	
Committed	\$ 1,152,490
Committed - Year End Encumbrances	1,047,823
	<hr/>
Total Fund Balance - Budgetary Basis/GAAP Basis	\$ 2,200,313
	<hr/> <hr/>



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, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
County Improvement Authorization	\$ 972,351		\$ 972,351	\$ 972,351
Transfer from Capital Reserve	700,000		700,000	700,000
Total Revenue and Other Financing Sources	<u>1,672,351</u>		<u>1,672,351</u>	<u>1,672,351</u>
Expenditures:				
Legal Services				
Purchased Professional and Technical Services	213,745	\$ 44,423	258,168	242,500
Construction Services	788,581	408,594	1,197,175	1,341,035
Other Objects				88,816
Total Expenditures	<u>1,002,326</u>	<u>453,017</u>	<u>1,455,343</u>	<u>1,672,351</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 670,025</u>	<u>\$ (453,017)</u>	<u>\$ 217,008</u>	<u>\$ -0-</u>

Additional Project Information:

Project Numbers	3365-050-13-2000; 3365-050-13-3000; 3365-050-13-4000
Grant Date	N/A
County Improvement Authorization Date	04/24/13
County Improvement Authorization	\$ 972,351
Original Authorized Cost	\$ 1,672,351
Additional Authorized Cost	-0-
Revised Authorized Cost	<u>\$ 1,672,351</u>

Percentage Increase over Original Authorized Cost	0%
Percentage Completion	87%
Original Target Completion Date	06/15
Revised Target Completion Date	06/16

Exhibit F-1B

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, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
County Improvement Authorization	\$ 1,292,220		\$ 1,292,220	\$ 1,292,220
 Total Revenue and Other Financing Sources	 1,292,220		 1,292,220	 1,292,220
Expenditures:				
Legal Services		\$ 300	300	2,550
Purchased Professional and Technical Services	91,233	147,165	238,398	242,265
Construction Services		852,049	852,049	889,979
Equipment		91,842	91,842	92,000
Other Objects				65,426
 Total Expenditures	 91,233	 1,091,356	 1,182,589	 1,292,220
 Excess of Revenue and Other Financing Sources Over Expenditures	 \$ 1,200,987	 \$ (1,091,356)	 \$ 109,631	 \$ -0-

Additional Project Information:

Project Numbers	3365-050-14-2000; 3365-050-14-4000; 3365-050-14-5000; 3365-050-14-6000
Grant Date	N/A
County Improvement Authorization Date	04/24/13
County Improvement Authorization	\$ 1,292,220
Original Authorized Cost	\$ 1,292,220
Additional Authorized Cost	-0-
Revised Authorized Cost	<u>\$ 1,292,220</u>
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	92%
Original Target Completion Date	06/15
Revised Target Completion Date	06/16

Exhibit F-1C

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, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
County Improvement Authorization		\$ 2,061,000	\$ 2,061,000	\$ 2,061,000
Total Revenue and Other Financing Sources		2,061,000	2,061,000	2,061,000
Expenditures:				
Legal Services				7,100
Purchased Professional and Technical Services		84,379	84,379	321,400
Construction Services		102,947	102,947	1,645,000
Other Objects				87,500
Total Expenditures		187,326	187,326	2,061,000
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ -0-	\$ 1,873,674	\$ 1,873,674	\$ -0-

Additional Project Information:

Project Numbers	3365-050-15-1000; 3365-050-15-2000; 3365-050-15-3000
Grant Date	N/A
County Improvement Authorization Date	06/24/15
County Improvement Authorization	\$ 2,061,000
Original Authorized Cost	\$ 2,061,000
Additional Authorized Cost	-0-
Revised Authorized Cost	<u>\$ 2,061,000</u>

Percentage Increase over Original Authorized Cost	0%
Percentage Completion	9%
Original Target Completion Date	06/16
Revised Target Completion Date	N/A

PROPRIETARY FUNDS

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2015

	Non-Major Funds						Totals	
	Supermarket Account	Internet Consortium	Adult Education	ETTC	Cosmetology	Food Service		Food Function
<b><u>ASSETS:</u></b>								
Current Assets:								
Cash and Cash Equivalents	\$ 9,475	\$ 18,566	\$ 63,490	\$ 71,679	\$ 3,730	\$ 113	\$ 20,257	\$ 187,310
Intergovernmental Accounts Receivable:								
State						98		98
Federal						2,125		2,125
Other Accounts Receivable			891				2,220	3,111
Inventories						2,494		2,494
<b>Total Current Assets</b>	<b>9,475</b>	<b>18,566</b>	<b>64,381</b>	<b>71,679</b>	<b>3,730</b>	<b>4,830</b>	<b>22,477</b>	<b>195,138</b>
Non-Current Assets:								
Capital Assets		76,146	49,182	2,834		79,256		207,418
Less: Accumulated Depreciation		(76,146)	(13,303)	(2,834)		(48,566)		(140,849)
<b>Total Non-Current Assets</b>			<b>35,879</b>			<b>30,690</b>		<b>66,569</b>
<b>Total Assets</b>	<b>9,475</b>	<b>18,566</b>	<b>100,260</b>	<b>71,679</b>	<b>3,730</b>	<b>35,520</b>	<b>22,477</b>	<b>261,707</b>
<b><u>DEFERRED OUTFLOW OF RESOURCES:</u></b>								
Changes in Assumptions - Pensions			12,347					12,347
<b>Total Deferred Outflow of Resources</b>			<b>12,347</b>					<b>12,347</b>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2015

	Non-Major Funds						Totals
	Supermarket Account	Internet Consortium	Adult Education	ETTC	Cosmetology	Food Service	
<b>LIABILITIES:</b>							
Current Liabilities:							
Accounts Payable		\$ 2,371				\$ 3,613	\$ 5,984
Unearned Revenue					1,260		1,260
<b>Total Current Liabilities</b>		<b>2,371</b>				<b>4,873</b>	<b>7,244</b>
Non-Current Liabilities:							
Compensated Absences Payable			\$ 7,621				7,621
Capital Leases Payable:							
Due Within One Year			2,562				2,562
Due Beyond One Year			4,839				4,839
Net Pension Liability			392,654				392,654
<b>Total Non-Current Liabilities</b>			<b>407,676</b>				<b>407,676</b>
<b>Total Liabilities</b>		<b>2,371</b>	<b>407,676</b>			<b>4,873</b>	<b>414,920</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>							
Investment Gains - Pensions			23,400				23,400
Changes in Proportion - Pensions			49,353				49,353
<b>Total Deferred Inflow of Resources</b>			<b>72,753</b>				<b>72,753</b>
<b>NET POSITION:</b>							
Net Investment in Capital Assets			28,478			30,690	59,168
Unrestricted/(Deficit)	\$ 9,475	16,195	(396,300)	\$ 71,679	\$ 3,730	(43)	\$ 22,477
<b>Total Net Position</b>	<b>\$ 9,475</b>	<b>\$ 16,195</b>	<b>\$ (367,822)</b>	<b>\$ 71,679</b>	<b>\$ 3,730</b>	<b>\$ 30,647</b>	<b>\$ 22,477</b>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF REVENUE, EXPENSES  
AND CHANGES IN FUND NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Non-Major Funds						Totals
	Supermarket Account	Internet Consortium	Adult Education	ETTC	Cosmetology	Food Service	
Operating Revenue:							
Daily Sales						\$ 120,962	\$ 120,962
Charges for Services:							
Program Fees	\$ 11,018	\$ 49,628	\$ 644,640		\$ 1,933		707,219
Special Events						\$ 15,620	15,620
Miscellaneous Revenue						1,972	1,972
<b>Total Operating Revenue</b>	<b>11,018</b>	<b>49,628</b>	<b>644,640</b>		<b>1,933</b>	<b>122,934</b>	<b>845,773</b>
Operating Expenses:							
Cost of Sales						74,268	74,268
Salaries		15,000	327,955			50,560	393,515
Employee Benefits		500	48,996			12,290	61,786
Purchased Professional and Technical Services			44,615			9,900	54,515
Other Purchased Services		37,590	55,793				93,383
Supplies and Materials	8,617	2,486	69,067		1,416	3,504	97,122
Miscellaneous Expense			746			6,511	7,257
Depreciation Expense			6,390			4,596	10,986
<b>Total Operating Expenses</b>	<b>8,617</b>	<b>55,576</b>	<b>553,562</b>		<b>1,416</b>	<b>161,629</b>	<b>792,832</b>
<b>Operating Income/(Loss)</b>	<b>2,401</b>	<b>(5,948)</b>	<b>91,078</b>		<b>517</b>	<b>(38,695)</b>	<b>52,941</b>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF REVENUE, EXPENSES  
AND CHANGES IN FUND NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Non-Major Funds						Totals
	Supermarket Account	Internet Consortium	Adult Education	ETTC	Cosmetology	Food Service	
Non-Operating Revenue:							
State Sources:							
State School Lunch Program						\$ 1,112	\$ 1,112
Federal Sources:							
National School Lunch Program						22,419	22,419
School Breakfast Program						1,367	1,367
Food Distribution Program						3,658	3,658
Total Non-Operating Income						28,556	28,556
Change in Net Position Before Other Items and Transfers	\$ 2,401	\$ (5,948)	\$ 91,078		\$ 517	(10,139)	\$ 81,497
Other Items and Transfers:							
Operating Transfer In - General Fund						17,000	17,000
Capital Contribution						3,258	3,258
Total Other Items and Transfers						20,258	20,258
Change in Net Position	2,401	(5,948)	91,078		517	10,119	101,755
Net Position - Beginning of Year (Restated)	7,074	22,143	(458,900)	\$ 71,679	3,213	20,528	(315,374)
Net Position - End of Year	\$ 9,475	\$ 16,195	\$ (367,822)	\$ 71,679	\$ 3,730	\$ 30,647	\$ (213,619)



MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Non-Major Funds						Totals	
	Supermarket Account	Internet Consortium	Adult Education	ETTC	Cosmetology	Food Service		Food Function
Cash Flows from Operating Activities:								
Receipts from Customers	\$ 11,018	\$ 49,628	\$ 646,869		\$ 1,933	\$ 124,194	\$ 13,400	\$ 847,042
Payments to Food Service Contractor						(184,160)		(184,160)
Payments to/for Employees		(15,500)	(381,176)					(396,676)
Payments to Suppliers	(8,617)	(40,044)	(174,137)		(1,416)		(12,032)	(236,246)
Net Cash Provided by/(Used for) Operating Activities	2,401	(5,916)	91,556		517	(59,966)	1,368	29,960
Cash Flows from Capital and Related Financing Activities:								
Purchase of Capital Assets			(26,100)			(16,398)		(42,498)
Lease Purchase Principal Payment			(2,509)					(2,509)
Net Cash Used for Capital and Related Financing Activities			(28,609)			(16,398)		(45,007)
Cash Flows from Noncapital Financing Activities:								
Cash Received from Operating Transfers						17,000		17,000
State Sources						1,159		1,159
Federal Sources						25,005		25,005
Net Cash Provided by Noncapital and Financing Activities						43,164		43,164
Net Increase/(Decrease) in Cash and Cash Equivalents	2,401	(5,916)	62,947		517	(33,200)	1,368	28,117
Cash and Cash Equivalents, July 1	7,074	24,482	543	\$ 71,679	3,213	33,313	18,889	159,193
Cash and Cash Equivalents, June 30	<u>\$ 9,475</u>	<u>\$ 18,566</u>	<u>\$ 63,490</u>	<u>\$ 71,679</u>	<u>\$ 3,730</u>	<u>\$ 113</u>	<u>\$ 20,257</u>	<u>\$ 187,310</u>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Non-Major Funds							Totals
	Supermarket Account	Internet Consortium	Adult Education	ETTC	Cosmetology	Food Service	Food Function	
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:								
Operating Income/(Loss)	\$ 2,401	\$ (5,948)	\$ 91,078		\$ 517	\$ (38,695)	\$ 3,588	\$ 52,941
Adjustment to Reconcile Operating Income/(Loss) to Cash Provided by/(Used for) Operating Activities:								
Depreciation			6,390			4,596		10,986
Food Distribution Program						3,658		3,658
Changes in Assets and Liabilities:								
(Increase)/Decrease in Other Accounts Receivable			2,229				(2,220)	9
Increase/(Decrease) in Accounts Payable		32	(3,916)			(29,700)		(33,584)
Increase in Unearned Revenue						1,260		1,260
Increase in Compensated Absences Payable			1,958					1,958
(Increase) in Inventory						(1,085)		(1,085)
(Decrease) in Net Pension Liability			(66,589)					(66,589)
(Increase) in Changes in Assumptions - Pensions			(12,347)					(12,347)
Increase in Investment Gains - Pensions			23,400					23,400
Increase in Changes in Proportions - Pensions			49,353					49,353
<b>Net Cash Provided by/(Used for) Operating Activities</b>	<b>\$ 2,401</b>	<b>\$ (5,916)</b>	<b>\$ 91,556</b>	<b>\$ -0-</b>	<b>\$ 517</b>	<b>\$ (59,966)</b>	<b>\$ 1,368</b>	<b>\$ 29,960</b>

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 \$3,658 and Utilized Commodities Valued at \$3,658.  
The Adult Education Enterprise Fund paid down \$2,509 of capital leases payable.

FIDUCIARY FUNDS

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
FIDUCIARY FUND  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2015

	<u>Agency</u>					
	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>	<u>Private Purpose Scholarships Trust</u>
<u>ASSETS:</u>						
Cash and Cash Equivalents	\$ 98,521	\$ 339,296	\$ 437,817	\$ 26,869	\$ 13,721	\$ 86,897
Interfund Receivable:						
Payroll Agency				3,099		
Total Assets	<u>98,521</u>	<u>339,296</u>	<u>437,817</u>	<u>29,968</u>	<u>13,721</u>	<u>86,897</u>
<u>LIABILITIES:</u>						
Interfund Payable:						
General Fund					10,551	
Unemployment Compensation Trust		3,099	3,099			
Payroll Deductions and Withholdings		93,192	93,192			
Accrued Salaries and Wages		243,005	243,005			
Due to Student Groups	98,521		98,521			
Total Liabilities	<u>98,521</u>	<u>339,296</u>	<u>437,817</u>		<u>10,551</u>	
<u>NET POSITION:</u>						
Held in Trust for:						
Unemployment Claims				29,968		
Flexible Spending Claims					3,170	
Restricted for Scholarships						86,897
Total Net Position	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 29,968</u>	<u>\$ 3,170</u>	<u>\$ 86,897</u>

Exhibit H-2

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
FIDUCIARY FUND  
STATEMENT OF CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Unemployment Compensation Trust	Flexible Spending Trust	Private Purpose Scholarships Trust
<b>ADDITIONS:</b>			
Contributions:			
Plan Members	\$ 18,613	\$ 24,000	
Investment Earnings:			
Interest	23		\$ 134
Total Additions	<u>18,636</u>	<u>24,000</u>	<u>134</u>
<b>DEDUCTIONS:</b>			
Unemployment Benefit Claims	5,273		
Flexible Spending Claims		22,260	
Scholarships Awarded			3,300
Total Deductions	<u>5,273</u>	<u>22,260</u>	<u>3,300</u>
Change in Net Position before Other Financing Uses	<u>13,363</u>	<u>1,740</u>	<u>(3,166)</u>
<b>OTHER FINANCING USES:</b>			
Transfer to General Fund		(239)	
Total Other Financing Uses		<u>(239)</u>	
Change in Net Position	13,363	1,501	(3,166)
Net Position - Beginning of the Year	<u>16,605</u>	<u>1,669</u>	<u>90,063</u>
Net Position - End of the Year	<u>\$ 29,968</u>	<u>\$ 3,170</u>	<u>\$ 86,897</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, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 92,384	\$ 156,992	\$ 150,855	\$ 98,521
Total Assets	<u>\$ 92,384</u>	<u>\$ 156,992</u>	<u>\$ 150,855</u>	<u>\$ 98,521</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 92,384	\$ 156,992	\$ 150,855	\$ 98,521
Total Liabilities	<u>\$ 92,384</u>	<u>\$ 156,992</u>	<u>\$ 150,855</u>	<u>\$ 98,521</u>

Exhibit H-4

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

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 232,706	\$ 12,426,974	\$ 12,320,384	\$ 339,296
Total Assets	<u>\$ 232,706</u>	<u>\$ 12,426,974</u>	<u>\$ 12,320,384</u>	<u>\$ 339,296</u>
 <u>LIABILITIES:</u>				
Interfund Payable:				
Fiduciary Fund - Unemployment Trust	\$ 2,987	\$ 26,704	\$ 26,592	\$ 3,099
Payroll Deductions and Withholdings	11,786	12,158,125	12,076,719	93,192
Accrued Salaries and Wages	<u>217,933</u>	<u>242,145</u>	<u>217,073</u>	<u>243,005</u>
Total Liabilities	<u>\$ 232,706</u>	<u>\$ 12,426,974</u>	<u>\$ 12,320,384</u>	<u>\$ 339,296</u>

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, 2015

<u>Purpose</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance July 1, 2014</u>	<u>Matured</u>	<u>Balance June 30, 2015</u>
Thomas 24-passengar School Bus	2.75%	\$ 44,634	\$ 18,458	\$ 9,104	\$ 9,354
Copiers	2.10%	92,964	<u>72,137</u>	<u>18,262</u>	<u>53,875</u>
			<u>\$ 90,595</u>	<u>\$ 27,366</u>	<u>\$ 63,229</u>
				Governmental Activities	\$ 55,828
				Business-Type Activities	<u>7,401</u>
					<u>\$ 63,229</u>

STATISTICAL SECTION

**STATISTICAL SECTION**  
**(UNAUDITED)**

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

**Contents**

**Exhibit**

**Financial Trends**

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

J-1 thru J-5

**Revenue Capacity**

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

J-6 thru J-9

**Debt Capacity**

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

J-10 thru J-13

**Demographic and Economic Information**

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

J-14 thru J-15

**Operating Information**

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

J-16 thru J-20

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

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

	June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014*	2015
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 16,099,510	\$ 18,012,369	\$ 18,453,593	\$ 18,114,525	\$ 17,726,665	\$ 17,268,964	\$ 16,799,233	\$ 18,249,442	\$ 19,083,633	\$ 20,449,783
Restricted	2,713,606	3,163,900	2,440,427	1,277,463	1,014,488	719,472	2,842,525	773,349	1,809,685	2,766,786
Unrestricted	714,776	435,986	356,475	897,989	129,870	580,782	684,138	2,601,034	(4,642,873)	(4,214,710)
<b>Total Governmental Activities Net Position</b>	<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>	<u>\$ 21,623,825</u>	<u>\$ 16,250,445</u>	<u>\$ 19,001,859</u>
<b>Business-type Activities</b>										
Net Investment in Capital Assets	\$ 71,191	\$ 72,670	\$ 62,785	\$ 46,852	\$ 38,426	\$ 34,104	\$ 32,216	\$ 28,254	\$ 21,889	\$ 59,168
Unrestricted	460,183	461,089	467,862	381,707	263,690	211,506	116,132	121,914	(337,263)	(272,787)
<b>Total Business-type Activities Net Position</b>	<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>	<u>\$ 150,168</u>	<u>\$ (315,374)</u>	<u>\$ (213,619)</u>
<b>District-wide</b>										
Net Investment in Capital Assets	\$ 16,170,701	\$ 18,085,039	\$ 18,516,378	\$ 18,161,377	\$ 17,765,091	\$ 17,303,068	\$ 16,831,449	\$ 18,277,696	\$ 19,105,522	\$ 20,508,951
Restricted	2,713,606	3,163,900	2,440,427	1,277,463	1,014,488	719,472	2,842,525	773,349	1,809,685	2,766,786
Unrestricted	1,174,959	897,075	824,337	1,279,696	393,560	792,288	800,270	2,722,948	(4,980,136)	(4,487,497)
<b>Total District Net Position</b>	<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>	<u>\$ 21,773,993</u>	<u>\$ 15,935,071</u>	<u>\$ 18,788,240</u>

\* Restated

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

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Expenses:</b>										
<b>Governmental Activities:</b>										
<b>Instruction</b>										
Regular	\$ 2,632,723	\$ 3,099,798	\$ 3,995,248	\$ 4,114,766	\$ 4,574,965	\$ 4,802,430	\$ 5,273,623	\$ 5,302,990	\$ 5,285,328	\$ 6,184,345
Special Education	122,306	118,660	223,776	277,639	379,783	409,248	450,689	534,556	534,548	683,732
Vocational Education	3,622,026	3,791,358	3,880,587	3,536,180	3,777,258	3,585,918	3,720,334	3,941,855	3,752,582	4,559,939
Other Special Instruction	261,243	300,944	441,039	445,002	440,205	256,821	233,990	290,081	287,998	356,366
<b>Support Services:</b>										
Student and Instruction Related Services	1,431,145	1,536,519	1,372,369	1,370,525	1,830,658	2,373,119	2,714,931	2,800,250	2,749,365	2,919,317
General Administrative Services	486,909	498,678	536,066	415,245	392,675	583,387	607,139	736,765	536,254	664,769
School Administrative Services	1,497,101	1,607,104	1,751,725	1,562,126	1,490,547	1,309,806	1,332,581	1,203,423	1,226,292	1,107,805
Central Services	428,787	485,476	504,734	522,604	528,839	671,784	655,869	581,469	570,132	657,205
Administrative Information Technology	112,750	121,779	146,381	155,508	163,698	215,829	244,956	302,753	428,018	260,630
Plant Operations and Maintenance	1,429,290	1,315,105	1,538,568	1,513,626	1,621,683	2,069,839	2,101,988	2,028,223	2,023,212	2,162,383
Pupil Transportation				239	7,104	108,470	142,824	126,746	152,221	151,617
Special Schools	2,562,024	2,446,559	3,014,889	3,242,842	2,909,832	1,203,924	1,106,689	1,169,112	1,334,528	1,238,950
Capital Outlay	365,564	41,413	2,962	49,839		78,585	54,775	64,549	62,039	62,289
Unallocated Depreciation	155,710	414,861	407,758	407,757	463,126	435,761	435,762	469,687	469,963	476,167
<b>Total Governmental Activities Expenses</b>	<b>15,107,578</b>	<b>15,778,254</b>	<b>17,816,102</b>	<b>17,613,898</b>	<b>18,580,373</b>	<b>18,104,921</b>	<b>19,076,150</b>	<b>19,552,459</b>	<b>19,412,480</b>	<b>21,485,514</b>
<b>Business-Type Activities:</b>										
Enterprise Funds	352,965	353,618	389,188	468,985	706,502	999,329	936,633	811,257	795,080	792,832
<b>Total Business-Type Activities Expense</b>	<b>352,965</b>	<b>353,618</b>	<b>389,188</b>	<b>468,985</b>	<b>706,502</b>	<b>999,329</b>	<b>936,633</b>	<b>811,257</b>	<b>795,080</b>	<b>792,832</b>
<b>Total District Expenses</b>	<b>15,460,543</b>	<b>16,131,872</b>	<b>18,205,290</b>	<b>18,082,883</b>	<b>19,286,875</b>	<b>19,104,250</b>	<b>20,012,783</b>	<b>20,363,716</b>	<b>20,207,560</b>	<b>22,278,346</b>
<b>Program Revenues:</b>										
<b>Governmental Activities:</b>										
<b>Charges for Services:</b>										
Tuition							8,774,701	8,924,844	9,314,509	9,950,842
Operating Grants and Contributions	2,896,719	3,360,077	3,765,529	2,935,855	2,903,398	2,997,416	3,100,157	3,842,274	3,560,437	5,097,290
Capital Grants and Contributions	137,990									
<b>Total Governmental Activities Program Revenues</b>	<b>3,034,709</b>	<b>3,360,077</b>	<b>3,765,529</b>	<b>2,935,855</b>	<b>2,903,398</b>	<b>2,997,416</b>	<b>11,874,858</b>	<b>12,767,118</b>	<b>12,874,946</b>	<b>15,048,132</b>
<b>Business-Type Activities:</b>										
<b>Charges for Services:</b>										
Enterprise Funds	339,380	348,393	342,643	326,277	521,007	872,288	781,278	762,613	726,521	845,773
Operating Grants and Contributions	5,252	8,381	13,248	20,998	25,795	25,551	32,379	27,173	21,401	28,556
<b>Total Business-Type Activities Program Revenues</b>	<b>344,632</b>	<b>356,774</b>	<b>355,891</b>	<b>347,275</b>	<b>546,802</b>	<b>897,839</b>	<b>813,657</b>	<b>789,786</b>	<b>747,922</b>	<b>874,329</b>

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

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total District Program Revenues	\$ 3,379,341	\$ 3,716,851	\$ 4,121,420	\$ 3,283,130	\$ 3,450,200	\$ 3,895,255	\$ 12,688,515	\$ 13,556,904	\$ 13,622,868	\$ 15,922,461
Net (Expense)/Revenue:										
Governmental Activities	(12,072,869)	(12,418,177)	(14,050,573)	(14,678,043)	(15,676,975)	(15,107,505)	(7,201,292)	(6,785,341)	(6,537,534)	(6,437,382)
Business-Type Activities	(8,333)	3,156	(33,297)	(121,710)	(159,700)	(101,490)	(122,976)	(21,471)	(47,158)	81,497
Total District-Wide Net Expense	(12,081,202)	(12,415,021)	(14,083,870)	(14,799,753)	(15,836,675)	(15,208,995)	(7,324,268)	(6,806,812)	(6,584,692)	(6,355,885)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
County Tax Levy	5,848,095	6,086,061	6,351,286	6,351,286	6,351,286	6,351,286	6,351,286	6,351,286	6,351,286	6,351,286
Federal and State Aid not Restricted	334,534	290,966	335,005	1,032,956	655,008	388,508	623,050	695,443	706,862	720,276
Tuition	4,206,892	4,941,747	5,580,316	5,992,857	6,937,181	8,232,968				
Interest Earnings	35,582	37,362	32,524	22,000	2,435	2,461	2,671	5,761	4,687	4,063
Transfers	(16,577)	(4,649)	(36,646)	(19,152)	(34,092)	(47,664)	(26,554)	(32,748)	(44,059)	(16,761)
Contributed Capital										(3,258)
Residual Equity Transfer	4,947	7,067								
County Improvement Authorization	995,123	2,462,325	773,626	(8,307)			1,963,892	972,351	1,292,220	2,061,000
Debt Service Contribution to County of Morris				(246,200)	(246,200)	(246,200)				
Miscellaneous Income	653,853	713,530	652,702	592,085	592,403	124,341	43,625	91,177	47,972	72,190
Total Governmental Activities	12,062,449	14,534,409	13,688,813	13,717,525	14,258,021	14,805,700	8,957,970	8,083,270	8,358,968	9,188,796
Business-Type Activities:										
Transfers	16,577	4,649	36,646	19,152	34,092	47,664	27,702	33,325	44,142	17,000
Residual Equity Transfer	(4,947)	(7,067)								
Contributed Capital										3,258
Cancellation of Prior Year's Accounts Receivable/Payable			166	470	(835)	(2,680)	(1,988)	(10,034)	(3,283)	
Deletion of Capital Assets, Net of Accumulated Depreciation			(6,627)							
Total Business-Type Activities	11,630	(2,418)	30,185	19,622	33,257	44,984	25,714	23,291	40,859	20,258
Total District-Wide	12,074,079	14,531,991	13,718,998	13,737,147	14,291,278	14,850,684	8,983,684	8,106,561	8,399,827	9,209,054
Change in Net Position:										
Governmental Activities	(10,420)	2,116,232	(361,760)	(960,518)	(1,418,954)	(301,805)	1,756,678	1,297,929	1,821,434	2,751,414
Business-Type Activities	3,297	738	(3,112)	(102,088)	(126,443)	(56,506)	(97,262)	1,820	(6,299)	101,755
Total District	\$ (7,123)	\$ 2,116,970	\$ (364,872)	\$ (1,062,606)	\$ (1,545,397)	\$ (358,311)	\$ 1,659,416	\$ 1,299,749	\$ 1,815,135	\$ 2,853,169

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

	June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved/Restricted	\$ 2,450,066	\$ 3,163,900	\$ 2,440,427	\$ 1,277,463	\$ 1,014,488	\$ 719,472	\$ 878,633	\$ 773,349	\$ 1,809,685	\$ 2,766,786
Assigned						191,506	506,184	365,812	300,573	280,788
Unreserved/Unassigned	1,016,210	748,773	697,007	1,204,247	494,765	731,133	613,948	877,946	848,989	887,036
Total General Fund	<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>	<u>\$ 2,017,107</u>	<u>\$ 2,959,247</u>	<u>\$ 3,934,610</u>
All Other Governmental Funds										
Reserved/Restricted	\$ 2,933,314	\$ 774,559								
Committed							\$ 1,963,892	\$ 1,846,257	\$ 1,871,012	\$ 2,200,313
Unreserved, Reported In:										
Capital Projects Fund/(Deficit)	(2,669,774)	(774,559)								
Total All Other Governmental Funds	<u>\$ 263,540</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 1,963,892</u>	<u>\$ 1,846,257</u>	<u>\$ 1,871,012</u>	<u>\$ 2,200,313</u>
Total All Governmental Funds										
Reserved/Restricted	\$ 5,383,380	\$ 3,938,459	\$ 2,440,427	\$ 1,277,463	\$ 1,014,488	\$ 719,472	\$ 878,633	\$ 773,349	\$ 1,809,685	\$ 2,766,786
Committed							1,963,892	1,846,257	1,871,012	2,200,313
Assigned						191,506	506,184	365,812	300,573	280,788
Unreserved/Unassigned/(Deficit)	(1,653,564)	(25,786)	697,007	1,204,247	494,765	731,133	613,948	877,946	848,989	887,036
Total All Governmental Funds	<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>	<u>\$ 3,863,364</u>	<u>\$ 4,830,259</u>	<u>\$ 6,134,923</u>

Source: School District Financial Reports

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

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues:</b>										
County Tax Levy	\$ 5,848,095	\$ 6,086,061	\$ 6,351,286	\$ 6,351,286	\$ 6,351,286	\$ 6,351,286	\$ 6,351,286	\$ 6,351,286	\$ 6,351,286	\$ 6,351,286
Tuition from LEA's	3,939,749	4,670,005	5,248,766	5,697,043	6,607,163	7,915,480	8,439,180	8,445,786	8,856,352	9,462,981
Other Tuition	267,143	271,742	331,550	295,814	330,018	317,488	335,521	479,058	458,157	487,861
Interest Earned on Capital Reserve Funds	35,582	37,362	32,524	7,980	650	514	1,094	1,226	768	1,475
Unrestricted Miscellaneous Revenue	653,853	713,530	652,702	606,105	594,188	126,288	45,202	95,712	53,422	75,528
State Sources	2,189,307	2,482,995	2,706,358	2,366,682	1,993,269	1,835,427	2,279,210	3,021,850	2,556,977	2,786,118
Federal Sources	1,179,936	1,168,048	1,394,176	1,602,129	1,565,137	1,550,497	1,443,997	1,515,867	1,708,791	1,391,840
<b>Total Revenue</b>	<b>14,113,665</b>	<b>15,429,743</b>	<b>16,717,362</b>	<b>16,927,039</b>	<b>17,441,711</b>	<b>18,096,980</b>	<b>18,895,490</b>	<b>19,910,785</b>	<b>19,985,753</b>	<b>20,557,089</b>
<b>Expenditures:</b>										
<b>Instruction:</b>										
Regular Instruction	2,366,720	2,714,656	3,378,653	3,615,355	3,933,461	3,993,233	4,411,557	4,370,028	4,456,229	4,642,339
Special Education Instruction	96,306	79,111	164,887	227,084	303,079	301,950	321,444	385,919	389,739	432,043
Vocational Education Instruction	2,905,978	2,917,813	2,895,232	2,866,273	2,858,581	2,715,427	2,737,163	2,909,703	2,894,868	3,038,607
School-Sponsored/Other Instruction	256,469	295,040	381,734	428,209	420,870	238,683	219,463	272,978	266,705	307,298
<b>Support Services:</b>										
Student and Instruction Related Services	1,272,164	1,265,103	1,218,697	1,140,551	1,538,262	1,914,034	2,065,247	2,215,824	2,207,515	2,200,507
General Administrative Services	440,195	446,223	460,798	357,542	332,430	483,439	497,829	616,342	452,648	527,100
School Administrative Services	1,164,084	1,224,840	1,325,925	1,256,705	1,064,143	931,067	929,527	892,389	946,985	791,065
Central Services	353,139	384,243	370,721	417,662	398,580	504,745	476,847	459,217	459,317	495,682
Administrative Information Technology	95,971	95,607	97,334	107,313	102,974	144,417	162,096	229,006	286,859	221,550
Plant Operations and Maintenance	1,265,869	1,162,251	1,314,221	1,307,840	1,351,665	1,717,503	1,728,846	1,665,586	1,661,447	1,960,469
Pupil Transportation				239	7,104	108,470	146,113	129,593	155,760	154,556
Allocated Benefits	1,170,598	1,346,263	1,658,630	1,319,648	1,829,784	2,278,270	2,414,478	1,807,979	5,251	
Unallocated Benefits	608,189	954,695	1,125,669	867,620	978,141	964,464	1,196,143	1,784,453	3,321,966	3,435,663
Special Schools	2,467,933	2,350,101	2,879,265	3,162,328	2,831,627	1,194,196	1,072,169	1,118,531	1,292,440	1,078,813
Capital Outlay	1,236,977	2,475,683	957,815	234,735	183,175	180,360	177,994	2,172,326	1,469,290	2,007,714
<b>Total Expenditures</b>	<b>15,700,592</b>	<b>17,711,629</b>	<b>18,229,581</b>	<b>17,309,104</b>	<b>18,133,876</b>	<b>17,670,258</b>	<b>18,556,916</b>	<b>21,029,874</b>	<b>20,267,019</b>	<b>21,293,406</b>
<b>Excess (Deficiency) of Revenues</b>										
Over (Under) Expenditures	(1,586,927)	(2,281,886)	(1,512,219)	(382,065)	(692,165)	426,722	338,574	(1,119,089)	(281,266)	(736,317)



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

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Other Financing Sources (Uses):										
County Improvement Authorizations	\$ 995,123	\$ 2,462,325	\$ 773,626	\$ (8,307)			\$ 1,963,892	\$ 972,351	\$ 1,292,220	\$ 2,061,000
Transfers	(11,630)	2,418	(36,646)	(19,152)	\$ (34,092)	\$ (47,664)	(26,554)	(32,748)	(44,059)	(16,761)
Capital Contribution to Food Service										(3,258)
Debt Service Contribution to County of Morris				(246,200)	(246,200)	(246,200)				
Capital Leases (Non-budgeted)							44,634	80,193		
Total Other Financing Sources (Uses)	<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>	<u>1,019,796</u>	<u>1,248,161</u>	<u>2,040,981</u>
Net Change in Fund Balances	<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>	<u>\$ (99,293)</u>	<u>\$ 966,895</u>	<u>\$ 1,304,664</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	N/A

N/A Not Applicable

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
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
2012	8,774,701	2,671			43,625	8,820,997
2013	8,924,844	5,761			91,177	9,021,782
2014	9,314,509	4,687			47,972	9,367,168
2015	9,950,842	4,063			72,190	10,027,095

Source: District records

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

Year Ended December 31,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Public Utilities <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate	Estimated Actual (County Equalized Value)
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
2012	1,172,274,150	59,774,842,190	690,767,100	12,282,578	11,568,762,422	2,980,678,200	2,191,170,400	78,390,777,040	7,061,681,200	125,183,300	78,515,960,340	N/A	94,996,537,642
2013	1,121,535,950	60,489,876,715	685,237,400	11,944,478	11,513,732,422	2,917,649,400	2,286,186,900	79,026,163,265	7,277,468,700	61,429,260	79,087,592,525	N/A	90,780,233,689
2014	1,040,064,650	60,385,164,210	690,643,400	12,057,978	11,666,955,422	2,923,186,200	2,295,606,200	79,013,678,060	7,293,537,400	45,147,771	79,058,825,831	N/A	89,368,907,348

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 in each municipality when ordered by the County Board of Taxation

<sup>a</sup> Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

Exhibit J-8

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

Taxpayer	2014		
	Taxable Assessed Value	Rank	% of Total County Net Valuation Taxable
Novartis Corporation	\$ 415,030,700	1	0.52%
Point View Campus, LLC	358,026,000	2	0.45%
Rockaway Center Associates	170,000,000	3	0.22%
Bayer Healthcare, LLC	155,670,300	4	0.20%
MC NEIL-PPC, Inc.	101,464,000	5	0.13%
Oakwood Garden Associates, LLC	99,500,000	6	0.13%
Allied Signal, Inc.	64,900,000	7	0.08%
KBS II 300-600 Campus Drive, LLC	93,517,700	8	0.12%
Segal Realty Associates	77,700,000	9	0.10%
RG Realty Investors, LLC	75,000,500	10	0.09%
Total	<u>\$ 1,610,809,200</u>		<u>1.84%</u>

Taxpayer	2005		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Point View Campus, LLC	\$ 215,619,000	1	0.35%
Novartis Corporation	296,994,000	2	0.48%
Rockaway Center Associates	153,994,800	3	0.25%
Park Avenue Realty	109,410,200	4	0.18%
Deloitte & Touche	95,660,700	5	0.15%
LTI NJ Financial LLC	91,000,000	6	0.15%
Allied Signal, Inc.	89,090,000	7	0.14%
Pfizer	84,440,000	8	0.14%
State Farm Insurance	82,500,000	9	0.13%
Mack-Cali Realty	79,211,000	10	0.13%
	<u>\$ 1,297,919,700</u>		<u>2.10%</u>

Source: County of Morris

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 <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
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-
2013	6,351,286	6,351,286	100.00%	-0-
2014	6,099,391	5,847,496	95.87%	251,895
2015	6,351,286	6,351,286	100.00%	-0-

<sup>a</sup> 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 FOUR 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 <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Certificates of Participation	Capital Leases						
2012	\$ -0-	\$ -0-	\$ 35,943	\$ -0-	\$ -0-	\$ 35,943	0.0001%	\$ 0.07	
2013	-0-	-0-	104,972	-0-	12,367	117,339	0.0003%	0.23	
2014	-0-	-0-	80,685	-0-	9,910	90,595	0.0002%	0.18	
2015	-0-	-0-	55,828	-0-	7,401	63,229	0.0002%	0.13	

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

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

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

Source: School District Financial Reports

Exhibit J-14

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

Year	Population <sup>a</sup>	Morris County Per Capital Personal Income <sup>b</sup>	Total Morris County Personal Income	Unemployment Rate <sup>c</sup>
2006	484,887	\$ 66,763	\$ 32,372,510,781	3.30%
2007	485,592	69,843	33,915,202,056	3.00%
2008	486,946	71,937	35,029,434,402	4.00%
2009	488,518	67,698	33,071,691,564	7.20%
2010	492,706	68,656	33,827,223,136	7.30%
2011	495,782	71,914	35,653,666,748	7.00%
2012	497,630	74,826	37,235,662,380	7.30%
2013	499,672	75,054	37,502,382,288	6.30%
2014	499,727	75,054 **	37,506,510,258	4.90%
2015	499,727 *	75,054 **	37,506,510,258 ***	N/A

\* - Latest population data available (2014) was used for calculation purposes.

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

\*\*\* - Latest available population data (2014) and latest available Morris County per capita personal income (2013) was used for calculation purposes.

N/A - Information not available

Source:

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

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

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

<sup>d</sup> 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	2014		
	Employees	Rank (Optional)	Percentage of Total Employment
U.S. Army Armament Research and Development	6,090	1	2.37%
Atlantic Health Systems	4,844	2	1.88%
Novartis Corporation	4,749	3	1.85%
Bayer Healthcare, LLC	2,665	4	1.04%
St. Clare's Health Services	1,756	5	0.68%
County of Morris	1,667	6	0.65%
Wyndham Worldwide Corporation	1,621	7	0.63%
BASF Corporation	1,500	8	0.58%
Greystone Psychiatric Center	1,244	9	0.48%
Pricewaterhouse Coopers	1,200	10	0.47%
	<u>27,336</u>		<u>10.64%</u>

Employer	2005		
	Employees	Rank (Optional)	Percentage of Total Employment
Novartis Corporation	5,631	1	N/A
U.S. Army Armament Research and Development	3,939	2	N/A
Atlantic Health Systems	3,667	3	N/A
Cendant Corp.	3,006	4	N/A
Lucent Technologies	2,539	5	N/A
County of Morris	2,268	6	N/A
Pfizer	2,250	7	N/A
St. Clare's Health Services	2,128	8	N/A
Automated Data Processing	1,950	9	N/A
Greystone Psychiatric Center	1,212	10	N/A
	<u>28,590</u>		

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 TEN FISCAL YEARS  
UNAUDITED

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Instruction:										
Regular	17.0	18.0	28.0	32.5	34.5	32.0	33.0	33.0	33.0	35.0
Special Education	3.0	3.0	5.0	5.0	5.0	5.0	5.0	6.0	6.0	6.0
Vocational	23.0	28.0	24.0	24.0	24.0	23.0	22.5	22.5	23.5	24.5
Other Instruction	5.0	6.0	5.0	5.0	5.0	4.5	5.0	5.0	5.0	5.0
Adult/Continuing Education Programs	61.0	74.0	73.5	79.0	68.0	70.0	71.0	74.0	91.0	76.0
Support Services:										
Student & Instruction Related Services	9.0	12.0	12.0	12.0	12.0	10.0	10.0	10.0	10.0	10.0
School Administrative Services	23.0	21.0	23.0	23.0	22.0	22.0	22.0	20.0	21.0	21.0
General Administrative Services	4.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.0	2.0
Central Services	5.0	6.0	6.0	6.0	6.0	7.0	7.0	5.0	5.0	6.0
Administrative Information Technology	1.0	1.0	1.5	1.5	1.5	1.5	1.5	2.0	2.0	2.0
Plant Operations and Maintenance	15.0	17.0	17.0	16.0	15.0	14.0	14.0	14.0	14.0	14.0
<b>Total</b>	<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>	<u>194.5</u>	<u>212.5</u>	<u>201.5</u>

Source: District Personnel Records

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

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures<sup>a</sup></u>	<u>Cost Per Pupil<sup>d</sup></u>	<u>Percentage Change</u>	<u>Teaching Staff<sup>b</sup></u>	<u>Pupil/Teacher Ratio School of Technology</u>	<u>Average Daily Enrollment (ADE)<sup>c</sup></u>	<u>Average Daily Attendance (ADA)<sup>c</sup></u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2006	531.0	\$ 11,995,682	\$ 22,590.74	5.70%	52.0	1:10.20	531.0	502.7	7.38%	94.67%
2007	680.9	12,885,845	18,924.72	-16.23%	55.0	1:12.04	680.9	642.9	28.23%	94.42%
2008	695.0	14,392,501	20,708.63	9.43%	64.0	1:11.00	695.0	649.6	2.07%	93.47%
2009	715.2	13,912,041	19,451.96	-6.07%	73.0	1:09.80	715.2	688.1	2.91%	96.21%
2010	734.9	15,119,074	20,572.97	5.76%	73.0	1:10.06	734.9	710.7	2.75%	96.71%
2011	939.3	16,295,702	17,348.77	-15.67%	64.5	1:14.56	939.3	893.2	27.81%	95.09%
2012	942.6	17,306,753	18,360.65	5.83%	68.0	1:13.86	942.6	887.2	0.35%	94.12%
2013	946.5	17,739,017	18,741.70	2.08%	66.5	1:14.23	946.5	905.6	0.41%	95.68%
2014	971.7	17,505,289	18,015.12	-3.88%	67.5	1:14.40	971.7	923.5	2.66%	95.04%
2015	975.1	18,206,879	18,671.81	3.65%	70.5	1:13.8	975.1	933.1	0.35%	95.69%

Note: Enrollment based on annual October district count.

<sup>a</sup> 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.

<sup>b</sup> Teaching staff includes only full-time equivalents of certificated staff.

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

<sup>d</sup> 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.

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>District Buildings</u>										
School of Technology (1969)										
Square Feet	153,011	165,011	165,011	165,011	165,011	165,011	165,011	165,011	165,011	165,011
Capacity (students)	774	934	934	934	934	934	934	934	934	934
Enrollment	531.0	680.9	695.0	715.2	734.9	939.3	942.6	946.5	971.7	975.1

Number of Schools at June 30, 2015  
 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.

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,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Morris County Vocational School*	\$ 589,085	\$ 373,338	\$ 370,050	\$ 384,072	\$ 329,790	\$ 274,042	\$ 250,993	\$ 252,112	\$ 270,902	\$ 328,860
Total School Facilities*	<u>\$ 589,085</u>	<u>\$ 373,338</u>	<u>\$ 370,050</u>	<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>

\* 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, 2015  
UNAUDITED

**Morris County Insurance Fund**Coverage**Chubb Insurance Company of New Jersey**

Property Policy – Policy Loss Limit:

\$250,000,000

## Sub-Limits:

Earthquake (Annual Aggregate)	\$ 10,000,000
Flood (Annual Aggregate)	\$ 10,000,000
Debris removal)	\$ 500,000
Pollutant Cleanup and Removal	\$ 50,000
Utility Services-direct damage/Business Income	\$ 250,000
Accounts receivables-on premises	\$ 1,000,000
Fine Arts	\$ 1,500,000
Ordinance or Law	\$ 5,000,000
Valuable Papers-on premises	\$ 1,000,000
Transit	\$ 100,000
Business Income Limit	\$ 1,000,000
Boiler & Machinery	\$ 5,000,000
EDP Equipment	incl.in Policy Limits
EDP-Data & Media	\$ 1,000,000
Inland Marine Floater-Equipment Floater	\$ 8,041,710
Deductibles:	
Earthquake	\$ 50,000
Flood	\$ 50,000
AOP	\$ 25,000
Business Income	48 hour deductible

**Argonaut Insurance Company**

General Liability Policy

## Policy Limits

Each Occurrence Limit	\$ 1,000,000
Products-Completed Operations Aggregate	\$ 2,000,000
Personal & Advertising Injury Limit	\$ 1,000,000
Annual Aggregate	\$ 2,000,000
Damage To Premises rented To You	\$ 100,000
Self-Insured Retention	\$ 500,000

Employee Benefits Errors or Omissions

## Policy Limits

Each Occurrence	\$ 1,000,000
Annual Aggregate	\$ 2,000,000
Self-Insured Retention	\$ 500,000

Educators Legal Liability

## Policy Limits

Each Wrongful Act	\$ 1,000,000
Annual Aggregate	\$ 2,000,000
Self-Insured Retention	\$ 500,000

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2015  
UNAUDITED

Coverage**Argonaut Insurance Company**

## Sexual Misconduct Sublimit

## Policy Limits

Each Occurrence	\$ 1,000,000
Maximum Sublimit	\$ 1,000,000
Media Expense	\$ 50,000
Self-Insured Retention	\$ 500,000

## Employee Practices Liability

## Policy Limits

Each Wrongful Act	\$ 1,000,000
Annual Aggregate	\$ 2,000,000
Self-Insured Retention	\$ 500,000

**Argonaut Insurance Company**

## Business Automobile Policy

## Policy Limits

Each Accident Including Owned, Non-Owned & Hired Autos	\$ 1,000,000
---	--------------

**Argonaut Insurance Company**

## Umbrella Liability Policy

## Policy Limits

Each Occurrence Limit	\$ 9,000,000
Products-Completed Operations Aggregate	\$ 9,000,000
Personal & Advertising Injury Limit	\$ 9,000,000
General Aggregate	\$ 9,000,000

**Great American Insurance Group**

## Crime Policy

Public Employee Dishonesty	\$ 1,000,000
Forgery or Alteration	\$ 1,000,000
Computer Fraud	\$ 1,000,000
Money Orders and Counterfeit Paper Currency	\$ 1,000,000
Theft, Destruction and Disappearance	\$ 10,000

**Hartford Insurance**

## Statutory Bonds

Treasurer of School Monies	\$ 250,000
Business Administrator	\$ 250,000

**Ironshore Specialty Insurance Company**

## Site Pollution Incident Legal Liability (Claims-Made)

Each Loss/Incident	\$ 1,000,000
Policy Aggregate	\$ 3,000,000
Deductible	\$ 25,000

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2015  
UNAUDITED

Coverage

**Morris Essex Insurance Group**

Workers Compensation

Policy Limits

Per Occurrence

Statutory Benefits as Required by the State of New Jersey

Policy Limit

\$ 5,000,000

Aggregate

\$ 5,000,000

Cyber Liability

Policy Limits

Per Occurrence

\$ 1,000,000

Policy Aggregate Group

\$ 3,000,000

Privacy Notification Costs

\$ 500,000

Regulatory Fines

\$ 500,000

Extortion Damages

\$ 500,000

Crisis Management

\$ 500,000

Reduction in Business Income

\$ 500,000

Deductible Each Claim

\$ 15,000

SINGLE AUDIT





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

Independent Auditors' Report

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

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

**Internal Control Over Financial Reporting**

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

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

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

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

### Compliance and Other Matters


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

### Purpose of this Report

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

November 30, 2015  
Mount Arlington, New Jersey

  
NISIVOCCIA LLP

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



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Report on Compliance For Each Major Federal and State Programs;  
Report on Internal Control Over Compliance in Accordance with OMB Circular A-133  
and New Jersey's OMB Circulars 04-04 and 15-08

Independent Auditors' Report

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

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

We have audited the Board of Education of the Morris County Vocational School District's (the "District's") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey State Aid/ Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the fiscal year ended June 30, 2015. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

***Auditors' Responsibility***

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

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

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

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

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

**Report on Internal Control Over Compliance**

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

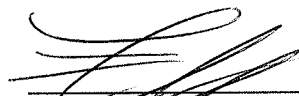
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

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

November 30, 2015  
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, 2015

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, 2014			Cancellation of Prior Year Encumbrance Payable	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2015		
					Budgetary Accounts Receivable	Due to Grantor	Cash Received				Budgetary Expenditures	Budgetary Accounts Receivable	Due to Grantor
<u>U.S. Department of Education:</u>													
Passed-through State Department of Education:													
Special Revenue Fund:													
Student Financial Aid Cluster:													
Federal Pell Grant	84.063	P063P064434	9/1/14-8/31/15	\$ 137,128			\$ 137,128	\$ (137,128)					
Federal Direct Student Loans (Direct Loan):													
Stafford Loans - Subsidized	84.268	N/A	9/1/14-8/31/15	72,873			72,873	(72,873)					
Stafford Loans - Unsubsidized	84.268	N/A	9/1/14-8/31/15	31,738			31,738	(31,738)					
Parent Loans for Undergraduate Students	84.268	N/A	9/1/14-8/31/15	1,916			1,916	(1,916)					
Total Student Financial Aid Cluster							243,655	(243,655)					
Passed-through State Department of Education:													
No Child Left Behind:													
Title I	84.010	NCLB336514	7/1/13-6/30/14	26,998		\$ 7,714				\$ (7,714)			
Subtotal Title I						7,714				(7,714)			
Special Education Cluster:													
I.D.E.A. Part B, Basic	84.027	IDEA336515	7/1/14-6/30/15	228,225			134,743	(205,978)			\$ (71,235)		
I.D.E.A. Part B, Basic	84.027	IDEA336514	7/1/13-6/30/14	192,375	\$ (48,170)		50,795			(2,625)			
Total Special Education Cluster					(48,170)		185,538	(205,978)		(2,625)	(71,235)		
Carl D. Perkins Secondary	84.048	PERK336515	7/1/14-6/30/15	315,273			256,591	(305,486)			(48,895)		
Carl D. Perkins Secondary	84.048	PERK336514	7/1/13-6/30/14	336,231	(117,507)		117,548		\$ 1,544			\$ 1,585	
Carl D. Perkins Secondary	84.048	PERK336513	7/1/12-6/30/13	285,400		251				(251)			
Carl D. Perkins Post Secondary	84.048	PERK336515	7/1/14-6/30/15	120,003			118,543	(117,815)				728	
Carl D. Perkins Post Secondary	84.048	PERK336514	7/1/13-6/30/14	117,502	(30,324)		31,302		30	\$ 3		1,011	
Carl D. Perkins Post Secondary	84.048	PERK336513	7/1/12-6/30/13	123,785		164				(164)			
Subtotal Carl D. Perkins					(147,831)	415	523,984	(423,301)	1,574	3	(415)	(48,895)	3,324
Passed thru State Department of Labor and Workforce Development:													
Consolidated Adult Basic Skills and and Integrated English Literacy and Civics Education	84.002	ABS-15-07-31	7/1/14-6/30/15	570,280			448,261	(518,318)				(70,057)	
Consolidated Adult Basic Skills and and Integrated English Literacy and Civics Education	84.002	ABS-14-07-31	7/1/13-6/30/14	919,300	(226,535)		233,088		21		(5,817)	757	
					(226,535)		681,349	(518,318)	21		(5,817)	(70,057)	757
Total U.S. Department of Education					(422,536)	\$ 8,129	1,634,526	(1,391,252)	1,595	\$ 3	\$ (16,571)	(190,187)	4,081

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

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2014			Cancellation of Prior Year Encumbrance Payable	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2015		
					Budgetary Accounts Receivable	Due to Grantor	Cash Received				Budgetary Expenditures	Budgetary Accounts Receivable	Due to Grantor
<u>U.S. Department of Agriculture:</u>													
Passed-through State Department of Agriculture:													
Child Nutrition Cluster:													
Food Distribution Program	10.555	N/A	7/1/14-6/30/15	\$ 3,658			\$ 3,658	\$ (3,658)					
National School Lunch Program	10.555	N/A	7/1/14-6/30/15	22,419			20,490	(22,419)			\$ (1,929)		
National School Lunch Program	10.555	N/A	7/1/13-6/30/14	17,045	\$ (3,222)		3,222						
School Breakfast Program	10.553	N/A	7/1/14-6/30/15	1,367			1,171	(1,367)			(196)		
School Breakfast Program	10.553	N/A	7/1/13-6/30/14	659	(122)		122						
Total Child Nutrition Cluster					(3,344)		28,663	(27,444)			(2,125)		
Total Federal Awards					\$ (425,880)	\$ 8,129	\$ 1,663,189	\$ (1,418,696)	\$ 1,595	\$ 3	\$ (16,571)	\$ (192,312)	\$ 4,081

N/A - Not Available/Applicable

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

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2014		Cash Received	Budgetary Expenditures	Cancellation of Prior Year Encumbrance	Repayment of Prior Years' Balances	Balance at June 30, 2015			Cumulative Total Expenditures
				Budgetary Accounts Receivable	Due to Grantor					GAAP Accounts Receivable	Budgetary Accounts Receivable	Due to Grantor	
NJ Department of Education:													
General Fund State Aid:													
Equalization Aid	15-495-034-5120-078	7/1/14-6/30/15	\$ 76,082			\$ 69,268	\$ (76,082)				\$ (6,814)		\$ 76,082
Special Education Categorical Aid	15-495-034-5120-089	7/1/14-6/30/15	490,726			446,776	(490,726)				(43,950)		490,726
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	64,206			58,456	(64,206)				(5,750)		64,206
Adjustment Aid	15-495-034-5120-085	7/1/14-6/30/15	563,785			513,292	(563,785)				(50,493)		563,785
PARCC Readiness	15-495-034-5120-098	7/1/14-6/30/15	8,910			8,112	(8,910)				(798)		8,910
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	8,910			8,112	(8,910)				(798)		8,910
Reimbursed TPAF Social Security Contributions	15-495-034-5095-002	7/1/14-6/30/15	523,508			497,176	(523,508)			\$ (26,332)	(26,332)		523,508
Equalization Aid	14-495-034-5120-078	7/1/13-6/30/14	76,082	\$ (6,812)		6,812							76,082
Special Education Categorical Aid	14-495-034-5120-089	7/1/13-6/30/14	490,726	(43,935)		43,935							490,726
Security Aid	14-495-034-5120-084	7/1/13-6/30/14	64,206	(5,748)		5,748							64,206
Adjustment Aid	14-495-034-5120-085	7/1/13-6/30/14	563,785	(50,476)		50,476							563,785
Reimbursed TPAF Social Security Contributions	14-495-034-5095-002	7/1/13-6/30/14	516,880	(25,630)		25,630							516,880
<b>Total General Fund State Aid</b>				<b>(132,601)</b>		<b>1,733,793</b>	<b>(1,736,127)</b>				<b>(26,332)</b>	<b>(134,935)</b>	<b>3,447,806</b>
Enterprise Fund:													
State School Lunch Program	15-100-010-3350-023	7/1/14-6/30/15	1,112			1,014	(1,112)				(98)	(98)	1,112
State School Lunch Program	14-100-010-3350-023	7/1/13-6/30/14	728	(145)		145							728
<b>Total Enterprise Fund State Aid</b>				<b>(145)</b>		<b>1,159</b>	<b>(1,112)</b>				<b>(98)</b>	<b>(98)</b>	<b>1,840</b>
Special Revenue Fund:													
New Jersey Achievement Coaches Program	15-TG03-A01	2/1/15-8/31/15	34,995				(10,332)				(10,332)	(10,332)	34,995
County Vocational School District Partnership Grant	15-VE01-G06	4/1/15-6/30/18	353,807				(6,915)				(6,915)	(6,915)	353,807
<b>Total Special Revenue Fund State Aid</b>							<b>(17,247)</b>				<b>(17,247)</b>	<b>(17,247)</b>	<b>17,247</b>
NJ Department of Labor and Workforce Development:													
Special Revenue Fund:													
Apprenticeship Coordinator	N/A	7/1/14-6/30/15	19,000			14,505	(18,993)				(4,488)	(4,488)	19,993
Apprenticeship Coordinator	N/A	7/1/13-6/30/14	15,000	(3,320)		3,320							14,486
(Passed thru Hunterdon County Vocational School District):													
Youth Transitions to Work	N/A	10/1/13-9/30/14	50,228	(16,042)		27,972	(11,838)	\$ 69	\$ (69)			\$ 92	37,629
Youth Transitions to Work	N/A	10/1/12-9/30/13	54,294		\$ 1,417						(1,417)		44,293
<b>Total NJ Department of Labor and Workforce Development</b>				<b>(19,362)</b>	<b>1,417</b>	<b>45,797</b>	<b>(30,831)</b>	<b>69</b>	<b>(1,486)</b>		<b>(4,488)</b>	<b>(4,488)</b>	<b>115,401</b>
<b>Total State Awards</b>				<b>\$ (152,108)</b>	<b>\$ 1,417</b>	<b>\$ 1,780,749</b>	<b>\$ (1,785,317)</b>	<b>\$ 69</b>	<b>\$ (1,486)</b>	<b>\$ (48,165)</b>	<b>\$ (156,768)</b>	<b>\$ 92</b>	<b>\$ 3,582,294</b>

N/A - Not Available

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

NOTE 1. BASIS OF PRESENTATION

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund, special revenue fund and 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 (\$1,632) for the General Fund and \$795 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 \$615,575 or the \$387,763 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		\$ 2,737,833	\$ 2,737,833
Special Revenue Fund	\$ 1,391,840	48,285	1,440,125
Enterprise Funds (Food Service Fund)	27,444	1,112	28,556
Total Federal and State Awards	<u>\$ 1,419,284</u>	<u>\$ 2,787,230</u>	<u>\$ 4,206,514</u>



MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(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, 2015. 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, 2015

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major federal and state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major Federal and State Program; Report on Internal Control Over Compliance Required by OMB Circular A-133 and New Jersey's OMB Circulars 04-04 and 15-08*.
- The auditor's report on compliance for its major federal and state award programs for the District expresses an unmodified opinion on all major federal and state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with Section 510(a) of Federal OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, or New Jersey's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*.
- The District's programs tested as major federal and state programs for the current fiscal year consisted of the following:

	<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>				
Carl D. Perkins Secondary	84.048	7/1/14-6/30/15	\$ 315,273	\$ 305,486
Carl D. Perkins Post Secondary	84.048	7/1/14-6/30/15	120,003	117,815
<u>State:</u>				
Reimbursed TPAF Social Security Contributions	14-495-034-5095-002	7/1/14-6/30/15	523,508	523,508

- The District was determined to be a "low-risk" auditee for both state and federal programs.
- The threshold used for distinguishing between Type A and B federal and state programs was \$300,000.
- The single audit thresholds identified in Federal OMB Circular A-133 and New Jersey's OMB Circulars 04-04 and 15-08 were \$500,000.

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.

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

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

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

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

Status of Prior Year Findings:

There were no prior year audit findings.