

**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, 2016**

**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, 2016**

**Prepared by**

**Morris County Vocational School District  
Business Office**

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2016

INTRODUCTORY SECTION (UNAUDITED)

|                                |     |
|--------------------------------|-----|
| Letter of Transmittal .....    | 1-3 |
| Organizational Chart.....      | 4   |
| Roster of Officials.....       | 5   |
| Consultants and Advisors ..... | 6   |

FINANCIAL SECTION .....

|  |       |
|--|-------|
| Independent Auditors' Report .....   | 8-10  |
| Required Supplementary Information .....   | 11    |
| Management's Discussion and Analysis (Unaudited).....  | 12-20 |
| Basic Financial Statements (Sections A. and B.).....   | 21    |
| A. District-Wide Financial Statements .....  | 22    |
| A-1 Statement of Net Position.....   | 23    |
| A-2 Statement of Activities .....  | 24-25 |
| B. Fund Financial Statements .....   | 26    |
| B-1 Balance Sheet – Governmental Funds.....  | 27    |
| B-2 Statement of Revenue, Expenditures and Changes in Fund Balance –<br>Governmental Funds .....   | 28    |
| B-3 Reconciliation of the Statement of Revenue, Expenditures and Changes in<br>Fund Balances of Governmental Funds to the Statement of Activities..... | 29    |
| B-4 Statement of Net Position – Proprietary Funds .....  | 30-31 |
| B-5 Statement of Revenue, Expenses and Changes in Net<br>Position – Proprietary Funds .....  | 32    |
| B-6 Statement of Cash Flows – Proprietary Funds .....  | 33-34 |
| B-7 Statement of Fiduciary Net Position – Fiduciary Funds.....   | 35    |
| B-8 Statement of Changes in Fiduciary Net Position – Fiduciary Funds.....  | 36    |
| Notes to the Basic Financial Statements .....  | 37-65 |

Required Supplementary Information (Unaudited)

|   |       |
|---|-------|
| L. Schedules Related to Accounting and Reporting for Pensions (GASB 68) (Unaudited).....  | 66    |
| L-1 Schedule of District's Proportionate Share of the Net Pension Liability –<br>Public Employees Retirement System .....                           | 66    |
| L-2 Schedule of District Contributions – Public Employees Retirement System.....  | 67    |
| L-3 Schedule of State's Proportionate Share of the Net Pension Liability Associated with<br>The District – Teachers' Pension and Annuity Fund ..... | 68    |
| L-4 Schedule of State Contributions – Teachers' Pension and Annuity Fund.....   | 69    |
| Notes to Required Supplementary Information.....  | 70    |
| C. Budgetary Comparison Schedules (Unaudited) .....   | 71    |
| C-1 Budgetary Comparison Schedule – General Fund .....  | 72-82 |
| C-2 Budgetary Comparison Schedule – Special Revenue Fund .....  | 83    |
| C-3 Notes to Required Supplementary Information - Budgetary Comparison Schedule .....   | 84-85 |

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

FINANCIAL SECTION (Cont'd)

Supplementary Schedules (Sections D. to I.)

D. School Level Schedules (Not Applicable)

|   |         |
|---|---------|
| E. Special Revenue Fund.....  | 86      |
| E-1 Combining Schedule of Program Revenue and Expenditures - Special Revenue<br>Fund – Budgetary Basis .....  | 87-89   |
| E-2 Preschool Education Aid Schedule of Expenditures – Budgetary Basis (Not Applicable)   |         |
| F. Capital Projects Fund .....  | 90      |
| F-1 Summary Schedule of Revenue, Expenditures and Changes in Fund Balance – Budgetary<br>Basis .....  | 91      |
| F-1A Schedule of Project Revenue, Expenditures, Project Balance and Project – Budgetary<br>Basis – Various Improvements/Renovations to School District..... | 92      |
| F-1B Schedule of Project Revenue, Expenditures, Project Balance and Project – Budgetary<br>Basis – Various Improvements/Renovations to School District..... | 93      |
| F-1C Schedule of Project Revenue, Expenditures, Project Balance and Project – Budgetary<br>Basis – Various Improvements/Renovations to School District..... | 94      |
| F-1D Schedule of Project Revenue, Expenditures, Project Balance and Project – Budgetary<br>Basis – HVAC and Ventilating Deck Unit Replacements .....        | 95      |
| G. Proprietary Funds (Enterprise Funds) .....   | 96      |
| G-1 Combining Statement of Net Position.....  | 97-98   |
| G-2 Combining Statement of Revenue, Expenses and Changes in Net Position .....  | 99-100  |
| G-3 Combining Statement of Cash Flows .....   | 101-102 |
| H. Fiduciary Funds.....   | 103     |
| H-1 Combining Statement of Net Position.....  | 104     |
| H-2 Statement of Changes in Net Position.....   | 105     |
| H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements .....   | 106     |
| H-4 Payroll Agency Fund Schedule of Receipts and Disbursements.....   | 107     |
| I. Long-Term Debt.....  | 108     |
| I-1 Schedule of Obligations Under Capital Leases .....  | 109     |

STATISTICAL SECTION

|  |         |
|--|---------|
| J. Statistical Section (Unaudited).....                                | 110     |
| J-1 Net Position by Component.....                                     | 111     |
| J-2 Changes in Net Position .....                                      | 112-113 |
| J-3 Fund Balances - Governmental Funds .....                           | 114     |
| J-4 Changes in Fund Balances - Governmental Funds.....                 | 115-116 |
| J-5 General Fund Other Local Revenue by Source.....                    | 117     |
| J-6 Assessed Value and Actual Value of Taxable Property .....          | 118     |
| J-7 Direct and Overlapping Property Tax Rates (Not Applicable)         |         |
| J-8 Principal Property Taxpayers, Current Year and Nine Years Ago..... | 119     |
| J-9 Property Tax Levies and Collections .....                          | 120     |
| J-10 Ratios of Outstanding Debt by Type .....                          | 121     |

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

STATISTICAL SECTION (Cont'd)

J-11 Ratios of General Bonded Debt Outstanding (Not Applicable)  
J-12 Ratios of Overlapping Governmental Activities Debt (Not Applicable)  
J-13 Legal Debt Margin Information (Not Applicable)  
J-14 Demographic and Economic Statistics ..... 122  
J-15 Principal Employers, Current Year and Eight Years Ago..... 123  
J-16 Full-time Equivalent District Employees by Function/Program ..... 124  
J-17 Operating Statistics..... 125  
J-18 School Building Information ..... 126  
J-19 Schedule of Required Maintenance..... 127  
J-20 Insurance Schedule..... 128-130

K. SINGLE AUDIT SECTION ..... 131

K-1 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* ..... 132-133  
K-2 Independent Auditors' Report on Compliance For Each Major Federal and State  
Program and on Internal Control over Compliance ..... 134-135  
K-3 Schedule of Expenditures of Federal Awards ..... 136-137  
K-4 Schedule of Expenditures of State Awards ..... 138-139  
K-5 Notes to the Schedules of Expenditures of Federal and State Awards..... 140-141  
K-6 Schedule of Findings and Questioned Costs ..... 142-143  
K-7 Summary Schedule of Prior Audit Findings ..... 144

INTRODUCTORY SECTION



## MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT

400 East Main Street Denville, NJ 07834-2592

973-627-4600

October 23, 2016

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, 2016 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 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.

Thirty-three (33) high schools from ninety-five (95) communities and five counties send students shared-time (half time) and full-time to the County Vocational School.

The Honorable President and  
 Members of the Board of Education  
 Morris County Vocational School District  
 October 23, 2016

Three (3) full time postsecondary programs are offered during the day, twilight and evenings. In addition to the secondary programs and full time postsecondary courses, the District offers over 29 part time Adult Evening classes where enrollment averages around 495 students per semester.

The District completed the 2015-16 school year with a full time equivalent enrollment of 996 students. The District's secondary enrollment increased at a rate of 2% 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 share-time program, Engineering, Design and Advanced Manufacturing (EDAM), for the 2015-2016 school year in collaboration with the County College of Morris due to the receipt of a \$353,807 competitive grant.
- b. Receipt of a competitive County Vocational Partnership Grant of \$445,325 to develop and fund a new full-time Academy for Environmental Studies for 2016-2017 in collaboration with the Jefferson Township School District and Kean University.
- c. Receipt of a second competitive New Jersey Achievement Coaches grant of \$64,720 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 \$2.1 million of capital projects funded by the County of Morris including but not limited to replacement of exterior stucco façade, refurbishment and painting of exterior metal trim, replacement of water main plumbing, replacement of heating, ventilation and air-conditioning units and installation of a physical education challenge course.
- e. The district embarked upon and created a five year 3D Strategic Plan.

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.

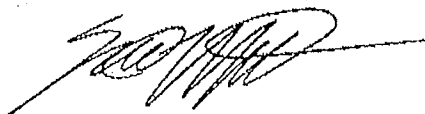


The Honorable President and  
 Members of the Board of Education  
 Morris County Vocational School District  
 October 23, 2016


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, 2016.

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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 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.

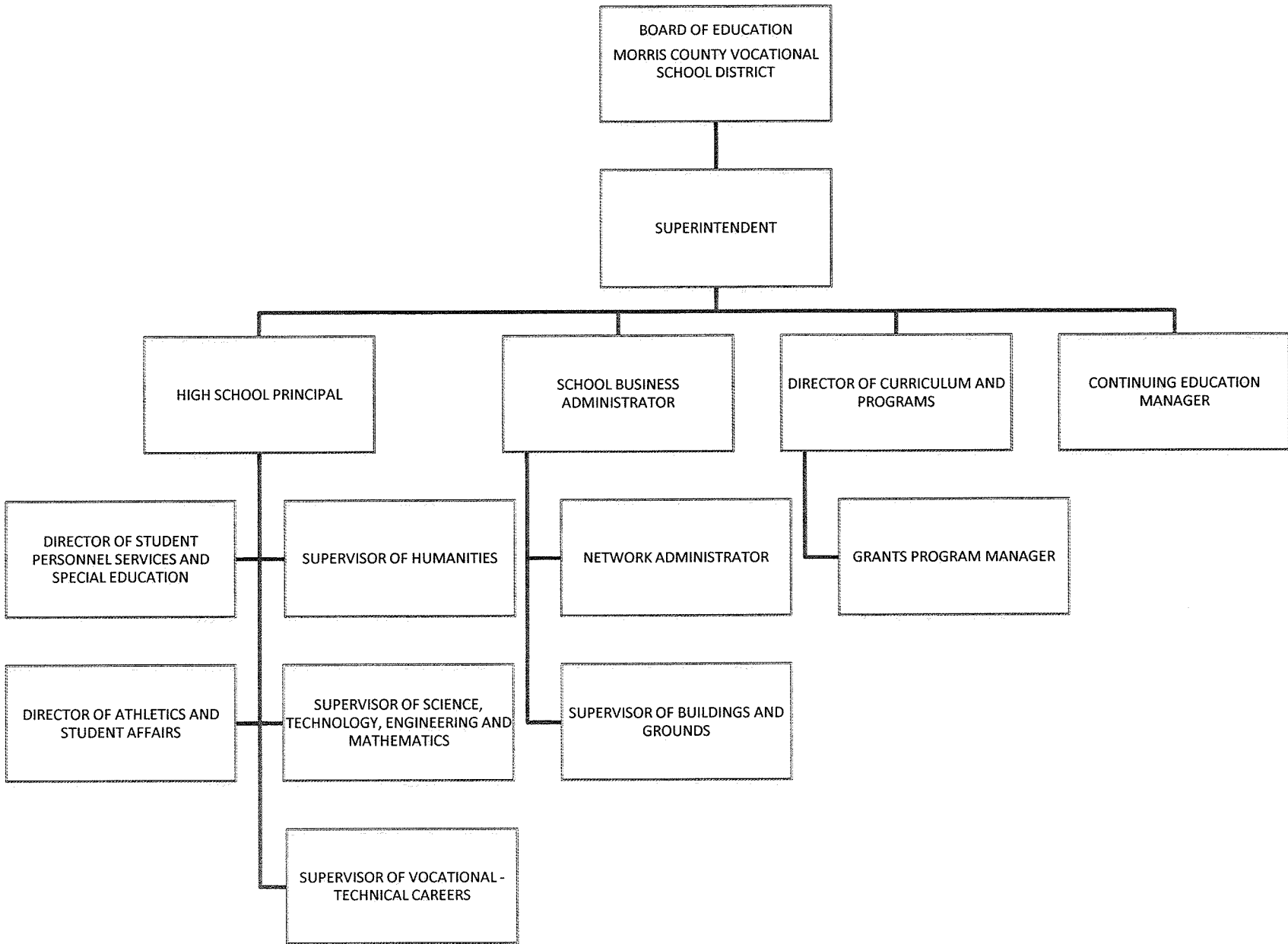
Respectfully submitted,



Scott Moffitt  
 Superintendent



Susan Young  
 Business Administrator/Board Secretary



Board Adopted: November 2, 2015

**MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
 ROSTER OF OFFICIALS  
 JUNE 30, 2016**

| <u>Members of the Board of Education</u> | <u>Title</u>                                     | <u>Term Expires</u> |
|--|--|---------------------|
| Barbara Dawson                           | President  | 2019                |
| Lawrence J. Colasurdo                    | Vice President                                   | 2016                |
| Mary Dougherty                           | Member   | 2018                |
| John P. Hyland                           | Member   | 2017                |
| Roger A. Jinks, Sr.                      | Member (Interim Executive County Superintendent) | N/A                 |

Other Officers

|                    |  |
|--------------------|--|
| Scott Moffitt      | Superintendent of Schools              |
| Susan Young        | Board Secretary/Business Administrator |
| Alexandra Albert   | 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, 2016, 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  
Page 2

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Morris County Vocational School District, in the County of Morris, as of June 30, 2016, 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.

### *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 pension schedules in Exhibits L-1 through L-4 and the related notes 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 and the schedule of expenditures of federal and state awards required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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 October 23, 2016 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.

October 23, 2016  
Mount Arlington, New Jersey

  
NISIVOCCIA LLP



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



**REQUIRED SUPPLEMENTARY INFORMATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Management’s Discussion and Analysis  
(Unaudited)**

This section of Morris County Vocational School District’s annual financial report presents its discussion and analysis of the District’s financial performance during the fiscal year ending June 30, 2016. 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 \$24.29 million.
- Overall expenses were \$23.86 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**

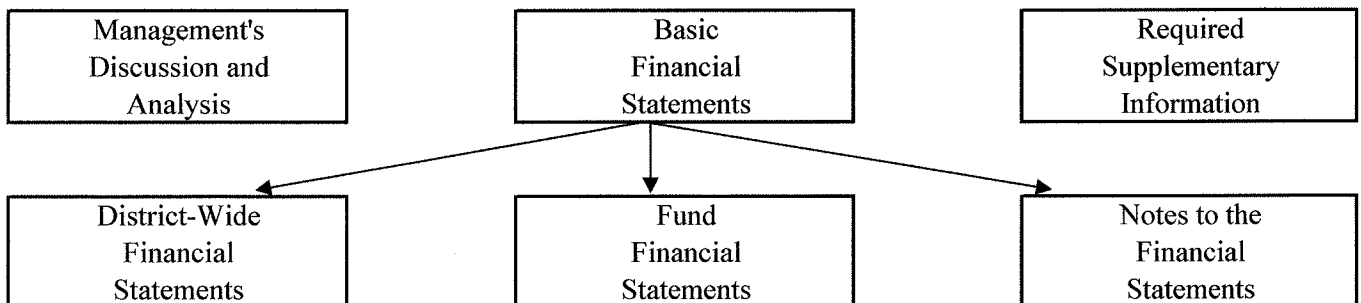


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents 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: Supermarket, Food Service, 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 \$410,299. Net position from governmental activities increased by \$478,052 and net position from business-type activities decreased by \$67,753. Net investment in capital assets increased by \$904,042, restricted net position increased by \$355,497, and unrestricted net position decreased by \$849,240.

Figure A-3

#### Condensed Statement of Net Position

|                                     | Government Activities |                     | Business-Type Activities |                    | Total School District |                     | Total<br>Percentage<br>Change |
|-------------------------------------|-----------------------|---------------------|--------------------------|--------------------|-----------------------|---------------------|-------------------------------|
|                                     | 2014/15               | 2015/16             | 2014/15                  | 2015/16            | 2014/15               | 2015/16             |                               |
| Current and<br>Other Assets         | \$ 6,557,233          | \$ 6,040,531        | \$ 195,138               | \$ 146,387         | \$ 6,752,371          | \$ 6,186,918        | -8.37%                        |
| Capital Assets, Net                 | 20,505,611            | 21,389,246          | 66,569                   | 58,971             | 20,572,180            | 21,448,217          | 4.26%                         |
| Total Assets                        | <u>27,062,844</u>     | <u>27,429,777</u>   | <u>261,707</u>           | <u>205,358</u>     | <u>27,324,551</u>     | <u>27,635,135</u>   | 1.14%                         |
| Deferred Outflows<br>of Resources   | 193,439               | 1,359,118           | 12,347                   | 65,619             | 205,786               | 1,424,737           | 592.34%                       |
| Other Liabilities                   | 422,310               | 594,433             | 7,244                    | 6,100              | 429,554               | 600,533             | 39.80%                        |
| Long-Term<br>Liabilities            | 6,692,308             | 7,963,747           | 407,676                  | 498,325            | 7,099,984             | 8,462,072           | 19.18%                        |
| Total Liabilities                   | <u>7,114,618</u>      | <u>8,558,180</u>    | <u>414,920</u>           | <u>504,425</u>     | <u>7,529,538</u>      | <u>9,062,605</u>    | 20.36%                        |
| Deferred Inflows<br>of Resources    | 1,139,806             | 750,804             | 72,753                   | 47,924             | 1,212,559             | 798,728             | -34.13%                       |
| Net Position:                       |                       |                     |                          |                    |                       |                     |                               |
| Net Investment<br>in Capital Assets | 20,449,783            | 21,358,861          | 59,168                   | 54,132             | 20,508,951            | 21,412,993          | 4.41%                         |
| Restricted                          | 2,766,786             | 3,122,283           |                          |                    | 2,766,786             | 3,122,283           | 12.85%                        |
| Unrestricted/(Deficit)              | <u>(4,214,710)</u>    | <u>(5,001,233)</u>  | <u>(272,787)</u>         | <u>(335,504)</u>   | <u>(4,487,497)</u>    | <u>(5,336,737)</u>  | -18.92%                       |
| Total Net Position                  | <u>\$19,001,859</u>   | <u>\$19,479,911</u> | <u>\$(213,619)</u>       | <u>\$(281,372)</u> | <u>\$18,788,240</u>   | <u>\$19,198,539</u> | 2.18%                         |

*Changes in Net Position.* The District's combined net position was \$19,198,539 on June 30, 2016, \$410,299 or 2.18% more than the year before (see Figure A-3). Net Investment in Capital Assets increased due to current year capital assets additions of 1,519,838 and a net decrease of \$28,005 in capital leases payable; offset by current year depreciation expense of \$643,232 and capital assets disposals of \$569. Restricted net position increased primarily due to a board approved deposit of \$236,904 into the Capital Reserve and an increase in excess surplus of \$114,432. Unrestricted net position decreased primarily due to a \$62,717 decrease in business-type activities unrestricted net position, a decrease in funds committed to capital projects of \$564,299, \$171,830 in funds assigned for General Fund encumbrances and an increase in net pension liability of \$1,295,508; offset by a decrease in investment gains in pensions of \$246,866, an increase in the difference between expected and actual pension experience of \$177,662, an increase in changes in pension assumptions of \$606,319 and a decrease in changes in proportion in pensions of \$192,749.

Figure A-4

## Changes in Net Position from Operating Results

|   | Governmental<br>Activities<br>2014/15 | Governmental<br>Activities<br>2015/16 | Business-<br>Type<br>Activities<br>2014/15 | Business-<br>Type<br>Activities<br>2015/16 | Total School<br>District<br>2014/15 | Total School<br>District<br>2015/16 | Percentage<br>Change |
|---|---------------------------------------|---------------------------------------|--|--|-------------------------------------|-------------------------------------|----------------------|
| Revenue:                                |                                       |                                       |  |  |                                     |                                     |                      |
| Program Revenue:                        |                                       |                                       |  |  |                                     |                                     |                      |
| Charges for Services                    | \$ 9,950,842                          | \$ 9,529,694                          | \$ 845,773                                 | \$ 831,756                                 | \$ 10,796,615                       | \$ 10,361,450                       | -4.03%               |
| Operating Grants<br>and Contributions   | 5,097,290                             | 6,121,970                             | 28,556                                     | 29,977                                     | 5,125,846                           | 6,151,947                           | 20.02%               |
| General Revenue:                        |                                       |                                       |  |  |                                     |                                     |                      |
| County Tax Levy                         | 6,351,286                             | 6,351,286                             |  |  | 6,351,286                           | 6,351,286                           | 0.00%                |
| State and Federal Aid<br>not Restricted | 720,276                               | 718,955                               |  |  | 720,276                             | 718,955                             | -0.18%               |
| County Improvement<br>Authorizations    | 2,061,000                             | 601,000                               |  |  | 2,061,000                           | 601,000                             | -70.84%              |
| Other                                   | 76,253                                | 109,436                               |  |  | 76,253                              | 109,436                             | 43.52%               |
| Total Revenue                           | <u>24,256,947</u>                     | <u>23,432,341</u>                     | <u>874,329</u>                             | <u>861,733</u>                             | <u>25,131,276</u>                   | <u>24,294,074</u>                   | -3.33%               |
| Expenses:                               |                                       |                                       |  |  |                                     |                                     |                      |
| Instruction                             | 11,784,382                            | 12,605,182                            |  |  | 11,784,382                          | 12,605,182                          | 6.97%                |
| Pupil and Instruction<br>Services       | 2,919,317                             | 3,411,993                             |  |  | 2,919,317                           | 3,411,993                           | 16.88%               |
| Administrative and<br>Business          | 2,690,409                             | 2,940,964                             |  |  | 2,690,409                           | 2,940,964                           | 9.31%                |
| Maintenance and<br>Operations           | 2,162,383                             | 1,982,571                             |  |  | 2,162,383                           | 1,982,571                           | -8.32%               |
| Pupil Transportation                    | 151,617                               | 163,287                               |  |  | 151,617                             | 163,287                             | 7.70%                |
| Special Schools                         | 1,238,950                             | 1,384,644                             |  |  | 1,238,950                           | 1,384,644                           | 11.76%               |
| Capital Outlay                          | 62,289                                | 57,548                                |  |  | 62,289                              | 57,548                              | -7.61%               |
| Other                                   | 476,167                               | 479,204                               | 792,832                                    | 835,537                                    | 1,268,999                           | 1,314,741                           | 3.60%                |
| Total Expenses                          | <u>21,485,514</u>                     | <u>23,025,393</u>                     | <u>792,832</u>                             | <u>835,537</u>                             | <u>22,278,346</u>                   | <u>23,860,930</u>                   | 7.10%                |
| Other Items:                            |                                       |                                       |  |  |                                     |                                     |                      |
| Capital Contributions                   | (3,258)                               |                                       | 3,258                                      |  |                                     |                                     | 0.00%                |
| Other                                   |                                       | (23,694)                              |  |  |                                     | (23,694)                            | -100.00%             |
| Transfers                               | (16,761)                              | 94,798                                | 17,000                                     | (93,949)                                   | 239                                 | 849                                 | 255.23%              |
| Increase/(Decrease)<br>in Net Position  | <u>\$ 2,751,414</u>                   | <u>\$ 478,052</u>                     | <u>\$ 101,755</u>                          | <u>\$ (67,753)</u>                         | <u>\$ 2,853,169</u>                 | <u>\$ 410,299</u>                   | <u>-85.62%</u>       |

*Revenue Sources.* The District's total revenue for the 2015/16 school year was \$24,294,074. (See Figure A-4). The County tax levy of \$6,351,286 accounted for a substantial portion of the District's revenue, or 26.14 percent, along with 42.65% from charges for services. (See Figure A-5). Another 28.28 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 2016**

|                                      | <u>Amount</u>        | <u>Percentage</u> |
|--------------------------------------|----------------------|-------------------|
| Sources of Income:                   |                      |                   |
| State and Federal Aid Not Restricted | \$ 718,955           | 2.96%             |
| County Tax Levy                      | 6,351,286            | 26.14%            |
| Operating Grants and Contributions   | 6,151,947            | 25.32%            |
| Charges for Services                 | 10,361,450           | 42.65%            |
| County Improvement Authorizations    | 601,000              | 2.48%             |
| Other                                | 109,436              | 0.45%             |
|                                      | <u>\$ 24,294,074</u> | <u>100.00%</u>    |

The total cost of all programs and services was \$23,860,930. The District's expenses are predominantly related to instructing, caring for students (pupil services) and special schools (74.36 percent). (See Figure A-6). The District's administrative and business activities accounted for 12.67 percent of total costs.

**Figure A-6****Expenses for Fiscal Year 2016**

| Expense Category:              | <u>Amount</u>        | <u>Percentage</u> |
|--------------------------------|----------------------|-------------------|
| Instruction                    | \$ 12,915,903        | 54.13%            |
| Pupil and Instruction Services | 3,416,421            | 14.32%            |
| Administrative and Business    | 3,023,339            | 12.67%            |
| Maintenance and Operations     | 2,025,996            | 8.49%             |
| Pupil Transportation           | 177,197              | 0.74%             |
| Special Schools                | 1,408,989            | 5.91%             |
| Capital Outlay                 | 57,548               | 0.24%             |
| Other                          | 835,537              | 3.50%             |
|                                | <u>\$ 23,860,930</u> | <u>100.00%</u>    |

***Governmental Activities***

The net position of the governmental activities increased due to several factors. The most significant factor in the positive net change in Fund Balance was the reclassification of \$1.5 million of capital outlay expenditures in the governmental funds as assets with their related depreciation expense. The change was also assisted by the receipt of \$601,000 of capital project funding from the County of Morris for the replacement of numerous HVAC deck units. Overall general fund revenues were close to budget but lower than prior year due to certified tuition refunds and a reduction in the 2015-2016 secondary tuition rates. On the expenditure side, utility expenses generated almost \$192K of surplus due to participation in an energy cooperative and curtailment programs, installation of new boilers, HVAC rooftop units and LED lighting. Additionally, salary breakage surplus in excess of \$182,000 was generated due to the retirement of several senior instructional and support personnel. In general, the District was able to replenish its capital reserve account by \$237K 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 2017-2018 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<br>Services                  | Total Cost of<br>Services | Net Cost of<br>Services | Net Cost of<br>Services |
|                                | 2014/15                                    | 2015/16                   | 2014/15                 | 2015/16                 |
| Instruction                    | \$ 12,093,134                              | \$ 12,915,903             | \$ 3,341,032            | \$ 3,726,229            |
| Pupil and Instruction Services | 2,923,717                                  | 3,416,421                 | 354,535                 | 510,542                 |
| Administrative and Business    | 2,772,262                                  | 3,023,339                 | 1,048,245               | 1,286,239               |
| Maintenance and Operations     | 2,205,533                                  | 2,025,996                 | 1,006,542               | 1,130,442               |
| Pupil Transportation           | 165,439                                    | 177,197                   | 82,395                  | 98,870                  |
| Special Schools                | 1,263,140                                  | 1,408,989                 | 542,344                 | 563,859                 |
| Capital Outlay                 | 62,289                                     | 57,548                    | 62,289                  | 57,548                  |
|                                | <u>\$ 21,485,514</u>                       | <u>\$ 23,025,393</u>      | <u>\$ 6,437,382</u>     | <u>\$ 7,373,729</u>     |

- The cost of all governmental activities this year was \$23.03 million.
- The federal and state governments subsidized certain programs with grants and contributions (\$6.12 million).
- A portion of governmental activities was financed with \$0.72 million in state aid based on the SFRA formula.
- Approximately 27% of the District's costs (\$6.35 million) were financed with the County tax levy.
- The County of Morris authorized funding of \$601,000 for capital improvements at the District.
- The remainder of the funding came from charges for services (including tuition) and miscellaneous revenue (\$9.64 million).

### **Business-Type Activities**

Net position from the District's business-type activities decreased overall by \$67,753. (Refer to Figure A-4). The most significant factors contributing to these results were:

- The District discontinued the ETTC (Educational Technology Training Center) and Food Function Funds' operations and transferred the residual equity of \$71,679 and \$22,477, respectively, to the General Fund.
- Adult Education Enterprise Fund's net position increased marginally by \$16,486, mainly due to increases in personnel costs while revenues remained level. Rates of pay were increased 6%, the first increase since 2011-2012.
- Internet Consortium Fund's net position increased by \$10,559 primarily due to the decrease in operating expenses related to a reduction in internet bandwidth charges achieved after the budget was created.

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

The District's overall net position improved year over year by \$.4 million with \$.9 million due to capital outlay financial statement restatement from budgetary accounting to GAAP. Conversely, compared to 2014-2015 general fund budgetary results the district recognized \$.4 million less in revenue in 2015-2016 which was offset by previously mentioned expenditure savings of \$.7 million compared to the prior year. While this resulted in a \$.2 million excess of revenues over expenditures from the general fund it was significantly decreased from the \$1million from the prior year. Additionally, the County capital project funding has recently been reduced from \$2.1 million for calendar year 2015 to \$.6 million for calendar year 2016 and may continue to be variable from year to year. 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<br>Percentage<br>Change |
|--|--------------------------------------|---------------|--------------------------|-----------|-----------------------|---------------|-------------------------------|
|  | Government Activities                |               | Business-Type Activities |           | Total School District |               |                               |
|  | 2014/15                              | 2015/16       | 2014/15                  | 2015/16   | 2014/15               | 2015/16       |                               |
| Sites and Site<br>Improvements         | \$ 314,712                           | \$ 313,897    |                          |           | \$ 314,712            | \$ 313,897    | -0.26%                        |
| Construction in<br>Progress            | 2,825,258                            | 3,966,862     |                          |           | 2,825,258             | 3,966,862     | 40.41%                        |
| Buildings and<br>Building Improvements | 16,597,535                           | 16,270,967    |                          |           | 16,597,535            | 16,270,967    | -1.97%                        |
| Furniture, Machinery<br>and Equipment  | 768,106                              | 837,520       | \$ 66,569                | \$ 58,971 | 834,675               | 896,491       | 7.41%                         |
| Total                                  | \$ 20,505,611                        | \$ 21,389,246 | \$ 66,569                | \$ 58,971 | \$ 20,572,180         | \$ 21,448,217 | 4.26%                         |

### Long-term Liabilities

At year-end, the District had \$8,462,072 of long term liabilities – an increase of \$1,362,088 from last year – as shown in Figure A-9. This decrease was a result of a net increase in compensated absences of \$11,893 and a net increase of \$1,378,200 in net pension liability, offset by a net decrease in capital leases payable of \$28,005. 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 Liabilities

|                             | Total School District |              | Total<br>Percentage<br>Change |
|-----------------------------|-----------------------|--------------|-------------------------------|
|                             | 2014/15               | 2015/16      |                               |
| Other Long-Term Liabilities | \$ 555,747            | \$ 539,635   | -2.90%                        |
| Net Pension Liability       | 6,544,237             | 7,922,437    | 21.06%                        |
|                             | \$ 7,099,984          | \$ 8,462,072 | 19.18%                        |

### 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 are at the capacity of the physical plant. However, plans to increase programs and enrollment are being pursued 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.
- 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 start up initiatives however they will not provide year over year funding streams.
- Admission applications for full time academies continue to far exceed available seats. Predictability of share- 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, 2016

|  | Governmental<br>Activities | Business-type<br>Activities | Total                |
|--|----------------------------|-----------------------------|----------------------|
| <u>ASSETS</u>  |                            |                             |                      |
| Cash and Cash Equivalents  | \$ 1,786,277               | \$ 139,159                  | \$ 1,925,436         |
| Interfund Receivable   | 10,730                     |                             | 10,730               |
| Receivables from State Government  | 47,038                     | 83                          | 47,121               |
| Receivables from Federal Government  | 271,398                    | 1,602                       | 273,000              |
| Receivables from Other Governments   | 1,988,621                  |                             | 1,988,621            |
| Other Receivables  | 20,848                     | 192                         | 21,040               |
| Inventories  |                            | 5,351                       | 5,351                |
| Restricted Assets:   |                            |                             |                      |
| Capital Reserve Account - Cash and Cash Equivalents  | 1,915,619                  |                             | 1,915,619            |
| Capital Assets, Net:   |                            |                             |                      |
| Sites (Land) and Construction in Progress  | 4,275,462                  |                             | 4,275,462            |
| Depreciable Site Improvements, Buildings and<br>Building Improvements and Furniture, Machinery and<br>Equipment                        | 17,113,784                 | 58,971                      | 17,172,755           |
| Total Assets   | <u>27,429,777</u>          | <u>205,358</u>              | <u>27,635,135</u>    |
| <u>DEFERRED OUTFLOWS OF RESOURCES:</u>   |                            |                             |                      |
| Changes in Assumptions - Pensions  | 799,758                    | 51,048                      | 850,806              |
| Changes in Proportion - Pensions   | 50,613                     | 3,231                       | 53,844               |
| Difference Between Expected and Actual Experience - Pensions<br>District Contribution Subsequent to the Measurement<br>Date - Pensions | 177,662                    | 11,340                      | 189,002              |
|  | 331,085                    |                             | 331,085              |
| Total Deferred Outflows of Resources   | <u>1,359,118</u>           | <u>65,619</u>               | <u>1,424,737</u>     |
| <u>LIABILITIES</u>   |                            |                             |                      |
| Accounts Payable   | 574,369                    | 2,615                       | 576,984              |
| Payable to Federal Government  | 216                        |                             | 216                  |
| Unearned Revenue   | 19,848                     | 3,485                       | 23,333               |
| Non-Current Liabilities:   |                            |                             |                      |
| Due Within One Year  | 16,429                     | 2,616                       | 19,045               |
| Due Beyond One Year  | 7,947,318                  | 495,709                     | 8,443,027            |
| Total Liabilities  | <u>8,558,180</u>           | <u>504,425</u>              | <u>9,062,605</u>     |
| <u>DEFERRED INFLOWS OF RESOURCES</u>   |                            |                             |                      |
| Investment Gains - Pensions  | 119,735                    | 7,643                       | 127,378              |
| Changes in Proportion - Pensions   | 631,069                    | 40,281                      | 671,350              |
| Total Deferred Inflows of Resources  | <u>750,804</u>             | <u>47,924</u>               | <u>798,728</u>       |
| <u>NET POSITION</u>  |                            |                             |                      |
| Net Investment in Capital Assets   | 21,358,861                 | 54,132                      | 21,412,993           |
| Restricted for:  |                            |                             |                      |
| Capital Projects   | 1,915,619                  |                             | 1,915,619            |
| Excess Surplus   | 1,206,664                  |                             | 1,206,664            |
| Unrestricted/(Deficit)   | (5,001,233)                | (335,504)                   | (5,336,737)          |
| Total Net Position   | <u>\$ 19,479,911</u>       | <u>\$ (281,372)</u>         | <u>\$ 19,198,539</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, 2016

| Functions/Programs                       | Expenses      | Program Revenues        |  | Net (Expense) Revenue and<br>Changes in Net Position |                             |                |
|--|---------------|-------------------------|--|--|-----------------------------|----------------|
|  |               | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Governmental<br>Activities                           | Business-type<br>Activities | Total          |
| Governmental Activities:                 |               |                         |  |  |                             |                |
| Instruction:                             |               |                         |  |  |                             |                |
| Regular                                  | \$ 6,756,299  | \$ 2,986,497            | \$ 1,438,065                             | \$ (2,331,737)                                       |                             | \$ (2,331,737) |
| Special                                  | 680,667       | 300,876                 | 704,672                                  | 324,881  |                             | 324,881        |
| Vocational Education                     | 5,065,655     | 2,239,179               | 1,337,701                                | (1,488,775)  |                             | (1,488,775)    |
| Other Instruction                        | 413,282       | 182,684                 |  | (230,598)  |                             | (230,598)      |
| Support Services:                        |               |                         |  |  |                             |                |
| Student and Instruction Related Services | 3,416,421     | 1,510,166               | 1,395,713                                | (510,542)  |                             | (510,542)      |
| General Administrative Services          | 790,458       | 349,407                 | 104,036                                  | (337,015)  |                             | (337,015)      |
| School Administrative Services           | 1,135,391     | 501,879                 | 210,711                                  | (422,801)  |                             | (422,801)      |
| Central Services                         | 730,335       | 322,831                 | 85,942                                   | (321,562)  |                             | (321,562)      |
| Administrative Information Technology    | 367,155       | 162,294                 |  | (204,861)  |                             | (204,861)      |
| Plant Operations and Maintenance         | 2,025,996     | 895,554                 |  | (1,130,442)  |                             | (1,130,442)    |
| Pupil Transportation                     | 177,197       | 78,327                  |  | (98,870)   |                             | (98,870)       |
| Special Schools                          | 1,408,989     |                         | 845,130                                  | (563,859)  |                             | (563,859)      |
| Capital Outlay                           | 57,548        |                         |  | (57,548)   |                             | (57,548)       |
| Total Governmental Activities            | 23,025,393    | 9,529,694               | 6,121,970                                | (7,373,729)  |                             | (7,373,729)    |
| Business-Type Activities:                |               |                         |  |  |                             |                |
| Supermarket Account                      | 10,840        | 11,126                  |  |  | \$ 286                      | 286            |
| Internet Consortium                      | 40,399        | 50,958                  |  |  | 10,559                      | 10,559         |
| Adult Education                          | 627,146       | 643,632                 |  |  | 16,486                      | 16,486         |
| Cosmetology                              | 1,793         | 1,225                   |  |  | (568)                       | (568)          |
| Food Service                             | 155,359       | 124,815                 | 29,977                                   |  | (567)                       | (567)          |
| Total Business-Type Activities           | 835,537       | 831,756                 | 29,977                                   |  | 26,196                      | 26,196         |
| Total Primary Government                 | \$ 23,860,930 | \$ 831,756              | \$ 6,151,947                             | (7,373,729)  | 26,196                      | (7,347,533)    |

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

|  | Net (Expense) Revenue and<br>Changes in Net Position |                             |                      |
|--|--|-----------------------------|----------------------|
|  | Governmental<br>Activities                           | Business-type<br>Activities | Total                |
| General Revenues, Transfers and Other Items:                       |  |                             |                      |
| General Revenues:  |  |                             |                      |
| County Tax Levy  | \$ 6,351,286   |                             | \$ 6,351,286         |
| Federal and State Aid not Restricted                               | 718,955  |                             | 718,955              |
| Interest Earnings  | 11,714   |                             | 11,714               |
| Miscellaneous Income   | 97,722   |                             | 97,722               |
| County Improvement Authorization                                   | 601,000  |                             | 601,000              |
| Transfers  | 94,798   | \$ (93,949)                 | 849                  |
| Other Item:  |  |                             |                      |
| Cancellation of Prior Year's Intergovernmental Accounts Receivable | (23,694)   |                             | (23,694)             |
| Total General Revenues, Transfers and Other Items                  | <u>7,851,781</u>                                     | <u>(93,949)</u>             | <u>7,757,832</u>     |
| Change in Net Position   | 478,052  | (67,753)                    | 410,299              |
| Net Position - Beginning   | <u>19,001,859</u>                                    | <u>(213,619)</u>            | <u>18,788,240</u>    |
| Net Position - Ending  | <u>\$ 19,479,911</u>                                 | <u>\$ (281,372)</u>         | <u>\$ 19,198,539</u> |

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

FUND FINANCIAL STATEMENTS



Exhibit B-1

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2016

|  | General<br>Fund     | Special<br>Revenue<br>Fund | Capital<br>Projects<br>Fund | Total<br>Governmental<br>Funds |
|--|---------------------|----------------------------|-----------------------------|--------------------------------|
| <b>ASSETS</b>                              |                     |                            |                             |                                |
| Cash and Cash Equivalents                  | \$ 1,699,988        |                            | \$ 86,289                   | \$ 1,786,277                   |
| Interfund Receivables:                     |                     |                            |                             |                                |
| Special Revenue Fund                       | 190,212             |                            |                             | 190,212                        |
| Fiduciary Fund - Flex Spending Trust Fund  | 10,730              |                            |                             | 10,730                         |
| Receivables From State Government          | 26,823              | \$ 20,215                  |                             | 47,038                         |
| Receivables From Federal Government        |                     | 271,398                    |                             | 271,398                        |
| Receivables From Other Governments         | 437,768             |                            | 1,550,853                   | 1,988,621                      |
| Other Accounts Receivables                 | 20,848              |                            |                             | 20,848                         |
| Restricted Cash and Cash Equivalents       | 1,915,619           |                            |                             | 1,915,619                      |
| <b>Total Assets</b>                        | <u>\$ 4,301,988</u> | <u>\$ 291,613</u>          | <u>\$ 1,637,142</u>         | <u>\$ 6,230,743</u>            |
| <b>LIABILITIES AND FUND BALANCES</b>       |                     |                            |                             |                                |
| <b>Liabilities:</b>                        |                     |                            |                             |                                |
| Interfund Payable - General Fund           |                     | \$ 190,212                 |                             | \$ 190,212                     |
| Accounts Payable                           | \$ 142,354          | 99,802                     | \$ 1,128                    | 243,284                        |
| Payable to Federal Government              |                     | 216                        |                             | 216                            |
| Unearned Revenue                           | 18,465              | 1,383                      |                             | 19,848                         |
| <b>Total Liabilities</b>                   | <u>160,819</u>      | <u>291,613</u>             | <u>1,128</u>                | <u>453,560</u>                 |
| <b>Fund Balances:</b>                      |                     |                            |                             |                                |
| <b>Restricted:</b>                         |                     |                            |                             |                                |
| Capital Reserve Account                    | 1,915,619           |                            |                             | 1,915,619                      |
| Excess Surplus for 2017-2018               | 500,000             |                            |                             | 500,000                        |
| Excess Surplus for 2016-2017               | 706,664             |                            |                             | 706,664                        |
| <b>Committed:</b>                          |                     |                            |                             |                                |
| Capital Projects Fund                      |                     |                            | 1,636,014                   | 1,636,014                      |
| <b>Assigned:</b>                           |                     |                            |                             |                                |
| Other Purposes                             | 108,958             |                            |                             | 108,958                        |
| Unassigned                                 | 909,928             |                            |                             | 909,928                        |
| <b>Total Fund Balances</b>                 | <u>4,141,169</u>    |                            | <u>1,636,014</u>            | <u>5,777,183</u>               |
| <b>Total Liabilities and Fund Balances</b> | <u>\$ 4,301,988</u> | <u>\$ 291,613</u>          | <u>\$ 1,637,142</u>         |                                |

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 \$31,984,431 and the Accumulated Depreciation is \$10,595,185.            | 21,389,246           |
| 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. | (7,963,747)          |
| 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   | 799,758              |
| Changes in Proportions - Pensions   | 50,613               |
| Difference Between Expected and Actual Experience - Pensions  | 177,662              |
| Investment Gains - Pensions   | (119,735)            |
| Changes in Proportions - Pensions   | (631,069)            |
| <b>Net Position of Governmental Activities</b>  | <u>\$ 19,479,911</u> |

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

Exhibit B-2

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

|  | General<br>Fund     | Special<br>Revenue<br>Fund | Capital<br>Projects<br>Fund | Total<br>Governmental<br>Funds |
|--|---------------------|----------------------------|-----------------------------|--------------------------------|
| <b>REVENUES:</b>   |                     |                            |                             |                                |
| <b>Local Sources:</b>  |                     |                            |                             |                                |
| County Tax Levy  | \$ 6,351,286        |                            |                             | \$ 6,351,286                   |
| Tuition from LEA's   | 9,037,355           |                            |                             | 9,037,355                      |
| Tuition from Individuals                                     | 492,339             |                            |                             | 492,339                        |
| Interest Earned on Capital Reserve Funds                     | 4,161               |                            |                             | 4,161                          |
| Unrestricted Miscellaneous Revenue                           | 105,275             | \$ 1,879                   |                             | 107,154                        |
| <b>Total - Local Sources</b>                                 | <b>15,990,416</b>   | <b>1,879</b>               |                             | <b>15,992,295</b>              |
| State Sources  | 2,970,304           | 102,188                    |                             | 3,072,492                      |
| Federal Sources  |                     | 1,546,750                  |                             | 1,546,750                      |
| <b>Total Revenues</b>  | <b>18,960,720</b>   | <b>1,650,817</b>           |                             | <b>20,611,537</b>              |
| <b>EXPENDITURES:</b>   |                     |                            |                             |                                |
| <b>Current:</b>  |                     |                            |                             |                                |
| <b>Instruction:</b>  |                     |                            |                             |                                |
| Regular Instruction  | 4,775,480           | 56,738                     |                             | 4,832,218                      |
| Special Education Instruction                                | 396,003             | 15,298                     |                             | 411,301                        |
| Vocational Education Instruction                             | 2,846,647           | 167,532                    |                             | 3,014,179                      |
| School-Sponsored/Other Instruction                           | 344,322             |                            |                             | 344,322                        |
| <b>Support Services and Undistributed Costs:</b>             |                     |                            |                             |                                |
| Student and Other Instruction Related Services               | 1,746,432           | 654,308                    |                             | 2,400,740                      |
| General Administration Services                              | 608,332             |                            |                             | 608,332                        |
| School Administration Services                               | 762,568             |                            |                             | 762,568                        |
| Central Services   | 513,617             |                            |                             | 513,617                        |
| Administrative Information Technology                        | 262,562             |                            |                             | 262,562                        |
| Plant Operations and Maintenance                             | 1,726,021           |                            |                             | 1,726,021                      |
| Student Transportation Services                              | 164,468             |                            |                             | 164,468                        |
| Unallocated Benefits   | 3,743,454           |                            |                             | 3,743,454                      |
| Capital Outlay   | 453,507             | 72,592                     | \$ 1,141,605                | 1,667,704                      |
| Special Schools  | 505,546             | 684,349                    |                             | 1,189,895                      |
| <b>Total Expenditures</b>                                    | <b>18,848,959</b>   | <b>1,650,817</b>           | <b>1,141,605</b>            | <b>21,641,381</b>              |
| <b>Excess/(Deficit) of Revenue Over/(Under) Expenditures</b> | <b>111,761</b>      |                            | <b>(1,141,605)</b>          | <b>(1,029,844)</b>             |
| <b>Other Financing Sources/(Uses):</b>                       |                     |                            |                             |                                |
| County Improvement Authorization                             |                     |                            | 601,000                     | 601,000                        |
| Transfer to Food Service Fund                                | (207)               |                            |                             | (207)                          |
| Transfer from ETTC Fund                                      | 71,679              |                            |                             | 71,679                         |
| Transfer from Food Function Fund                             | 22,477              |                            |                             | 22,477                         |
| Transfer from Flex Spending Trust Fund                       | 849                 |                            |                             | 849                            |
| County Improvement Authorization Receivable Cancelled        |                     |                            | (23,694)                    | (23,694)                       |
| <b>Total Other Financing Sources/(Uses)</b>                  | <b>94,798</b>       |                            | <b>577,306</b>              | <b>672,104</b>                 |
| <b>Net Change in Fund Balances</b>                           | <b>206,559</b>      |                            | <b>(564,299)</b>            | <b>(357,740)</b>               |
| <b>Fund Balance - July 1</b>                                 | <b>3,934,610</b>    |                            | <b>2,200,313</b>            | <b>6,134,923</b>               |
| <b>Fund Balance - June 30</b>                                | <b>\$ 4,141,169</b> | <b>\$ -0-</b>              | <b>\$ 1,636,014</b>         | <b>\$ 5,777,183</b>            |

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, 2016

|   |              |              |
|---|--------------|--------------|
| Total Net Change in Fund Balances - Governmental Funds (from B-2)   |              | \$ (357,740) |
| 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  | \$ (632,972) |              |
| Deletions, Net of Related Depreciation Expense  | (569)        |              |
| Capital Outlays   | 1,517,176    | 883,635      |
| 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.   |              |              |
|   |              | 25,443       |
| 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 (+). |              |              |
|   |              | (1,374)      |
| 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   |              | (1,295,508)  |
| Change in Deferred Outflows:  |              |              |
| Changes in Assumptions  | 606,319      |              |
| Changes in Proportion   | 50,613       |              |
| Difference Between Expected and Actual Experience   | 177,662      |              |
| Change in Deferred Inflows:   |              |              |
| Net Difference Between Projected and Actual Investment Earnings on Pension  |              |              |
| Plan Investments  | 246,866      |              |
| Changes in Proportion   | 142,136      |              |
| Change in Net Position of Governmental Activities (Exhibit A-2)   |              | \$ 478,052   |

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

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2016

|  | Business-Type Activities - Enterprise Funds |                               |                     |
|--|---|-------------------------------|---------------------|
|  | Non-Major<br>Funds                          | Major Fund<br>Adult Education | Total<br>Enterprise |
| <u>ASSETS:</u>   |   |                               |                     |
| Current Assets:  |   |                               |                     |
| Cash and Cash Equivalents                                      | \$ 39,455                                   | \$ 99,704                     | \$ 139,159          |
| Intergovernmental Accounts Receivable:                         |   |                               |                     |
| State  | 83  |                               | 83                  |
| Federal  | 1,602                                       |                               | 1,602               |
| Other Accounts Receivable                                      | 192   |                               | 192                 |
| Inventories  | 5,351                                       |                               | 5,351               |
| Total Current Assets   | <u>46,683</u>                               | <u>99,704</u>                 | <u>146,387</u>      |
| Non-Current Assets:  |   |                               |                     |
| Capital Assets   | 158,064                                     | 52,016                        | 210,080             |
| Less: Accumulated Depreciation                                 | <u>(129,390)</u>                            | <u>(21,719)</u>               | <u>(151,109)</u>    |
| Total Non-Current Assets                                       | <u>28,674</u>                               | <u>30,297</u>                 | <u>58,971</u>       |
| Total Assets   | <u>75,357</u>                               | <u>130,001</u>                | <u>205,358</u>      |
| <u>DEFERRED OUTFLOWS OF RESOURCES:</u>                         |   |                               |                     |
| Changes in Assumptions - Pensions                              |   | 51,048                        | 51,048              |
| Changes in Proportion - Pensions                               |   | 3,231                         | 3,231               |
| Difference Between Expected and Actual<br>Experience - Pension |   | <u>11,340</u>                 | <u>11,340</u>       |
| Total Deferred Outflows of Resources                           |   | <u>65,619</u>                 | <u>65,619</u>       |
| <u>LIABILITIES:</u>  |   |                               |                     |
| Current Liabilities:   |   |                               |                     |
| Accounts Payable   | 1,908                                       | 707                           | 2,615               |
| Unearned Revenue   | <u>3,485</u>                                |                               | <u>3,485</u>        |
| Total Current Liabilities                                      | <u>5,393</u>                                | <u>707</u>                    | <u>6,100</u>        |
| Non-Current Liabilities:                                       |   |                               |                     |
| Compensated Absences Payable                                   |   | 18,140                        | 18,140              |
| Capital Leases Payable:  |   |                               |                     |
| Due Within One Year  |   | 2,616                         | 2,616               |
| Due Beyond One Year  |   | 2,223                         | 2,223               |
| Net Pension Liability  |   | <u>475,346</u>                | <u>475,346</u>      |
| Total Non-Current Liabilities                                  |   | <u>498,325</u>                | <u>498,325</u>      |
| Total Liabilities  | <u>5,393</u>                                | <u>499,032</u>                | <u>504,425</u>      |

Exhibit B-4  
1 of 2

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2016

|                                       | Business-Type Activities - Enterprise Funds |                               |                     |
|---------------------------------------|---|-------------------------------|---------------------|
|                                       | Non-Major<br>Funds                          | Major Fund<br>Adult Education | Total<br>Enterprise |
| <u>DEFERRED INFLOWS OF RESOURCES:</u> |   |                               |                     |
| Investment Gains - Pensions           |   | \$ 7,643                      | \$ 7,643            |
| Changes in Proportion - Pensions      |   | 40,281                        | 40,281              |
| Total Deferred Inflows of Resources   |   | 47,924                        | 47,924              |
| <u>NET POSITION:</u>                  |   |                               |                     |
| Net Investment in Capital Assets      | \$ 28,674                                   | 25,458                        | 54,132              |
| Unrestricted/(Deficit)                | 41,290                                      | (376,794)                     | (335,504)           |
| Total Net Position/(Deficit)          | \$ 69,964                                   | \$ (351,336)                  | \$ (281,372)        |

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, 2016

|   | Business-Type Activities - Enterprise Funds |                               |                     |
|---|---|-------------------------------|---------------------|
|   | Non-Major<br>Funds                          | Major Fund<br>Adult Education | Total<br>Enterprise |
| Operating Revenue:                            |   |                               |                     |
| Daily Sales:                                  |   |                               |                     |
| Reimbursable Programs                         | \$ 67,063                                   |                               | \$ 67,063           |
| Non-Reimbursable Programs                     | 52,704                                      |                               | 52,704              |
| Charges for Services:                         |   |                               |                     |
| Program Fees                                  | 63,309                                      | \$ 643,632                    | 706,941             |
| Miscellaneous Revenue                         | 5,048                                       |                               | 5,048               |
| Total Operating Revenue                       | <u>188,124</u>                              | <u>643,632</u>                | <u>831,756</u>      |
| Operating Expenses:                           |   |                               |                     |
| Cost of Sales:                                |   |                               |                     |
| Reimbursable Programs                         | 42,579                                      |                               | 42,579              |
| Non-Reimbursable Programs                     | 29,589                                      |                               | 29,589              |
| Salaries                                      | 62,863                                      | 372,110                       | 434,973             |
| Employee Benefits                             | 12,157                                      | 64,696                        | 76,853              |
| Purchased Professional and Technical Services | 9,900                                       | 43,801                        | 53,701              |
| Other Purchased Services                      | 24,603                                      | 63,253                        | 87,856              |
| Supplies and Materials                        | 17,543                                      | 76,876                        | 94,419              |
| Miscellaneous Expense                         | 4,479                                       | 828                           | 5,307               |
| Depreciation Expense                          | 4,678                                       | 5,582                         | 10,260              |
| Total Operating Expenses                      | <u>208,391</u>                              | <u>627,146</u>                | <u>835,537</u>      |
| Operating Income/(Loss)                       | <u>(20,267)</u>                             | <u>16,486</u>                 | <u>(3,781)</u>      |
| Non-Operating Income:                         |   |                               |                     |
| State Sources:                                |   |                               |                     |
| State School Lunch Program                    | 1,076                                       |                               | 1,076               |
| Federal Sources:                              |   |                               |                     |
| National School Lunch Program                 | 19,597                                      |                               | 19,597              |
| School Breakfast Program                      | 1,565                                       |                               | 1,565               |
| Food Distribution Program                     | 7,739                                       |                               | 7,739               |
| Total Non-Operating Income                    | <u>29,977</u>                               |                               | <u>29,977</u>       |
| Change in Net Position Before Transfers       | <u>9,710</u>                                | <u>16,486</u>                 | <u>26,196</u>       |
| Transfers:                                    |   |                               |                     |
| Transfer from General Fund                    | 207   |                               | 207                 |
| Transfer to General Fund                      | (94,156)                                    |                               | (94,156)            |
| Total Transfers                               | <u>(93,949)</u>                             |                               | <u>(93,949)</u>     |
| Change in Net Position                        | <u>(84,239)</u>                             | <u>16,486</u>                 | <u>(67,753)</u>     |
| Net Position/(Deficit) - Beginning of Year    | <u>154,203</u>                              | <u>(367,822)</u>              | <u>(213,619)</u>    |
| Net Position/(Deficit) - End of Year          | <u>\$ 69,964</u>                            | <u>\$ (351,336)</u>           | <u>\$ (281,372)</u> |

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

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

|   | <u>Business-Type Activities - Enterprise Funds</u> |                                       |                             |
|---|--|---------------------------------------|-----------------------------|
|   | <u>Non-Major<br/>Funds</u>                         | <u>Major Fund<br/>Adult Education</u> | <u>Total<br/>Enterprise</u> |
| Cash Flows from Operating Activities:                         |  |                                       |                             |
| Receipts from Customers                                       | \$ 190,618   | \$ 644,523                            | \$ 835,141                  |
| Payments to Food Service Contractor                           | (146,543)  |                                       | (146,543)                   |
| Payments to/for Employees                                     | (15,500)   | (421,696)                             | (437,196)                   |
| Payments to Suppliers   | (39,105)   | (184,051)                             | (223,156)                   |
| Net Cash Provided by/(Used for) Operating Activities          | <u>(10,530)</u>                                    | <u>38,776</u>                         | <u>28,246</u>               |
| Cash Flows Used for Capital and Related Financing Activities: |  |                                       |                             |
| Purchases of Capital Assets                                   | (2,662)  |                                       | (2,662)                     |
| Lease Purchase Principal Payment                              |  | (2,562)                               | (2,562)                     |
| Net Cash Used for Capital and Related Financing Activities:   | <u>(2,662)</u>                                     | <u>(2,562)</u>                        | <u>(5,224)</u>              |
| Cash Flows from Noncapital Financing Activities:              |  |                                       |                             |
| Transfer from General Fund                                    | 207  |                                       | 207                         |
| Transfer to General Fund                                      | (94,156)   |                                       | (94,156)                    |
| State Sources   | 1,091  |                                       | 1,091                       |
| Federal Sources   | 21,685   |                                       | 21,685                      |
| Net Cash Used for Noncapital Financing Activities             | <u>(71,173)</u>                                    |                                       | <u>(71,173)</u>             |
| Net Increase/(Decrease) in Cash and Cash Equivalents          | (84,365)   | 36,214                                | (48,151)                    |
| Cash and Cash Equivalents, July 1                             | <u>123,820</u>                                     | <u>63,490</u>                         | <u>187,310</u>              |
| Cash and Cash Equivalents, June 30                            | <u>\$ 39,455</u>                                   | <u>\$ 99,704</u>                      | <u>\$ 139,159</u>           |

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

|   | <u>Business-Type Activities - Enterprise Funds</u> |                                       |                             |
|---|--|---------------------------------------|-----------------------------|
|   | <u>Non-Major<br/>Funds</u>                         | <u>Major Fund<br/>Adult Education</u> | <u>Total<br/>Enterprise</u> |
| Reconciliation of Operating Income/(Loss) to Net Cash Provided<br>by/(Used for) Operating Activities:   |  |                                       |                             |
| Operating Income/(Loss)   | \$ (20,267)  | \$ 16,486                             | \$ (3,781)                  |
| Adjustment to Reconcile Operating Income/(Loss) to Cash<br>Provided by/(Used for) Operating Activities: |  |                                       |                             |
| Depreciation  | 4,678  | 5,582                                 | 10,260                      |
| Food Distribution Program   | 7,739  |                                       | 7,739                       |
| Changes in Assets and Liabilities:  |  |                                       |                             |
| Decrease in Other Accounts Receivable   | 2,028  | 891                                   | 2,919                       |
| Increase/(Decrease) in Accounts Payable   | (4,076)  | 707                                   | (3,369)                     |
| Increase in Unearned Revenue  | 2,225  |                                       | 2,225                       |
| Increase in Compensated Absences Payable  |  | 10,519                                | 10,519                      |
| (Increase) in Inventory   | (2,857)  |                                       | (2,857)                     |
| Increase in Net Pension Liability   |  | 82,692                                | 82,692                      |
| (Increase) in Changes in Assumptions - Pension  |  | (38,701)                              | (38,701)                    |
| (Increase) in Difference between Expected and Actual<br>Experience - Pension                            |  | (11,340)                              | (11,340)                    |
| (Decrease) in Investment Gains - Pension  |  | (15,757)                              | (15,757)                    |
| (Decrease) in Changes in Proportions - Pensions   |  | (12,303)                              | (12,303)                    |
| Net Cash Provided by/(Used for) Operating Activities  | <u>\$ (10,530)</u>                                 | <u>\$ 38,776</u>                      | <u>\$ 28,246</u>            |

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund Received U.S.D.A. Donated Commodities Through the Food Distribution Program Valued at \$9,497 and Utilized Commodities Valued at \$7,739. The Adult Education Enterprise Fund paid \$2,562 of capital leases payable.



Exhibit B-7

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
JUNE 30, 2016

|   | <u>Agency</u>  | <u>Unemployment<br/>Compensation<br/>Trust</u> | <u>Flexible<br/>Spending<br/>Trust</u> | <u>Private<br/>Purpose<br/>Scholarships<br/>Trust</u> |
|---|----------------|--|--|---|
| <u>ASSETS:</u>                            |                |  |  |   |
| Cash and Cash Equivalents                 | \$ 470,477     | \$ 20,769                                      | \$ 12,116                              | \$ 135,526  |
| Interfund Receivable:<br>Payroll Agency   |                | 3,205  |  |   |
| Total Assets                              | <u>470,477</u> | <u>23,974</u>                                  | <u>12,116</u>                          | <u>135,526</u>  |
| <u>LIABILITIES:</u>                       |                |  |  |   |
| Interfund Payable:<br>General Fund        |                |  | 10,730                                 |   |
| Unemployment Compensation Trust           | 3,205          |  |  |   |
| Payroll Deductions and Withholdings       | 105,237        |  |  |   |
| Accrued Salaries and Wages                | 245,777        |  |  |   |
| Due to Student Groups                     | 116,258        |  |  |   |
| Total Liabilities                         | <u>470,477</u> |  | <u>10,730</u>                          |   |
| <u>NET POSITION:</u>                      |                |  |  |   |
| Held in Trust for:<br>Unemployment Claims |                | 23,974   |  |   |
| Flexible Spending Claims                  |                |  | 1,386                                  |   |
| Restricted for Scholarships               |                |  |  | 135,526   |
| Total Net Position                        | <u>\$ -0-</u>  | <u>\$ 23,974</u>                               | <u>\$ 1,386</u>                        | <u>\$ 135,526</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, 2016

|  | Unemployment<br>Compensation<br>Trust | Flexible<br>Spending<br>Trust | Private<br>Purpose<br>Scholarships<br>Trust |
|--|---------------------------------------|-------------------------------|---|
|  | <u>                    </u>           | <u>                    </u>   | <u>                    </u>                 |
| ADDITIONS:   |                                       |                               |   |
| Contributions:                                     |                                       |                               |   |
| Plan Members                                       | \$      18,995                        | \$      32,050                |   |
| Donations  |                                       |                               | \$      52,000                              |
| Investment Earnings:                               |                                       |                               |   |
| Interest   | 46                                    |                               | 129   |
|  | <u>                    </u>           | <u>                    </u>   | <u>                    </u>                 |
| Total Additions                                    | 19,041                                | 32,050                        | 52,129                                      |
| DEDUCTIONS:  |                                       |                               |   |
| Unemployment Benefit Claims                        | 25,035                                |                               |   |
| Flexible Spending Claims                           |                                       | 32,985                        |   |
| Scholarships Awarded                               |                                       |                               | 3,500                                       |
|  | <u>                    </u>           | <u>                    </u>   | <u>                    </u>                 |
| Total Deductions                                   | 25,035                                | 32,985                        | 3,500                                       |
| Change in Net Position before Other Financing Uses | (5,994)                               | (935)                         | 48,629                                      |
| OTHER FINANCING USES:                              |                                       |                               |   |
| Transfer to General Fund                           |                                       | (849)                         |   |
| Total Other Financing Uses                         |                                       | (849)                         |   |
|  | <u>                    </u>           | <u>                    </u>   | <u>                    </u>                 |
| Change in Net Position                             | (5,994)                               | (1,784)                       | 48,629                                      |
| Net Position - Beginning of the Year               | 29,968                                | 3,170                         | 86,897                                      |
|  | <u>                    </u>           | <u>                    </u>   | <u>                    </u>                 |
| Net Position - End of the Year                     | <u>\$      23,974</u>                 | <u>\$      1,386</u>          | <u>\$     135,526</u>                       |

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, 2016

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, 2016  
(Continued)

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

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

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, 2016  
(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, Adult Education, Cosmetology, and Food Service 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. The District discontinued the operations of the Educational Technology Training Center and Food Function Funds as of June 30, 2016.

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, 2016  
(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<br>Fund | Special<br>Revenue<br>Fund |
|---|-----------------|----------------------------|
| Sources/Inflows of Resources:   |                 |                            |
| Actual Amounts (Budgetary Basis) "Revenue" from the<br>Budgetary Comparison Schedule  | \$ 18,969,746   | \$ 1,649,749               |
| Differences - Budget to GAAP:   |                 |                            |
| Grant Accounting Budgetary Basis Differs from GAAP in that the<br>Budgetary Basis Recognized Encumbrances as Expenditures and<br>Revenue while the GAAP Basis does not: |                 |                            |
| Current Year Encumbrances   |                 | (4,333)                    |
| Cancellation of Prior Year Encumbrances   |                 | (176)                      |
| Prior Year Encumbrances   |                 | 5,577                      |
| Prior Year State Aid Payments Recognized for GAAP Statements, not<br>Recognized for Budgetary Purposes  | 108,603         |                            |
| Current Year State Aid Payments Recognized for Budgetary Purposes, not<br>Recognized for GAAP Statements  | (117,629)       |                            |
| Total Revenues as Reported on the Statement of Revenues,<br>Expenditures and Changes in Fund Balances - Governmental Funds  | \$ 18,960,720   | \$ 1,650,817               |

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

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

D. Budgets/Budgetary Control (Cont'd)

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

|   | General<br>Fund      | Special<br>Revenue<br>Fund |
|---|----------------------|----------------------------|
| Uses/Outflows of Resources:   |                      |                            |
| Actual Amounts (Budgetary Basis) "Total Outflows" from the<br>Budgetary Comparison Schedule   | \$ 18,848,959        | \$ 1,649,749               |
| Differences - Budget to GAAP:   |                      |                            |
| Encumbrances for supplies and equipment ordered but not received are<br>reported in the year the order is placed for budgetary purposes, but in the<br>year the supplies are received for financial reporting purposes. |                      |                            |
| Current Year Encumbrances   |                      | (4,333)                    |
| Cancellation of Prior Year Encumbrances   |                      | (176)                      |
| Prior Year Encumbrances   |                      | 5,577                      |
|   | <u>\$ 18,848,959</u> | <u>\$ 1,650,817</u>        |
| Total Expenditures as Reported on the Statement of Revenue,<br>Expenditures, and Changes in Fund Balances - Governmental Funds  | <u>\$ 18,848,959</u> | <u>\$ 1,650,817</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, 2016  
(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, 2016.

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, 2016  
(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, Machinery 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

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, 2016, the amount earned by these employees but not disbursed was \$245,777.

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, 2016  
(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 \$4,141,169 General Fund fund balance at June 30, 2016, \$108,958 is assigned for encumbrances; \$1,915,619 is restricted in the capital reserve account; \$1,206,664 is restricted for excess surplus in accordance with N.J.S.A.18A:17F-7 as amended by P.L. 2004, C.73 (S1701) (\$706,664 of prior year excess surplus has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2017; \$500,000 of current year excess surplus will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2018); and \$909,928 is unassigned, which is \$117,629 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, 2017.

Capital Projects Fund: Of the \$1,636,014 Capital Projects Fund committed fund balance at June 30, 2016, \$95,422 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, 2016 as detailed above.

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 \$5,001,233 in its governmental activities, which is due to investment gains in pensions of \$119,735, changes in proportion in pensions of \$580,456, net pension liability of \$7,447,091 and \$486,271 of compensated absences payable; offset by unassigned General Fund fund balance of \$909,928, \$108,958 of General Fund fund balance assigned for encumbrances, \$1,636,014 of committed Capital Projects Fund fund balance, difference between expected and actual pension experience of \$177,662 and changes in pension assumptions of \$799,758. The District also has a deficit in unrestricted net position in the Adult Education Enterprise Fund of \$376,794 primarily due to the net pension liability of \$475,346, investment gains in pensions of \$7,643 and changes in pension proportions of \$37,050; offset by the difference between expected and actual pension experience of \$11,340 and changes in pension assumptions of \$51,048. 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, 2016  
(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 deferred outflows of resources at June 30, 2016 for the changes in assumptions in pensions, the changes in proportion in pension, the difference between expected and actual pension experience and the District contribution subsequent to the measurement date. The District had deferred inflows of resources at June 30, 2016 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, 2016.

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, 2016  
(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, 2016.

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, 2016

(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, 2016  
(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, 2016, cash and cash equivalents of the District consisted of the following:

|                               | Cash and Cash<br>Equivalents | Restricted Cash &<br>Cash Equivalents<br>Capital Reserve<br>Account | Total        |
|-------------------------------|------------------------------|---|--------------|
| Checking and Savings Accounts | \$ 2,564,324                 | \$ 1,915,619  | \$ 4,479,943 |

During the period ended June 30, 2016, 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, 2016 was \$4,479,943 and the bank balance was \$5,423,636.

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, 2016  
(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, 2015                               | \$ 1,674,554 |
| Add:  |              |
| Interest Earnings   | 4,161        |
| Transfer from Unassigned Fund Balance as per Board Resolution | 236,904      |
|   | \$ 1,915,619 |
| Ending Balance, June 30, 2016                                 | \$ 1,915,619 |

The June 30, 2016 LRFP balance of local support costs of uncompleted capital projects exceeds the balance in the capital reserve account at June 30, 2016.

NOTE 5. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2016 were as follows:

|   | Beginning<br>Balance | Increases    | Decreases/<br>Adjustments | Ending<br>Balance |
|---|----------------------|--------------|---------------------------|-------------------|
| Governmental Activities:  |                      |              |                           |                   |
| Capital Assets not Being Depreciated:                                       |                      |              |                           |                   |
| Sites (Land)  | \$ 308,600           |              |                           | \$ 308,600        |
| Construction in Progress  | 2,825,258            | \$ 1,141,604 |                           | 3,966,862         |
| Total Capital Assets Not Being Depreciated                                  | 3,133,858            | 1,141,604    |                           | 4,275,462         |
| Capital Assets Being Depreciated:   |                      |              |                           |                   |
| Site Improvements   | 1,110,900            |              |                           | 1,110,900         |
| Buildings and Building Improvements   | 23,767,614           | 151,821      |                           | 23,919,435        |
| Machinery and Equipment   | 2,492,118            | 223,751      | \$ (37,235)               | 2,678,634         |
| Total Capital Assets Being Depreciated                                      | 27,370,632           | 375,572      | (37,235)                  | 27,708,969        |
| Governmental Activities Capital Assets                                      | 30,504,490           | 1,517,176    | (37,235)                  | 31,984,431        |
| Less Accumulated Depreciation for:  |                      |              |                           |                   |
| Site Improvements   | (1,104,788)          | (815)        |                           | (1,105,603)       |
| Buildings and Building Improvements   | (7,170,079)          | (478,389)    |                           | (7,648,468)       |
| Machinery and Equipment   | (1,724,012)          | (153,768)    | 36,666                    | (1,841,114)       |
|   | (9,998,879)          | (632,972)    | 36,666                    | (10,595,185)      |
| Governmental Activities Capital Assets,<br>Net of Accumulated Depreciation  | \$ 20,505,611        | \$ 884,204   | \$ (569)                  | \$ 21,389,246     |
| Business Type Activities:   |                      |              |                           |                   |
| Capital Assets Being Depreciated:   |                      |              |                           |                   |
| Furniture and Equipment   | \$ 207,418           | \$ 2,662     |                           | \$ 210,080        |
| Less Accumulated Depreciation   | (140,849)            | (10,260)     |                           | (151,109)         |
| Business Type Activities Capital Assets,<br>Net of Accumulated Depreciation | \$ 66,569            | \$ (7,598)   | \$ -0-                    | \$ 58,971         |

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 5. CAPITAL ASSETS (Cont'd)

The District had active construction projects totaling \$1,636,014 as of June 30, 2016. These projects include renovations of the District's schools and grounds.

Depreciation expense was charged to governmental functions as follows:

|  |                   |
|--|-------------------|
| Regular Instruction                      | \$ 39,630         |
| Vocational Education                     | 366,776           |
| Other Instruction                        | 4,020             |
| Student and Instruction Related Services | 5,849             |
| General Administration                   | 19,782            |
| School Administration                    | 26,933            |
| Central Services                         | 13,127            |
| Administrative Information Technology    | 48,966            |
| Plant Operations and Maintenance         | 57,359            |
| Pupil Transportation                     | 18,373            |
| Special Schools                          | 32,157            |
|  | <u>\$ 632,972</u> |

NOTE 6. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2016, the following changes occurred in long-term liabilities reported in the district-wide financial statements:

|                              | <u>Balance</u><br><u>6/30/2015</u> | <u>Accrued</u>      | <u>Retired</u>   | <u>Balance</u><br><u>6/30/2016</u> |
|------------------------------|------------------------------------|---------------------|------------------|------------------------------------|
| Capital Leases               | \$ 63,229                          |                     | \$ 28,005        | \$ 35,224                          |
| Compensated Absences Payable | 492,518                            | \$ 51,272           | 39,379           | 504,411                            |
| Net Pension Liability        | 6,544,237                          | 1,378,200           |                  | 7,922,437                          |
|                              | <u>\$ 7,099,984</u>                | <u>\$ 1,429,472</u> | <u>\$ 67,384</u> | <u>\$ 8,462,072</u>                |

A. Bonds Payable:

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

B. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The current portion of the compensated absences balance of the governmental funds is \$-0- and is separated from the long-term liability balance of compensated absences of \$486,271. 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, 2016, \$18,140 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, 2016  
(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 \$137,598 of which \$102,374 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, 2016.

| <u>Year</u>                             | <u>Amount</u>    |
|---|------------------|
| 2017                                    | \$ 19,602        |
| 2018                                    | 16,335           |
|   | <u>35,937</u>    |
| Less: Amount Representing Interest      | <u>(713)</u>     |
| Present Value of Minimum Lease Payments | <u>\$ 35,224</u> |

The current portion of capital lease payable at June 30, 2016 in the governmental funds is \$16,429 and the long-term portion is \$13,956. 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, 2016 in the business-type activities is \$2,616 and the long-term portion is \$2,223. 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, 2016 is \$-0- and the long-term portion is \$7,447,091. 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, 2016 is \$-0- and the long-term portion is \$475,346. 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, 2016  
(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:

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

Service retirement benefits of 1/55<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 \$303,420 for fiscal year 2016.

The employee contribution rate was 7.06% effective July 1, 2015. 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.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(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, 2016, the District reported a liability of \$7,922,437 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. 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, 2015, the District's proportion was 0.035%, which was a decrease of 0.0003% from its proportion measured as of June 30, 2014.

For the fiscal year ended June 30, 2016, the District recognized pension expense of \$385,155. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | <u>Deferral<br/>Year</u> | <u>Amortization<br/>Period<br/>in Years</u> | <u>Deferred<br/>Outflows of<br/>Resources</u> | <u>Deferred<br/>Inflows of<br/>Resources</u> |
|--|--------------------------|---|---|--|
| Changes in Assumptions                                   | 2014                     | 6.44  | \$ 169,586                                    |  |
|  | 2015                     | 5.72  | 681,220                                       |  |
| Difference Between Expected and Actual Experience        | 2015                     | 5.72  | 189,002                                       |  |
| Changes in Proportion                                    | 2014                     | 6.44  |   | \$ 671,350                                   |
|  | 2015                     | 5.72  | 53,844  |  |
| Net Difference Between Projected and Actual              | 2014                     | 5.00  |   | 295,338                                      |
| Investment Earnings on Pension Plan Investments          | 2015                     | 5.00  |   | (167,960)                                    |
| District Contribution Subsequent to the Measurement Date | 2015                     | 1.00  | <u>331,085</u>                                |  |
|  |                          |   | <u>\$ 1,424,737</u>                           | <u>\$ 798,728</u>                            |

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

| <u>Fiscal Year<br/>Ending June 30,</u> | <u>Total</u>      |
|--|-------------------|
| 2016                                   | \$ 166,108        |
| 2017                                   | 166,108           |
| 2018                                   | 166,108           |
| 2019                                   | 264,554           |
| 2020                                   | 149,552           |
|  | <u>\$ 912,430</u> |

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(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, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions:

|                           |                           |
|---------------------------|---------------------------|
| Inflation Rate            | 3.04%                     |
| 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) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback one year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.90% at June 30, 2015) 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. The long-term expected rate of return was determined using a building block in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2015 are summarized in the following table:

| <u>Asset Class</u>      | <u>Target<br/>Allocation</u> | <u>Long-Term<br/>Expected Real<br/>Rate of<br/>Return</u> |
|-------------------------|------------------------------|---|
| Cash                    | 5.00%                        | 1.04%   |
| U.S. Treasuries         | 1.75%                        | 1.64%   |
| Investment Grade Credit | 10.00%                       | 1.79%   |
| Mortgages               | 2.10%                        | 1.62%   |
| High Yield Bonds        | 2.00%                        | 4.03%   |
| Inflation-Indexed Bonds | 1.50%                        | 3.25%   |

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

| Asset Class                 | Target<br>Allocation | Long-Term<br>Expected Real<br>Rate of<br>Return |
|-----------------------------|----------------------|---|
| Broad U.S. Equities         | 27.25%               | 8.52%   |
| Developed Foreign Equities  | 12.00%               | 6.88%   |
| Emerging Market Equities    | 6.40%                | 10.00%  |
| Private Equity              | 9.25%                | 12.41%  |
| Hedge Funds/Absolute Return | 12.00%               | 4.72%   |
| Real Estate (Property)      | 2.00%                | 6.83%   |
| Commodities                 | 1.00%                | 5.32%   |
| Global Debt ex. U.S.        | 3.50%                | -0.40%  |
| REIT                        | 4.25%                | 5.12%   |

Discount Rate

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. 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 3.80% as of June 30, 2015 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 actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on 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, 2015 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, 2015 |                          |                     |
|---|---------------------------------|--------------------------|---------------------|
|   | 1%                              | Current                  | 1%                  |
|   | Decrease<br>(3.90%)             | Discount Rate<br>(4.90%) | Increase<br>(5.90%) |
| District's proportionate share of the Net Pension Liability | \$ 9,846,620                    | \$ 7,922,437             | \$ 6,309,216        |

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

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).

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.

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

Service retirement benefits of 1/55<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 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

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.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

Contributions (Cont'd)

Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2015, 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 2016, the State of New Jersey contributed \$548,138 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$2,767,942.

The employee contribution rate was 7.06% effective July 1, 2015. 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, 2016, the State's proportionate share of the net pension liability associated with the District was \$45,332,257. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015.

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, 2015, the District's proportion was 0.072%, which was an increase of 0.001% from its proportion measured as of June 30, 2014.

|   |               |
|---|---------------|
| District's Proportionate Share of the Net Pension Liability                           | \$ -0-        |
| State's Proportionate Share of the Net Pension Liability Associated with the District | 45,332,257    |
| Total   | \$ 45,332,257 |

For the fiscal year ended June 30, 2016, the State recognized pension expense on behalf of the District in the amount of \$2,767,942 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2016 financial statements.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(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 State reported collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions from the following sources:

|  | Year of<br>Deferral | Amortization<br>Period<br>in Years | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|--|---------------------|------------------------------------|--------------------------------------|-------------------------------------|
| Changes in Assumptions   | 2014                | 8.5                                | \$ 1,999,074,013                     |                                     |
|  | 2015                | 8.3                                | 5,201,079,373                        |                                     |
| Difference Between Expected and Actual Experience  | 2014                | 8.3                                | 321,224,871                          |                                     |
|  | 2015                | 8.5                                |                                      | \$ 19,039,817                       |
| Net Difference Between Projected and Actual<br>Investment Earnings on Pension Plan Investments | 2014                | 5.0                                |                                      | 1,305,927,430                       |
|  | 2015                | 5.0                                |                                      | (770,568,242)                       |
|  |                     |                                    | <u>\$ 7,521,378,257</u>              | <u>\$ 554,399,005</u>               |

Amounts reported by the State as collective deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense excluding that attributable to employer-paid members contributions as follows:

| <u>Fiscal Year<br/>Ending June 30,</u> | <u>Total</u>            |
|--|-------------------------|
| 2016                                   | \$ 818,433,596          |
| 2017                                   | 818,433,596             |
| 2018                                   | 818,433,598             |
| 2019                                   | 1,253,742,742           |
| 2020                                   | 1,061,100,680           |
| Thereafter                             | <u>2,196,835,040</u>    |
|  | <u>\$ 6,966,979,252</u> |

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

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



MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

Actuarial Assumptions (Cont'd)

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

The actuarial assumptions used in the July 1, 2014 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 (7.90% at June 30, 2015) 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. The long-term expected rate of return was determined using a building block in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2015 are summarized in the following table:

| <u>Asset Class</u>           | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|------------------------------|--------------------------|---|
| US Cash                      | 5.00%                    | 0.53%   |
| US Government Bonds          | 1.75%                    | 1.39%   |
| US Credit Bonds              | 13.50%                   | 2.72%   |
| US Mortgages                 | 2.10%                    | 2.54%   |
| US Inflation-Indexed Bonds   | 1.50%                    | 1.47%   |
| US High Yield Bonds          | 2.00%                    | 4.57%   |
| US Equity Market             | 27.25%                   | 5.63%   |
| Foreign-Developed Equity     | 12.00%                   | 6.22%   |
| Emerging Markets Equity      | 6.40%                    | 8.46%   |
| Private Real Estate Property | 4.25%                    | 3.97%   |
| Timber                       | 1.00%                    | 4.09%   |
| Farmland                     | 1.00%                    | 4.61%   |
| Private Equity               | 9.25%                    | 9.15%   |
| Commodities                  | 1.00%                    | 3.58%   |
| Hedge Funds - MultiStrategy  | 4.00%                    | 4.59%   |
| Hedge Funds - Equity Hedge   | 4.00%                    | 5.68%   |
| Hedge Funds - Distressed     | 4.00%                    | 4.30%   |

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.13% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90% and a municipal bond rate of 3.80% as of June 30, 2015 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2015 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, 2015 |                                     |                           |
|---|---------------------------------|-------------------------------------|---------------------------|
|   | 1%<br>Decrease<br>(3.13%)       | Current<br>Discount Rate<br>(4.13%) | 1%<br>Increase<br>(5.13%) |
| State's Proportionate Share of the Net Pension Liability Associated with the District | \$ 53,875,693                   | \$ 45,332,257                       | \$ 37,971,576             |

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.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

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 \$4,338 for the fiscal year ended June 30, 2016. Employee contributions to DCRP amounted to \$12,557 for the fiscal year ended June 30, 2016.

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, 2015, there were 107,314 retirees eligible for post-retirement medical benefits and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with, P.L. 1994 c.62.

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 2015, the State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension and Benefits issues a publically available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at <http://www.nj.gov/treasury/pensions/pdf/financial2015combined.pdf>.

The State's on-behalf Post Retirement Medical Contributions to TPAF for the District amounted to \$652,681, \$615,575 and \$488,787 for 2016, 2015 and 2014, respectively.

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.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
NOTES TO BASIC THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 9. RISK MANAGEMENT (Cont'd)

Property, Liability and Health Benefits (Cont'd)

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.

The June 30, 2016 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:

|                        | Morris County<br>Insurance Fund<br>Dec. 31, 2015 | Morris-Essex<br>Insurance<br>Group<br>June 30, 2015 |
|------------------------|--|---|
| Total Assets           | \$ 10,979,822                                    | \$ 9,175,098  |
| Net Position           | \$ 6,620,381                                     | \$ 6,102,625  |
| Total Revenue          | \$ 3,058,145                                     | \$ 3,268,234  |
| Total Expenses         | \$ 1,161,333                                     | \$ 1,811,032  |
| Change in Net Position | \$ 1,896,812                                     | \$ 1,457,202  |
| Members Dividends      | \$ -0-   | \$ 764,521  |

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.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
NOTES TO BASIC THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 9. RISK MANAGEMENT (Cont'd)

New Jersey Unemployment Compensation Insurance (Cont'd)

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<br/>Contributions</u> | <u>Interest<br/>Earned</u> | <u>Employee<br/>Contributions</u> | <u>Amount<br/>Reimbursed</u> | <u>Ending<br/>Balance</u> |
|--------------------|-----------------------------------|----------------------------|-----------------------------------|------------------------------|---------------------------|
| 2015-2016          | \$ -0-                            | \$ 46                      | \$ 18,995                         | \$ 25,035                    | \$ 23,974                 |
| 2014-2015          | -0-                               | 23                         | 18,613                            | 5,273                        | 29,968                    |
| 2013-2014          | 4,143                             | 8                          | 17,990                            | 12,343                       | 16,605                    |

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.

NOTE 11. INTERFUND RECEIVABLES AND PAYABLES

| <u>Fund</u>                                      | <u>Interfund<br/>Receivable</u> | <u>Interfund<br/>Payable</u> |
|--|---------------------------------|------------------------------|
| General Fund                                     | \$ 200,942                      |                              |
| Special Revenue Fund                             |                                 | \$ 190,212                   |
| Fiduciary Fund - Unemployment Compensation Trust | 3,205                           |                              |
| Fiduciary Fund - Flexible Spending Trust         |                                 | 10,730                       |
| Fiduciary Fund - Payroll Agency                  |                                 | 3,205                        |
|  | <u>\$ 204,147</u>               | <u>\$ 204,147</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 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 2015 unclaimed employee contributions due to the General Fund. The interfund receivable in the Unemployment Compensation Trust Fund is fiscal year 2016 employee unemployment withholdings not turned over from the Payroll Agency at year end. The General Fund transferred \$207 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.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
NOTES TO BASIC THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 12. DEFERRED COMPENSATION (Cont'd)

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.

NOTE 14. ACCOUNTS PAYABLE

Payables as of June 30, 2016 were:

|                     | <u>Governmental Funds</u> |                                     |                                      | <u>District<br/>Contribution<br/>Subsequent to<br/>the Measure-<br/>ment Date</u> | <u>Total<br/>Governmental<br/>Activities</u> | <u>Business-<br/>Type<br/>Activities<br/>Enterprise<br/>Funds</u> |
|---------------------|---------------------------|-------------------------------------|--------------------------------------|---|--|---|
|                     | <u>General<br/>Fund</u>   | <u>Special<br/>Revenue<br/>Fund</u> | <u>Capital<br/>Projects<br/>Fund</u> |   |  |   |
| Accrued Salaries    | \$ 29,992                 | \$ 120                              |                                      |   | \$ 30,112                                    |   |
| State of New Jersey |                           | 33,334                              |                                      | \$ 331,085  | 364,419                                      |   |
| Vendors             | 112,362                   | 66,348                              | \$ 1,128                             |   | 179,838                                      | \$ 2,615  |
|                     | <u>\$ 142,354</u>         | <u>\$ 99,802</u>                    | <u>\$ 1,128</u>                      | <u>\$ 331,085</u>   | <u>\$ 574,369</u>                            | <u>\$ 2,615</u>   |

NOTE 15. CONTINGENT LIABILITIES

Grant Programs

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

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
NOTES TO BASIC THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 15. CONTINGENT LIABILITIES (Cont'd)

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, 2016, there were encumbrances as detailed below in the governmental funds.

| General<br>Fund | Special<br>Revenue<br>Fund | Capital<br>Projects<br>Fund | Total<br>Governmental<br>Funds |
|-----------------|----------------------------|-----------------------------|--------------------------------|
| \$ 108,958      | \$ 4,333                   | \$ 95,422                   | \$ 208,713                     |

On the District's Governmental Funds Balance Sheet as of June 30, 2016, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$4,333 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 \$95,422 of year-end encumbrances in the Capital Projects Fund on a budgetary basis are included in the \$1,636,014 committed fund balance on a GAAP basis at June 30, 2016.

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>2015</u>                        | <u>2016</u>   |
| District's proportion of the net pension liability  | 0.0349534257%                      | 0.0352924015% |
| District's proportionate share of the net pension liability   | \$ 6,544,237                       | \$ 7,922,437  |
| 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 | 270.18%                            | 317.88%       |
| Plan fiduciary net position as a percentage of the total pension liability                                  | 52.08%                             | 47.93%        |

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>2015</u>                        | <u>2016</u>      |
| Contractually required contribution                                  | \$ 288,151                         | \$ 303,420       |
| Contributions in relation to the contractually required contribution | <u>(288,151)</u>                   | <u>(303,420)</u> |
| Contribution deficiency/(excess)                                     | <u>\$ -0-</u>                      | <u>\$ -0-</u>    |
| District's covered employee payroll                                  | \$ 2,492,294                       | \$ 2,425,577     |
| Contributions as a percentage of covered employee payroll            | 11.56%                             | 12.51%           |

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 STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
ASSOCIATED WITH THE DISTRICT  
TEACHERS' PENSION AND ANNUITY FUND  
LAST TWO FISCAL YEARS  
UNAUDITED

|   | Fiscal Year Ending June 30, |               |
|---|-----------------------------|---------------|
|   | 2015                        | 2016          |
| State's proportion of the net pension liability attributable to the District                                | 0.0704692184%               | 0.0717234089% |
| State's proportionate share of the net pension liability attributable to the District                       | \$ 37,662,969               | \$ 45,332,257 |
| 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 | 536.23%                     | 635.91%       |
| Plan fiduciary net position as a percentage of the total pension liability                                  | 33.64%                      | 28.71%        |

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 STATE CONTRIBUTIONS  
TEACHERS' PENSION AND ANNUITY FUND  
LAST TWO FISCAL YEARS  
UNAUDITED

|  | <u>Fiscal Year Ending June 30,</u> |                     |
|--|------------------------------------|---------------------|
|  | <u>2015</u>                        | <u>2016</u>         |
| Contractually required contribution                                  | \$ 2,026,621                       | \$ 2,767,942        |
| Contributions in relation to the contractually required contribution | <u>(387,763)</u>                   | <u>(548,138)</u>    |
| Contribution deficiency/(excess)                                     | <u>\$ 1,638,858</u>                | <u>\$ 2,219,804</u> |
| District's covered employee payroll                                  | \$ 7,128,713                       | \$ 7,083,538        |
| Contributions as a percentage of covered employee payroll            | 5.44%                              | 7.74%               |

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, 2016  
(UNAUDITED)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.39% as of June 30, 2014 to 4.90% as of June 30, 2015. The inflation rate changed from 3.01% as of June 30, 2014 to 3.04% as of June 30, 2015.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.68% as of June 30, 2014 to 4.13% as of June 30, 2015.

BUDGETARY COMPARISON SCHEDULES

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

|   | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u>     | <u>Variance<br/>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  | 9,107,857                  |                             | 9,107,857               | 9,037,355         | \$ (70,502)                         |
| Tuition from Individuals                                      | 509,290                    |                             | 509,290                 | 492,339           | (16,951)                            |
| Interest Earned on Capital Reserve                            | 750                        |                             | 750                     | 4,161             | 3,411                               |
| Unrestricted Miscellaneous Revenues                           | 37,000                     |                             | 37,000                  | 105,275           | 68,275                              |
| Total - Local Sources   | <u>16,006,183</u>          |                             | <u>16,006,183</u>       | <u>15,990,416</u> | <u>(15,767)</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            |                                     |
| Adult Education Programs Aid                                  |                            | 43,694                      | 43,694                  | 43,694            |                                     |
| TPAF On-Behalf Pension Contributions (Non-Budgeted)           |                            |                             |                         | 548,138           | 548,138                             |
| TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted) |                            |                             |                         | 652,681           | 652,681                             |
| TPAF Reimbursed Social Security (Non-Budgeted)                |                            |                             |                         | 522,198           | 522,198                             |
| Total State Sources   | <u>1,212,619</u>           | <u>43,694</u>               | <u>1,256,313</u>        | <u>2,979,330</u>  | <u>1,723,017</u>                    |
| Total Revenues  | <u>17,218,802</u>          | <u>43,694</u>               | <u>17,262,496</u>       | <u>18,969,746</u> | <u>1,707,250</u>                    |

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

|  | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u>    | <u>Variance<br/>Final to Actual</u> |
|--|----------------------------|-----------------------------|-------------------------|------------------|-------------------------------------|
| <b>EXPENDITURES:</b>   |                            |                             |                         |                  |                                     |
| <b>Current Expense:</b>  |                            |                             |                         |                  |                                     |
| <b>Regular Programs - Grade 9-12 - Instruction:</b>                      |                            |                             |                         |                  |                                     |
| Salaries of Teachers   | \$ 2,635,542               | \$ 114,069                  | \$ 2,749,611            | \$ 2,749,611     |                                     |
| Purchased Professional-Educational Services                              | 1,905,526                  | (78,097)                    | 1,827,429               | 1,788,957        | \$ 38,472                           |
| Purchased Technical Services   | 650                        | 174                         | 824                     | 824              |                                     |
| Other Purchased Services (400-500 series)                                | 33,998                     | 9,900                       | 43,898                  | 32,423           | 11,475                              |
| General Supplies   | 75,671                     | 35,809                      | 111,480                 | 107,989          | 3,491                               |
| Textbooks  | 70,110                     | 20,285                      | 90,395                  | 84,179           | 6,216                               |
| Other Objects  | 500                        | (50)                        | 450                     | 299              | 151                                 |
| <b>Total Grade 9-12 - Instruction</b>                                    | <u>4,721,997</u>           | <u>102,090</u>              | <u>4,824,087</u>        | <u>4,764,282</u> | <u>59,805</u>                       |
| <b>Regular Programs - Home Instruction:</b>                              |                            |                             |                         |                  |                                     |
| Salaries of Teachers   | 7,000                      | (6,837)                     | 163                     | 163              |                                     |
| Purchased Professional-Educational Services                              | 7,500                      | 7,484                       | 14,984                  | 11,035           | 3,949                               |
| <b>Total Home Instruction</b>  | <u>14,500</u>              | <u>647</u>                  | <u>15,147</u>           | <u>11,198</u>    | <u>3,949</u>                        |
| <b>Total Regular Programs - Instruction</b>                              | <u>4,736,497</u>           | <u>102,737</u>              | <u>4,839,234</u>        | <u>4,775,480</u> | <u>63,754</u>                       |
| <b>Special Education Instruction:</b>                                    |                            |                             |                         |                  |                                     |
| <b>Resource Room/Resource Center:</b>                                    |                            |                             |                         |                  |                                     |
| Salaries of Teachers   | 393,746                    | 900                         | 394,646                 | 394,646          |                                     |
| Other Purchased Services (400-500 series)                                | 2,400                      |                             | 2,400                   | 782              | 1,618                               |
| General Supplies   | 2,250                      |                             | 2,250                   | 575              | 1,675                               |
| Textbooks  | 1,750                      |                             | 1,750                   |                  | 1,750                               |
| <b>Total Resource Room/Resource Center/Special Education Instruction</b> | <u>400,146</u>             | <u>900</u>                  | <u>401,046</u>          | <u>396,003</u>   | <u>5,043</u>                        |
| <b>Regular Vocational Programs:</b>                                      |                            |                             |                         |                  |                                     |
| Salaries of Teachers   | 2,072,904                  | (103,984)                   | 1,968,920               | 1,965,964        | 2,956                               |
| Other Salaries for Instruction   | 28,584                     | 26,355                      | 54,939                  | 54,939           |                                     |



MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

|  | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u>    | <u>Variance<br/>Final to Actual</u> |
|--|----------------------------|-----------------------------|-------------------------|------------------|-------------------------------------|
| <b>EXPENDITURES:</b>                                   |                            |                             |                         |                  |                                     |
| Current Expense:                                       |                            |                             |                         |                  |                                     |
| Regular Vocational Programs (Cont'd):                  |                            |                             |                         |                  |                                     |
| Purchased Professional-Educational Services            | \$ 28,915                  | \$ 12,365                   | \$ 41,280               | \$ 34,200        | \$ 7,080                            |
| Purchased Technical Services                           | 8,513                      | (5,399)                     | 3,114                   | 2,791            | 323                                 |
| Other Purchased Services (400-500 series)              | 11,700                     | 26,901                      | 38,601                  | 30,231           | 8,370                               |
| General Supplies                                       | 301,890                    | 20,987                      | 322,877                 | 298,941          | 23,936                              |
| Textbooks  | 30,852                     | (11,024)                    | 19,828                  | 18,322           | 1,506                               |
| Other Objects  | 8,350                      | (4,805)                     | 3,545                   | 2,472            | 1,073                               |
| <b>Total Regular Vocational Programs</b>               | <u>2,491,708</u>           | <u>(38,604)</u>             | <u>2,453,104</u>        | <u>2,407,860</u> | <u>45,244</u>                       |
| Special Vocational Programs:                           |                            |                             |                         |                  |                                     |
| Salaries of Teachers                                   | 486,367                    | (87,922)                    | 398,445                 | 398,445          |                                     |
| Purchased Technical Services                           | 1,500                      | 632                         | 2,132                   | 632              | 1,500                               |
| Other Purchased Services (400-500 series)              | 11,102                     |                             | 11,102                  | 4,773            | 6,329                               |
| General Supplies                                       | 35,715                     | (586)                       | 35,129                  | 34,937           | 192                                 |
| <b>Special Vocational Programs</b>                     | <u>534,684</u>             | <u>(87,876)</u>             | <u>446,808</u>          | <u>438,787</u>   | <u>8,021</u>                        |
| School-Sponsored Co-curricular Activities:             |                            |                             |                         |                  |                                     |
| Salaries   | 89,533                     | 4,265                       | 93,798                  | 93,797           | 1                                   |
| Purchased Services (300-500 series)                    | 4,500                      | (4,080)                     | 420                     | 420              |                                     |
| Supplies and Materials                                 | 1,000                      | (610)                       | 390                     | 251              | 139                                 |
| Other Objects  | 21,550                     | 33,358                      | 54,908                  | 48,562           | 6,346                               |
| <b>Total School-Sponsored Co-curricular Activities</b> | <u>116,583</u>             | <u>32,933</u>               | <u>149,516</u>          | <u>143,030</u>   | <u>6,486</u>                        |
| School-Sponsored Athletics:                            |                            |                             |                         |                  |                                     |
| Salaries   | 115,641                    | 4,993                       | 120,634                 | 120,634          |                                     |
| Purchased Services (300-500 series)                    | 65,370                     | (7,640)                     | 57,730                  | 55,518           | 2,212                               |
| Supplies and Materials                                 | 14,835                     | 4,378                       | 19,213                  | 16,935           | 2,278                               |
| Other Objects  | 11,370                     | (2,442)                     | 8,928                   | 8,205            | 723                                 |
| <b>Total School-Sponsored Co-curricular Activities</b> | <u>207,216</u>             | <u>(711)</u>                | <u>206,505</u>          | <u>201,292</u>   | <u>5,213</u>                        |

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

|   | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u>  | <u>Variance<br/>Final to Actual</u> |
|---|----------------------------|-----------------------------|-------------------------|----------------|-------------------------------------|
| EXPENDITURES:   |                            |                             |                         |                |                                     |
| Current Expense:  |                            |                             |                         |                |                                     |
| Total Instruction   | \$ 8,486,834               | \$ 9,379                    | \$ 8,496,213            | \$ 8,362,452   | \$ 133,761                          |
| Undist. Expend. - Attendance and Social Work Services:      |                            |                             |                         |                |                                     |
| Salaries  | 38,252                     | 713                         | 38,965                  | 38,965         |                                     |
| Supplies and Materials                                      |                            | 690                         | 690                     | 688            | 2                                   |
| Total Undist. Expend. - Attendance and Social Work Services | <u>38,252</u>              | <u>1,403</u>                | <u>39,655</u>           | <u>39,653</u>  | <u>2</u>                            |
| Undist. Expend. - Health Services:                          |                            |                             |                         |                |                                     |
| Salaries  | 93,504                     | (18,134)                    | 75,370                  | 75,370         |                                     |
| Purchased Professional and Technical Services               | 18,451                     | 20,561                      | 39,012                  | 28,323         | 10,689                              |
| Other Purchased Services (400-500 series)                   | 600                        |                             | 600                     | 187            | 413                                 |
| Supplies and Materials                                      | 4,700                      |                             | 4,700                   | 3,795          | 905                                 |
| Total Undist. Expend. - Health Services                     | <u>117,255</u>             | <u>2,427</u>                | <u>119,682</u>          | <u>107,675</u> | <u>12,007</u>                       |
| Undist. Expend. - Speech, OT, PT, Related Svcs:             |                            |                             |                         |                |                                     |
| Purchased Professional - Educational Services               |                            | 14,114                      | 14,114                  | 1,350          | 12,764                              |
| Total Undist. Expend. - Speech, OT, PT, Related Svcs        |                            | <u>14,114</u>               | <u>14,114</u>           | <u>1,350</u>   | <u>12,764</u>                       |
| Undist. Expend. - Guidance:                                 |                            |                             |                         |                |                                     |
| Salaries of Other Professional Staff                        | 453,740                    | 7,458                       | 461,198                 | 461,198        |                                     |
| Salaries of Secretarial and Clerical Assistants             | 89,137                     | 1,289                       | 90,426                  | 90,426         |                                     |
| Other Salaries  | 87,481                     | 5,101                       | 92,582                  | 92,582         |                                     |
| Purchased Professional - Educational Services               | 500                        | (500)                       |                         |                |                                     |
| Other Purchased Services (400-500 series)                   | 59,683                     | (761)                       | 58,922                  | 54,669         | 4,253                               |
| Supplies and Materials                                      | 19,696                     | (4,567)                     | 15,129                  | 13,443         | 1,686                               |
| Other Objects   | 6,080                      | (595)                       | 5,485                   | 4,264          | 1,221                               |
| Total Undist. Expend. - Guidance                            | <u>716,317</u>             | <u>7,425</u>                | <u>723,742</u>          | <u>716,582</u> | <u>7,160</u>                        |

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

|   | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u>  | <u>Variance<br/>Final to Actual</u> |
|---|----------------------------|-----------------------------|-------------------------|----------------|-------------------------------------|
| <b>EXPENDITURES:</b>  |                            |                             |                         |                |                                     |
| Current Expense:  |                            |                             |                         |                |                                     |
| Undist. Expend. - Child Study Teams:                              |                            |                             |                         |                |                                     |
| Salaries of Other Professional Staff                              | \$ 229,093                 | \$ 2,999                    | \$ 232,092              | \$ 232,092     |                                     |
| Purchased Professional - Educational Services                     | 13,236                     | 15,838                      | 29,074                  | 9,891          | \$ 19,183                           |
| Other Purchased Services (400-500 series)                         | 900                        |                             | 900                     | 431            | 469                                 |
| Supplies and Materials  | 500                        | (430)                       | 70                      | 70             |                                     |
| Other Objects   |                            | 307                         | 307                     | 267            | 40                                  |
| Total Undist. Expend. - Child Study Teams                         | <u>243,729</u>             | <u>18,714</u>               | <u>262,443</u>          | <u>242,751</u> | <u>19,692</u>                       |
| Undist. Expend. - Improvement of Instruction Services:            |                            |                             |                         |                |                                     |
| Salaries of Supervisors of Instruction                            | 416,509                    | 10,178                      | 426,687                 | 426,687        |                                     |
| Salaries of Other Professional Staff                              | 1,387                      | (1,387)                     |                         |                |                                     |
| Salaries of Secretarial and Clerical Assistants                   | 103,142                    | (9,921)                     | 93,221                  | 93,221         |                                     |
| Other Purchased Services (400-500 series)                         | 31,584                     | (12,124)                    | 19,460                  | 17,706         | 1,754                               |
| Supplies and Materials  | 2,500                      | 137                         | 2,637                   | 1,422          | 1,215                               |
| Other Objects   |                            | 909                         | 909                     | 909            |                                     |
| Total Undist. Expend. - Improvement of Instruction Services       | <u>555,122</u>             | <u>(12,208)</u>             | <u>542,914</u>          | <u>539,945</u> | <u>2,969</u>                        |
| Undist. Expend. - Educational Media Services/School Library:      |                            |                             |                         |                |                                     |
| Salaries  | 78,610                     | 499                         | 79,109                  | 79,109         |                                     |
| Other Purchased Services (400-500 series)                         | 8,700                      | 439                         | 9,139                   | 8,539          | 600                                 |
| Supplies and Materials  | 5,520                      | 1,316                       | 6,836                   | 6,828          | 8                                   |
| Total Undist. Expend. - Educational Media Services/School Library | <u>92,830</u>              | <u>2,254</u>                | <u>95,084</u>           | <u>94,476</u>  | <u>608</u>                          |
| Undist. Expend. - Instructional Staff Training Services:          |                            |                             |                         |                |                                     |
| Purchased Professional - Educational Services                     |                            | 4,000                       | 4,000                   | 4,000          |                                     |
| Total Undist. Expend. - Instructional Staff Training Services     |                            | <u>4,000</u>                | <u>4,000</u>            | <u>4,000</u>   |                                     |
| Undist. Expend. - Support Services - General Administration:      |                            |                             |                         |                |                                     |
| Salaries  | 281,851                    | (301)                       | 281,550                 | 281,550        |                                     |

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

|  | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u>  | <u>Variance<br/>Final to Actual</u> |
|--|----------------------------|-----------------------------|-------------------------|----------------|-------------------------------------|
| <b>EXPENDITURES:</b>   |                            |                             |                         |                |                                     |
| <b>Current Expense:</b>  |                            |                             |                         |                |                                     |
| <b>Undist. Expend. - Support Services - General Administration: (Cont'd)</b> |                            |                             |                         |                |                                     |
| Legal Services   | \$ 69,998                  | \$ 103,738                  | \$ 173,736              | \$ 151,970     | \$ 21,766                           |
| Audit Fees   | 50,000                     | (200)                       | 49,800                  | 47,300         | 2,500                               |
| Architectural/Engineering Services   | 59,532                     | (3,273)                     | 56,259                  | 28,890         | 27,369                              |
| Other Purchased Professional Services  | 2,400                      | 140                         | 2,540                   | 2,111          | 429                                 |
| Purchased Technical Services   |                            | 3,850                       | 3,850                   | 3,850          |                                     |
| Communications/Telephone   | 25,120                     |                             | 25,120                  | 18,136         | 6,984                               |
| Miscellaneous Purchased Services (400-500)                                   | 61,754                     | (4,475)                     | 57,279                  | 45,632         | 11,647                              |
| General Supplies   | 10,000                     | (2,060)                     | 7,940                   | 3,242          | 4,698                               |
| Miscellaneous Expenditures   | 22,750                     | 3,090                       | 25,840                  | 25,651         | 189                                 |
| <b>Total Undist. Expend. - Support Services - General Administration</b>     | <u>583,405</u>             | <u>100,509</u>              | <u>683,914</u>          | <u>608,332</u> | <u>75,582</u>                       |
| <b>Undist. Expend. - Support Services - School Administration:</b>           |                            |                             |                         |                |                                     |
| Salaries of Principals/Assistant Principals                                  | 541,593                    | (42,999)                    | 498,594                 | 481,432        | 17,162                              |
| Salaries of Secretarial and Clerical Assistants                              | 208,223                    | 3,938                       | 212,161                 | 203,845        | 8,316                               |
| Other Salaries   | 2,500                      | (2,302)                     | 198                     | 198            |                                     |
| Purchased Professional and Technical Services                                | 20,000                     | (7,494)                     | 12,506                  | 11,067         | 1,439                               |
| Other Purchased Services (400-500 series)                                    | 35,856                     | (4,074)                     | 31,782                  | 18,290         | 13,492                              |
| Supplies and Materials   | 29,742                     | 14,665                      | 44,407                  | 42,237         | 2,170                               |
| Other Objects  | 6,070                      |                             | 6,070                   | 5,499          | 571                                 |
| <b>Total Undist. Expend. - Support Services - School Administration</b>      | <u>843,984</u>             | <u>(38,266)</u>             | <u>805,718</u>          | <u>762,568</u> | <u>43,150</u>                       |
| <b>Undistributed Expenditures - Central Services:</b>                        |                            |                             |                         |                |                                     |
| Salaries   | 479,909                    | (12,263)                    | 467,646                 | 467,646        |                                     |
| Purchased Professional Services  | 2,750                      | (1,002)                     | 1,748                   | 1,748          |                                     |
| Miscellaneous Purchased Services (400-500)                                   | 37,605                     | (1,876)                     | 35,729                  | 27,209         | 8,520                               |
| Supplies and Materials   | 12,252                     | 3,286                       | 15,538                  | 15,461         | 77                                  |
| Miscellaneous Expenditures   | 1,705                      | (65)                        | 1,640                   | 1,553          | 87                                  |
| <b>Total Undistributed Expenditures - Central Services</b>                   | <u>534,221</u>             | <u>(11,920)</u>             | <u>522,301</u>          | <u>513,617</u> | <u>8,684</u>                        |

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

|   | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u>    | <u>Variance<br/>Final to Actual</u> |
|---|----------------------------|-----------------------------|-------------------------|------------------|-------------------------------------|
| <b>EXPENDITURES:</b>  |                            |                             |                         |                  |                                     |
| Current Expense:  |                            |                             |                         |                  |                                     |
| Undistributed Expenditures - Administrative Information Technology: |                            |                             |                         |                  |                                     |
| Salaries  | \$ 215,210                 |                             | \$ 215,210              | \$ 201,265       | \$ 13,945                           |
| Purchased Professional Services                                     |                            | \$ 1,854                    | 1,854                   | 1,535            | 319                                 |
| Other Purchased Services (400-500 series)                           | 22,450                     |                             | 22,450                  | 13,855           | 8,595                               |
| Supplies and Materials  | 67,277                     | (12,746)                    | 54,531                  | 45,907           | 8,624                               |
| <b>Total Undistributed Expenditures - Admin. Info. Technology</b>   | <b>304,937</b>             | <b>(10,892)</b>             | <b>294,045</b>          | <b>262,562</b>   | <b>31,483</b>                       |
| Required Maintenance for School Facilities:                         |                            |                             |                         |                  |                                     |
| Salaries  | 303,012                    | 4,838                       | 307,850                 | 282,342          | 25,508                              |
| Cleaning, Repair and Maintenance Services                           | 118,755                    | 30,106                      | 148,861                 | 99,681           | 49,180                              |
| General Supplies  | 55,176                     | 12,697                      | 67,873                  | 65,559           | 2,314                               |
| Other Objects   | 575                        |                             | 575                     | 125              | 450                                 |
| <b>Total Required Maintenance for School Facilities</b>             | <b>477,518</b>             | <b>47,641</b>               | <b>525,159</b>          | <b>447,707</b>   | <b>77,452</b>                       |
| Undist. Expend. - Custodial Services:                               |                            |                             |                         |                  |                                     |
| Salaries  | 514,868                    | (6,584)                     | 508,284                 | 481,510          | 26,774                              |
| Purchased Professional and Technical Services                       | 76,146                     | 15,673                      | 91,819                  | 75,614           | 16,205                              |
| Cleaning, Repair and Maintenance Services                           | 110,833                    | (35,001)                    | 75,832                  | 63,826           | 12,006                              |
| Other Purchased Property Services                                   | 16,000                     | 304                         | 16,304                  | 13,083           | 3,221                               |
| Insurance   | 45,000                     |                             | 45,000                  | 33,065           | 11,935                              |
| Miscellaneous Purchased Services                                    | 4,920                      | 28                          | 4,948                   | 4,948            |                                     |
| General Supplies  | 55,432                     | (20,890)                    | 34,542                  | 29,427           | 5,115                               |
| Energy (Natural Gas)  | 236,284                    | (46,379)                    | 189,905                 | 132,425          | 57,480                              |
| Energy (Electricity)  | 380,129                    | (28,738)                    | 351,391                 | 291,916          | 59,475                              |
| Other Objects   | 800                        |                             | 800                     | 769              | 31                                  |
| <b>Total Undist. Expend. - Custodial Services</b>                   | <b>1,440,412</b>           | <b>(121,587)</b>            | <b>1,318,825</b>        | <b>1,126,583</b> | <b>192,242</b>                      |

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

|  | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u>  | <u>Variance<br/>Final to Actual</u> |
|--|----------------------------|-----------------------------|-------------------------|----------------|-------------------------------------|
| <b>EXPENDITURES:</b>   |                            |                             |                         |                |                                     |
| Current Expense:   |                            |                             |                         |                |                                     |
| Undist. Expend. - Care and Upkeep of Grounds:                      |                            |                             |                         |                |                                     |
| Cleaning, Repair and Maintenance Services                          | \$ 36,000                  | \$ (15,918)                 | \$ 20,082               | \$ 11,648      | \$ 8,434                            |
| General Supplies   |                            | 3,545                       | 3,545                   | 1,317          | 2,228                               |
| Total Undist. Expend. - Care and Upkeep of Grounds                 | <u>36,000</u>              | <u>(12,373)</u>             | <u>23,627</u>           | <u>12,965</u>  | <u>10,662</u>                       |
| Undist. Expend. -Security:   |                            |                             |                         |                |                                     |
| Salaries   | 64,133                     | 1,333                       | 65,466                  | 64,966         | 500                                 |
| Purchased Professional and Technical Services                      | <u>75,000</u>              | <u>(191)</u>                | <u>74,809</u>           | <u>73,800</u>  | <u>1,009</u>                        |
| Total Undist. Expend. - Security                                   | <u>139,133</u>             | <u>1,142</u>                | <u>140,275</u>          | <u>138,766</u> | <u>1,509</u>                        |
| Undistributed Expenditures - Student Transportation Services       |                            |                             |                         |                |                                     |
| Salaries for Pupil Transportation:                                 |                            |                             |                         |                |                                     |
| Other than Between Home and School                                 | 12,000                     | 249                         | 12,249                  | 12,249         |                                     |
| Contracted Services:   |                            |                             |                         |                |                                     |
| Other than Between Home and School - Vendors                       | 10,355                     | (3,054)                     | 7,301                   | 6,715          | 586                                 |
| Contracted Services - Regular Students - ESCs & CTSA's             | 159,700                    | (400)                       | 159,300                 | 134,789        | 24,511                              |
| Cleaning, Repair, & Maintenance Services                           | 2,500                      | (216)                       | 2,284                   |                | 2,284                               |
| Lease Purchase Payments - School Buses                             | 9,613                      |                             | 9,613                   | 9,612          | 1                                   |
| Miscellaneous Purchased Services - Transportation                  |                            | 1,101                       | 1,101                   | 1,100          | 1                                   |
| General Supplies   |                            | 3                           | 3                       | 3              |                                     |
| Total Undistributed Expenditures - Student Transportation Services | <u>194,168</u>             | <u>(2,317)</u>              | <u>191,851</u>          | <u>164,468</u> | <u>27,383</u>                       |
| Unallocated Benefits:  |                            |                             |                         |                |                                     |
| Social Security Contributions                                      | 218,625                    | 7,658                       | 226,283                 | 221,181        | 5,102                               |
| Other Retirement Contributions - PERS                              | 283,564                    |                             | 283,564                 | 280,432        | 3,132                               |
| Other Retirement Contributions - Regular                           | 3,853                      | 885                         | 4,738                   | 4,338          | 400                                 |
| Unemployment Compensation  | 10,000                     | (166)                       | 9,834                   |                | 9,834                               |
| Workmen's Compensation   | 116,768                    | 166                         | 116,934                 | 116,934        |                                     |
| Health Benefits  | 1,282,633                  | (7,658)                     | 1,274,975               | 1,217,734      | 57,241                              |

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

|   | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u>     | <u>Variance<br/>Final to Actual</u> |
|---|----------------------------|-----------------------------|-------------------------|-------------------|-------------------------------------|
| EXPENDITURES:   |                            |                             |                         |                   |                                     |
| Current Expense:  |                            |                             |                         |                   |                                     |
| Unallocated Benefits: (Cont'd)                                |                            |                             |                         |                   |                                     |
| Tuition Reimbursement   | \$ 59,600                  |                             | \$ 59,600               | \$ 39,294         | \$ 20,306                           |
| Other Employee Benefits                                       | 121,568                    | \$ (885)                    | 120,683                 | 120,524           | 159                                 |
| Unused Sick Payment to Terminated/Retired Staff               | 20,000                     |                             | 20,000                  | 20,000            |                                     |
| Total Unallocated Benefits                                    | <u>2,116,611</u>           |                             | <u>2,116,611</u>        | <u>2,020,437</u>  | <u>96,174</u>                       |
| On-Behalf TPAF Pension Contributions (Non-Budgeted)           |                            |                             |                         | 548,138           | (548,138)                           |
| TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted) |                            |                             |                         | 652,681           | (652,681)                           |
| Reimbursed TPAF Social Security Contributions (Non-Budgeted)  |                            |                             |                         | 522,198           | (522,198)                           |
| TOTAL ON-BEHALF CONTRIBUTIONS                                 |                            |                             |                         | <u>1,723,017</u>  | <u>(1,723,017)</u>                  |
| TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS                   | <u>2,116,611</u>           |                             | <u>2,116,611</u>        | <u>3,743,454</u>  | <u>(1,626,843)</u>                  |
| TOTAL UNDISTRIBUTED EXPENDITURES                              | <u>6,317,283</u>           | <u>(9,934)</u>              | <u>6,307,349</u>        | <u>5,784,000</u>  | <u>523,349</u>                      |
| TOTAL GENERAL CURRENT EXPENSE                                 | <u>16,920,728</u>          | <u>(555)</u>                | <u>16,920,173</u>       | <u>17,889,906</u> | <u>(969,733)</u>                    |
| CAPITAL OUTLAY:   |                            |                             |                         |                   |                                     |
| Equipment:  |                            |                             |                         |                   |                                     |
| Grades 9-12   | 20,000                     | (18,501)                    | 1,499                   |                   | 1,499                               |
| Vocational Programs:  |                            |                             |                         |                   |                                     |
| Regular Vocational Programs                                   | 122,595                    | (6,325)                     | 116,270                 | 108,762           | 7,508                               |
| Special Vocational Programs                                   | 14,498                     |                             | 14,498                  | 14,498            |                                     |
| School-Sponsored and Other Instructional Programs             |                            | 4,806                       | 4,806                   | 4,806             |                                     |
| Undistributed Expenditures:                                   |                            |                             |                         |                   |                                     |
| Instruction   |                            | 2,300                       | 2,300                   | 2,300             |                                     |
| Other Support Services - Instructional Staff                  |                            | 2,499                       | 2,499                   | 2,499             |                                     |
| School Administration   | 8,349                      | (5,000)                     | 3,349                   | 3,349             |                                     |
| Administrative Information Technology                         | 5,500                      | 4,200                       | 9,700                   | 9,700             |                                     |

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

|  | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u> | <u>Variance<br/>Final to Actual</u> |
|--|----------------------------|-----------------------------|-------------------------|---------------|-------------------------------------|
| EXPENDITURES:  |                            |                             |                         |               |                                     |
| CAPITAL OUTLAY: (Cont'd)                               |                            |                             |                         |               |                                     |
| Equipment: (Cont'd)                                    |                            |                             |                         |               |                                     |
| Undistributed Expenditures:                            |                            |                             |                         |               |                                     |
| Custodial Services                                     |                            | \$ 13,535                   | \$ 13,535               | \$ 8,194      | \$ 5,341                            |
| Total Equipment  | \$ 170,942                 | (2,486)                     | 168,456                 | 154,108       | 14,348                              |
| Facilities Acquisition and Construction Services:      |                            |                             |                         |               |                                     |
| Legal Services   | 4,000                      |                             | 4,000                   |               | 4,000                               |
| Architectural/Engineering Services                     | 24,820                     |                             | 24,820                  |               | 24,820                              |
| Construction Services                                  | 245,608                    |                             | 245,608                 | 241,851       | 3,757                               |
| Assessment for Debt Service on SDA Funding             | 57,548                     |                             | 57,548                  | 57,548        |                                     |
| Total Facilities Acquisition and Construction Services | 331,976                    |                             | 331,976                 | 299,399       | 32,577                              |
| TOTAL CAPITAL OUTLAY                                   | 502,918                    | (2,486)                     | 500,432                 | 453,507       | 46,925                              |
| SPECIAL SCHOOLS  |                            |                             |                         |               |                                     |
| Post-Secondary - Instruction:                          |                            |                             |                         |               |                                     |
| Salaries of Teachers                                   | 284,821                    | 11,926                      | 296,747                 | 296,747       |                                     |
| Purchased Professional and Technical Services          | 4,089                      |                             | 4,089                   | 3,942         | 147                                 |
| Other Purchased Services (400-500 series)              | 6,639                      | (3,811)                     | 2,828                   | 2,670         | 158                                 |
| General Supplies                                       | 25,675                     | 37,193                      | 62,868                  | 62,451        | 417                                 |
| Textbooks  |                            | 237                         | 237                     | 216           | 21                                  |
| Other Objects  | 500                        | (116)                       | 384                     | 200           | 184                                 |
| Total Post-Secondary - Instruction                     | 321,724                    | 45,429                      | 367,153                 | 366,226       | 927                                 |
| Post-Secondary - Support Services:                     |                            |                             |                         |               |                                     |
| Salaries   | 62,361                     | 4,992                       | 67,353                  | 67,351        | 2                                   |
| Personal Services - Employee Benefits                  | 74,677                     | (6,175)                     | 68,502                  | 68,257        | 245                                 |
| Other Purchased Services (400-500 series)              | 2,000                      | 2,282                       | 4,282                   | 3,712         | 570                                 |
| Total Post-Secondary - Support Services                | 139,038                    | 1,099                       | 140,137                 | 139,320       | 817                                 |
| TOTAL SPECIAL SCHOOLS                                  | 460,762                    | 46,528                      | 507,290                 | 505,546       | 1,744                               |



MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

|   | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u> | <u>Variance<br/>Final to Actual</u> |
|---|----------------------------|-----------------------------|-------------------------|---------------|-------------------------------------|
| TOTAL EXPENDITURES  | \$ 17,884,408              | \$ 43,487                   | \$ 17,927,895           | \$ 18,848,959 | \$ (921,064)                        |
| Excess/(Deficit) of Revenues Over/(Under) Expenditures  | (665,606)                  | 207                         | (665,399)               | 120,787       | 786,186                             |
| Other Financing Sources/(Uses):   |                            |                             |                         |               |                                     |
| Transfer to Food Service Fund to Cover Deficit  |                            | (207)                       | (207)                   | (207)         |                                     |
| Transfer from ETTC Fund   |                            |                             |                         | 71,679        | 71,679                              |
| Transfer from Food Function   |                            |                             |                         | 22,477        | 22,477                              |
| Transfer from Flexible Spending Trust Fund  |                            |                             |                         | 849           | 849                                 |
| Total Other Financing Sources/(Uses)  |                            | (207)                       | (207)                   | 94,798        | 95,005                              |
| Excess/(Deficit) of Revenues and Other Financing Sources Over/<br>(Under) Expenditures and Other Financing (Uses) | (665,606)                  |                             | (665,606)               | 215,585       | 881,191                             |
| Fund Balance, July 1  | 4,043,213                  |                             | 4,043,213               | 4,043,213     |                                     |
| Fund Balance, June 30   | \$ 3,377,607               | \$ -0-                      | \$ 3,377,607            | \$ 4,258,798  | \$ 881,191                          |
| <u>Recapitulation:</u>  |                            |                             |                         |               |                                     |
| <u>Restricted:</u>  |                            |                             |                         |               |                                     |
| Excess Surplus to be Utilized for 2017-2018 school year   |                            |                             |                         | \$ 500,000    |                                     |
| Excess Surplus to be Utilized for 2016-2017 school year   |                            |                             |                         | 706,664       |                                     |
| Capital Reserve   |                            |                             |                         | 1,915,619     |                                     |
| <u>Assigned:</u>  |                            |                             |                         |               |                                     |
| Year End Encumbrances   |                            |                             |                         | 108,958       |                                     |
| <u>Unassigned</u>   |                            |                             |                         |               |                                     |
|   |                            |                             |                         | 1,027,557     |                                     |
|   |                            |                             |                         | 4,258,798     |                                     |
| <u>Reconciliation to Governmental Funds Statement (GAAP):</u>   |                            |                             |                         |               |                                     |
| Last State Aid Payments not Recognized on GAAP Basis  |                            |                             |                         | (117,629)     |                                     |
| Fund Balance per Governmental Funds (GAAP)  |                            |                             |                         | \$ 4,141,169  |                                     |

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
 (UNAUDITED)

|   | Original<br>Budget  | Budget<br>Transfers | Final<br>Budget     | Actual              | Variance<br>Final to Actual |
|---|---------------------|---------------------|---------------------|---------------------|-----------------------------|
| <b>REVENUES:</b>  |                     |                     |                     |                     |                             |
| Local Sources   |                     | \$ 2,719            | \$ 2,719            | \$ 1,879            | \$ (840)                    |
| State Sources   | \$ 16,150           | 884,457             | 900,607             | 106,521             | (794,086)                   |
| Federal Sources   | 1,296,581           | 421,952             | 1,718,533           | 1,541,349           | (177,184)                   |
| <b>Total Revenues</b>   | <u>1,312,731</u>    | <u>1,309,128</u>    | <u>2,621,859</u>    | <u>1,649,749</u>    | <u>(972,110)</u>            |
| <b>EXPENDITURES:</b>  |                     |                     |                     |                     |                             |
| <b>Instruction:</b>   |                     |                     |                     |                     |                             |
| Salaries of Teachers  | 328,183             | 57,263              | 385,446             | 193,586             | 191,860                     |
| Purchased Professional and Technical Services                 |                     | 84,508              | 84,508              | 82,088              | 2,420                       |
| Other Purchased Services                                      |                     | 86,700              | 86,700              | 6,802               | 79,898                      |
| General Supplies  | 328,183             | 109,501             | 437,684             | 246,248             | 191,436                     |
| Other Objects   |                     | 37,415              | 37,415              | 3,389               | 34,026                      |
| <b>Total Instruction</b>                                      | <u>656,366</u>      | <u>375,388</u>      | <u>1,031,753</u>    | <u>532,113</u>      | <u>499,640</u>              |
| <b>Support Services:</b>                                      |                     |                     |                     |                     |                             |
| Salaries of Supervisors of Instruction                        | 262,546             | (5,089)             | 257,457             | 196,778             | 60,679                      |
| Salaries of Other Professional Staff                          | 131,273             | (3,822)             | 127,451             | 119,313             | 8,138                       |
| Personal Services - Employee Benefits                         |                     | 171,639             | 171,639             | 80,954              | 90,685                      |
| Purchased Professional-Educational Services                   |                     | 94,417              | 94,417              |                     | 94,417                      |
| Other Purchased Professional Services                         | 65,637              | (65,637)            |                     |                     |                             |
| Purchased Professional-Technical Services                     |                     | 34,442              | 34,442              | 24,505              | 9,937                       |
| Tuition   | 32,818              | 332,802             | 365,620             | 365,620             |                             |
| Other Purchased Services                                      |                     | 322,433             | 322,433             | 243,358             | 79,075                      |
| Supplies and Materials  |                     | 15,084              | 15,084              | 9,786               | 5,298                       |
| Other Objects   |                     | 5,000               | 5,000               | 4,730               | 270                         |
| <b>Total Support Services</b>                                 | <u>492,274</u>      | <u>901,269</u>      | <u>1,393,543</u>    | <u>1,045,044</u>    | <u>348,499</u>              |
| <b>Facilities Acquisition and Construction Services:</b>      |                     |                     |                     |                     |                             |
| Instructional Equipment                                       | 164,091             | 32,472              | 196,563             | 72,592              | 123,971                     |
| <b>Total Facilities Acquisition and Construction Services</b> | <u>164,091</u>      | <u>32,472</u>       | <u>196,563</u>      | <u>72,592</u>       | <u>123,971</u>              |
| <b>Total Expenditures</b>                                     | <u>\$ 1,312,731</u> | <u>\$ 1,309,128</u> | <u>\$ 2,621,859</u> | <u>\$ 1,649,749</u> | <u>\$ 972,110</u>           |

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

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

|   | General<br>Fund | Special<br>Revenue<br>Fund |
|---|-----------------|----------------------------|
| Sources/Inflows of Resources:   |                 |                            |
| Actual Amounts (Budgetary Basis) "Revenue"<br>from the Budgetary Comparison Schedule  | \$ 18,969,746   | \$ 1,649,749               |
| Difference - Budget to GAAP:  |                 |                            |
| Grant Accounting Budgetary Basis Differs from GAAP in that the<br>Budgetary Basis Recognizes Encumbrances as Expenditures and<br>Revenue while the GAAP Basis does not:   |                 |                            |
| Current Year Encumbrances   |                 | (4,333)                    |
| Cancellation of Prior Year Encumbrances   |                 | (176)                      |
| Prior Year Encumbrances   |                 | 5,577                      |
| Prior Year State Aid Payments not Recognized for Budgetary Purposes,<br>Recognized for GAAP Statements  | 108,603         |                            |
| Current Year State Aid Payments Recognized for Budgetary Purposes,<br>not Recognized for GAAP Statements  | (117,629)       |                            |
| Total Revenues as Reported on the Statement of Revenues, Expenditures<br>and Changes in Fund Balances - Governmental Funds.   | \$ 18,960,720   | \$ 1,650,817               |
| Uses/Outflows of Resources:   |                 |                            |
| Actual Amounts (Budgetary Basis) "Total Outflows" from the<br>Budgetary Comparison Schedule   | \$ 18,848,959   | \$ 1,649,749               |
| Differences - Budget to GAAP:   |                 |                            |
| Encumbrances for Supplies and Equipment Ordered but<br>Not Received are Reported in the Year the Order is Placed for<br>Budgetary Purposes, but in the Year the Supplies are Received<br>for Financial Reporting Purposes.: |                 |                            |
| Current Year Encumbrances   |                 | (4,333)                    |
| Cancellation of Prior Year Encumbrances   |                 | (176)                      |
| Prior Year Encumbrances   |                 | 5,577                      |
| Total Expenditures as Reported on the Statement of Revenues,<br>Expenditures, and Changes in Fund Balances - Governmental Funds   | \$ 18,848,959   | \$ 1,650,817               |

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISION SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(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, 2016

|  | Private<br>Donations | Consolidated<br>Adult Basic<br>Skills/Integrated<br>English Literacy<br>Civics Education | I.D.E.A.<br>Part B, Basic | Carl D.<br>Perkins Act<br>Secondary | Carl D.<br>Perkins Act<br>Post<br>Secondary |
|--|----------------------|--|---------------------------|-------------------------------------|---|
| REVENUES:  |                      |  |                           |                                     |   |
| Local Sources  | \$ 1,879             |  |                           |                                     |   |
| State Sources  |                      |  |                           |                                     |   |
| Federal Sources  |                      | \$ 577,145   | \$ 216,518                | \$ 255,691                          | \$ 126,375                                  |
| Total Revenues   | <u>1,879</u>         | <u>577,145</u>   | <u>216,518</u>            | <u>255,691</u>                      | <u>126,375</u>                              |
| EXPENDITURES:  |                      |  |                           |                                     |   |
| Instruction:   |                      |  |                           |                                     |   |
| Salaries of Teachers                                   |                      | 157,131  |                           | 1,582                               |   |
| Purchased Professional and Technical Services          |                      |  | 1,971                     | 30,732                              | 49,385                                      |
| Other Purchased Services                               |                      |  |                           |                                     |   |
| General Supplies                                       | 1,879                | 37,764   | 13,326                    | 133,541                             | 44,795                                      |
| Other Objects  |                      |  |                           |                                     | 815   |
| Total Instruction                                      | <u>1,879</u>         | <u>194,895</u>   | <u>15,297</u>             | <u>165,855</u>                      | <u>94,995</u>                               |
| Support Services:                                      |                      |  |                           |                                     |   |
| Salaries of Supervisors of Instruction                 |                      | 16,068   | 140,678                   |                                     | 6,592                                       |
| Salaries of Other Professional Staff                   |                      | 93,335   |                           | 21,602                              |   |
| Personal Services - Employee Benefits                  |                      | 44,092   | 29,304                    | 4,317                               | 504   |
| Purchased Professional - Technical Services            |                      |  | 22,255                    |                                     | 2,250                                       |
| Tuition  |                      |  |                           |                                     |   |
| Other Purchased Services                               |                      | 228,755  | 1,425                     | 10,515                              | 420   |
| Supplies and Materials                                 |                      |  | 5,253                     |                                     |   |
| Other Objects  |                      |  |                           | 4,730                               |   |
| Total Support Services                                 |                      | <u>382,250</u>   | <u>198,915</u>            | <u>41,164</u>                       | <u>9,766</u>                                |
| Total Facilities Acquisition and Construction Services |                      |  |                           |                                     |   |
| Instructional Equipment                                |                      |  | 2,306                     | 48,672                              | 21,614                                      |
| Total Facilities Acquisition and Construction Services |                      |  | <u>2,306</u>              | <u>48,672</u>                       | <u>21,614</u>                               |
| Total Expenditures                                     | <u>\$ 1,879</u>      | <u>\$ 577,145</u>  | <u>\$ 216,518</u>         | <u>\$ 255,691</u>                   | <u>\$ 126,375</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, 2016

|   | <u>Apprenticeship<br/>Coordinator</u> | <u>New Jersey Achievement Coaches</u> |                  | <u>County<br/>Vocational<br/>Partnership<br/>Grant</u> | <u>County<br/>Vocational<br/>Competitive<br/>Grant</u> |
|---|---------------------------------------|---------------------------------------|------------------|--|--|
|   |                                       | <u>FY 2016</u>                        | <u>Carryover</u> |  |  |
| <b>REVENUES:</b>  |                                       |                                       |                  |  |  |
| Local Sources   |                                       |                                       |                  |  |  |
| State Sources   | \$ 18,152                             | \$ 6,485                              | \$ 17,209        | \$ 62,101  | \$ 2,574   |
| Federal Sources   |                                       |                                       |                  |  |  |
| <b>Total Revenues</b>   | <u>18,152</u>                         | <u>6,485</u>                          | <u>17,209</u>    | <u>62,101</u>  | <u>2,574</u>   |
| <b>EXPENDITURES:</b>  |                                       |                                       |                  |  |  |
| <b>Instruction:</b>   |                                       |                                       |                  |  |  |
| Salaries of Teachers  |                                       | 800                                   |                  | 34,073   |  |
| Purchased Professional and Technical Services                 |                                       |                                       |                  |  |  |
| Other Purchased Services                                      |                                       |                                       |                  | 6,802  |  |
| General Supplies  |                                       |                                       |                  | 14,943   |  |
| Other Objects   |                                       |                                       |                  |  | 2,574  |
| <b>Total Instruction</b>                                      |                                       | <u>800</u>                            |                  | <u>55,818</u>  | <u>2,574</u>   |
| <b>Support Services:</b>                                      |                                       |                                       |                  |  |  |
| Salaries of Supervisors of Instruction                        | 17,440                                |                                       | 16,000           |  |  |
| Salaries of Other Professional Staff                          |                                       |                                       |                  | 4,376  |  |
| Personal Services - Employee Benefits                         | 580                                   | 655                                   |                  | 1,502  |  |
| Purchased Professional - Technical Services                   |                                       |                                       |                  |  |  |
| Tuition   |                                       |                                       |                  |  |  |
| Other Purchased Services                                      | 132                                   | 734                                   | 972              | 405  |  |
| Supplies and Materials  |                                       | 4,296                                 | 237              |  |  |
| Other Objects   |                                       |                                       |                  |  |  |
| <b>Total Support Services</b>                                 | <u>18,152</u>                         | <u>5,685</u>                          | <u>17,209</u>    | <u>6,283</u>   |  |
| <b>Total Facilities Acquisition and Construction Services</b> |                                       |                                       |                  |  |  |
| Instructional Equipment                                       |                                       |                                       |                  |  |  |
| <b>Total Facilities Acquisition and Construction Services</b> |                                       |                                       |                  |  |  |
| <b>Total Expenditures</b>                                     | <u>\$ 18,152</u>                      | <u>\$ 6,485</u>                       | <u>\$ 17,209</u> | <u>\$ 62,101</u>                                       | <u>\$ 2,574</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, 2016

|  | Pell<br>Grant | Stafford Loans |              | PLUS<br>Loans | Totals<br>2016 |
|--|---------------|----------------|--------------|---------------|----------------|
|  |               | Subsidized     | Unsubsidized |               |                |
| REVENUES:  |               |                |              |               |                |
| Local Sources  |               |                |              |               | \$ 1,879       |
| State Sources  |               |                |              |               | 106,521        |
| Federal Sources  | \$ 119,581    | \$ 91,438      | \$ 138,577   | \$ 16,024     | 1,541,349      |
| Total Revenues   | 119,581       | 91,438         | 138,577      | 16,024        | 1,649,749      |
| EXPENDITURES:  |               |                |              |               |                |
| Instruction:   |               |                |              |               |                |
| Salaries of Teachers                                   |               |                |              |               | 193,586        |
| Purchased Professional and Technical Services          |               |                |              |               | 82,088         |
| Other Purchased Services                               |               |                |              |               | 6,802          |
| General Supplies                                       |               |                |              |               | 246,248        |
| Other Objects  |               |                |              |               | 3,389          |
| Total Instruction                                      |               |                |              |               | 532,113        |
| Support Services:                                      |               |                |              |               |                |
| Salaries of Supervisors of Instruction                 |               |                |              |               | 196,778        |
| Salaries of Other Professional Staff                   |               |                |              |               | 119,313        |
| Personal Services - Employee Benefits                  |               |                |              |               | 80,954         |
| Purchased Professional - Technical Services            |               |                |              |               | 24,505         |
| Tuition  | 119,581       | 91,438         | 138,577      | 16,024        | 365,620        |
| Other Purchased Services                               |               |                |              |               | 243,358        |
| Supplies and Materials                                 |               |                |              |               | 9,786          |
| Other Objects  |               |                |              |               | 4,730          |
| Total Support Services                                 | 119,581       | 91,438         | 138,577      | 16,024        | 1,045,044      |
| Total Facilities Acquisition and Construction Services |               |                |              |               |                |
| Instructional Equipment                                |               |                |              |               | 72,592         |
| Total Facilities Acquisition and Construction Services |               |                |              |               | 72,592         |
| Total Expenditures                                     | \$ 119,581    | \$ 91,438      | \$ 138,577   | \$ 16,024     | \$ 1,649,749   |

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, 2016

|  |              |
|--|--------------|
| Revenue and Other Financing Sources:   |              |
| County Improvement Authorization   | \$ 601,000   |
|  | <hr/>        |
| Total Revenue and Other Financing Sources  | 601,000      |
|  | <hr/>        |
| Expenditures and Other Financing Uses:   |              |
| Purchased Professional and Technical Services  | 168,460      |
| Construction Services  | 973,145      |
| Cancellation of County Improvement Authorization Receivable                                  | 23,694       |
|  | <hr/>        |
| Total Expenditures and Other Financing Uses  | 1,165,299    |
|  | <hr/>        |
| Deficit of Revenue and Other Financing Sources Over Expenditures<br>and Other Financing Uses | (564,299)    |
|  | <hr/>        |
| Fund Balance - Beginning of Year   | 2,200,313    |
|  | <hr/>        |
| Fund Balance - End of Year   | \$ 1,636,014 |
|  | <hr/> <hr/>  |
| <u>Recapitulation:</u>   |              |
| Committed  | \$ 1,540,592 |
| Committed - Year End Encumbrances  | 95,422       |
|  | <hr/>        |
| Total Fund Balance - Budgetary Basis/GAAP Basis  | \$ 1,636,014 |
|  | <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, 2016

|   | <u>Prior<br/>Periods</u> | <u>Current<br/>Year</u> | <u>Totals</u>     | <u>Project<br/>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                          |
| <br>  |                          |                         |                   |                                  |
| Total Revenue and Other Financing Sources   | <u>1,672,351</u>         |                         | <u>1,672,351</u>  | <u>1,672,351</u>                 |
| <br>  |                          |                         |                   |                                  |
| Expenditures:   |                          |                         |                   |                                  |
| Legal Services  |                          |                         |                   |                                  |
| Purchased Professional and Technical Services                                     | 258,168                  | \$ 79,708               | 337,876           | 242,500                          |
| Construction Services   | 1,197,175                | 2,635                   | 1,199,810         | 1,341,035                        |
| Other Objects   |                          |                         |                   | 88,816                           |
| <br>  |                          |                         |                   |                                  |
| Total Expenditures  | <u>1,455,343</u>         | <u>82,343</u>           | <u>1,537,686</u>  | <u>1,672,351</u>                 |
| <br>  |                          |                         |                   |                                  |
| Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures | <u>\$ 217,008</u>        | <u>\$ (82,343)</u>      | <u>\$ 134,665</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                             | 92%   |
| Original Target Completion Date                   | 06/15 |
| Revised Target Completion Date                    | 06/17 |

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, 2016

|  | <u>Prior<br/>Periods</u> | <u>Current<br/>Year</u> | <u>Totals</u> | <u>Project<br/>Authorization</u> |
|--|--------------------------|-------------------------|---------------|----------------------------------|
| Revenue and Other Financing Sources:                                   |                          |                         |               |                                  |
| County Improvement Authorization                                       | \$ 1,292,220             | \$ (23,694)             | \$ 1,268,526  | \$ 1,292,220                     |
| <br>Total Revenue and Other Financing<br>Sources                       | <br>1,292,220            | <br>(23,694)            | <br>1,268,526 | <br>1,292,220                    |
| Expenditures:  |                          |                         |               |                                  |
| Legal Services   | 300                      |                         | 300           | 2,550                            |
| Purchased Professional and Technical<br>Services                       | 238,398                  | 13,766                  | 252,164       | 242,265                          |
| Construction Services  | 852,049                  | 72,171                  | 924,220       | 889,979                          |
| Equipment  | 91,842                   |                         | 91,842        | 92,000                           |
| Other Objects  |                          |                         |               | 65,426                           |
| <br>Total Expenditures   | <br>1,182,589            | <br>85,937              | <br>1,268,526 | <br>1,292,220                    |
| <br>Excess of Revenue and Other Financing<br>Sources Over Expenditures | <br>\$ 109,631           | <br>\$ (109,631)        | <br>\$ -0-    | <br>\$ -0-                       |

Additional Project Information:

|  |   |
|--|---|
| Project Numbers                                      | 3365-050-14-2000; 3365-050-14-4000;<br>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  |
| County Improvement Auth. Cancelled                   | (23,694)  |
| Revised Authorized Cost                              | <u>\$ 1,268,526</u>   |
| Percentage Increase over Original<br>Authorized Cost | 0%  |
| Percentage Completion                                | 100%  |
| 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, 2016

|   | <u>Prior</u><br><u>Periods</u> | <u>Current</u><br><u>Year</u> | <u>Totals</u> | <u>Project</u><br><u>Authorization</u> |
|---|--------------------------------|-------------------------------|---------------|--|
| Revenue and Other Financing Sources:  |                                |                               |               |  |
| County Improvement Authorization  | \$ 2,061,000                   |                               | \$ 2,061,000  | \$ 2,061,000                           |
| <br>Total Revenue and Other Financing Sources                                     | <br>2,061,000                  |                               | <br>2,061,000 | <br>2,061,000                          |
| Expenditures:   |                                |                               |               |  |
| Legal Services  |                                |                               |               | 7,100                                  |
| Purchased Professional and Technical Services                                     | 84,379                         | \$ 25,482                     | 109,861       | 321,400                                |
| Construction Services   | 102,947                        | 898,339                       | 1,001,286     | 1,645,000                              |
| Other Objects   |                                |                               |               | 87,500                                 |
| <br>Total Expenditures  | <br>187,326                    | <br>923,821                   | <br>1,111,147 | <br>2,061,000                          |
| Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures | \$ 1,873,674                   | \$ (923,821)                  | \$ 949,853    | \$ -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           | 54%   |
| Original Target Completion Date | 06/16 |
| Revised Target Completion Date  | 12/16 |

Exhibit F-1D

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -  
BUDGETARY BASIS  
HVAC AND VENTILATING DECK UNIT REPLACEMENTS  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

|   | <u>Prior<br/>Periods</u> | <u>Current<br/>Year</u> | <u>Totals</u> | <u>Project<br/>Authorization</u> |
|---|--------------------------|-------------------------|---------------|----------------------------------|
| Revenue and Other Financing Sources:  |                          |                         |               |                                  |
| County Improvement Authorization  |                          | \$ 601,000              | \$ 601,000    | \$ 601,000                       |
| <br>Total Revenue and Other Financing Sources                                     |                          | <br>601,000             | <br>601,000   | <br>601,000                      |
| Expenditures:   |                          |                         |               |                                  |
| Purchased Professional and Technical Services                                     |                          | 49,504                  | 49,504        | 101,000                          |
| Construction Services   |                          |                         |               | 500,000                          |
| <br>Total Expenditures  |                          | <br>49,504              | <br>49,504    | <br>601,000                      |
| Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures | \$ -0-                   | \$ 551,496              | \$ 551,496    | \$ -0-                           |

Additional Project Information:

|                                       |                   |
|---------------------------------------|-------------------|
| Project Numbers                       | 3365-050-16-3000  |
| Grant Date                            | N/A               |
| County Improvement Authorization Date | 06/16/16          |
| County Improvement Authorization      | \$ 601,000        |
| Original Authorized Cost              | \$ 601,000        |
| Additional Authorized Cost            | -0-               |
| Revised Authorized Cost               | <u>\$ 601,000</u> |

|   |       |
|---|-------|
| Percentage Increase over Original Authorized Cost | 0%    |
| Percentage Completion                             | 8%    |
| Original Target Completion Date                   | 09/17 |
| Revised Target Completion Date                    | N/A   |

PROPRIETARY FUNDS



MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2016

|   | Non-Major Funds        |                        |              | Major Fund      |                    | Totals         |
|---|------------------------|------------------------|--------------|-----------------|--------------------|----------------|
|   | Supermarket<br>Account | Internet<br>Consortium | Cosmetology  | Food<br>Service | Adult<br>Education |                |
| <b>ASSETS:</b>  |                        |                        |              |                 |                    |                |
| Current Assets:   |                        |                        |              |                 |                    |                |
| Cash and Cash Equivalents                                   | \$ 9,761               | \$ 26,532              | \$ 3,162     |                 | \$ 99,704          | \$ 139,159     |
| Intergovernmental Accounts Receivable:                      |                        |                        |              |                 |                    |                |
| State   |                        |                        |              | \$ 83           |                    | 83             |
| Federal   |                        |                        |              | 1,602           |                    | 1,602          |
| Other Accounts Receivable                                   |                        |                        |              | 192             |                    | 192            |
| Inventories   |                        |                        |              | 5,351           |                    | 5,351          |
| <b>Total Current Assets</b>                                 | <b>9,761</b>           | <b>26,532</b>          | <b>3,162</b> | <b>7,228</b>    | <b>99,704</b>      | <b>146,387</b> |
| Non-Current Assets:   |                        |                        |              |                 |                    |                |
| Capital Assets  |                        | 78,808                 |              | 79,256          | 52,016             | 210,080        |
| Less: Accumulated Depreciation                              |                        | (76,678)               |              | (52,712)        | (21,719)           | (151,109)      |
| <b>Total Non-Current Assets</b>                             |                        | <b>2,130</b>           |              | <b>26,544</b>   | <b>30,297</b>      | <b>58,971</b>  |
| <b>Total Assets</b>   | <b>9,761</b>           | <b>28,662</b>          | <b>3,162</b> | <b>33,772</b>   | <b>130,001</b>     | <b>205,358</b> |
| <b>DEFERRED OUTFLOWS OF RESOURCES:</b>                      |                        |                        |              |                 |                    |                |
| Changes in Assumptions - Pension                            |                        |                        |              |                 | 51,048             | 51,048         |
| Changes in Proportion - Pensions                            |                        |                        |              |                 | 3,231              | 3,231          |
| Difference Between Expected and Actual Experience - Pension |                        |                        |              |                 | 11,340             | 11,340         |
| <b>Total Deferred Outflows of Resources</b>                 |                        |                        |              |                 | <b>65,619</b>      | <b>65,619</b>  |

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2016

|  | Non-Major Funds        |                        |             | Major Fund                            | Totals       |
|--|------------------------|------------------------|-------------|---------------------------------------|--------------|
|  | Supermarket<br>Account | Internet<br>Consortium | Cosmetology | Food<br>Service<br>Adult<br>Education |              |
| <b><u>LIABILITIES:</u></b>                   |                        |                        |             |                                       |              |
| Current Liabilities:                         |                        |                        |             |                                       |              |
| Accounts Payable                             |                        | \$ 1,908               |             | \$ 707                                | \$ 2,615     |
| Unearned Revenue                             |                        |                        | \$ 3,485    |                                       | 3,485        |
| Total Current Liabilities                    |                        | 1,908                  | 3,485       | 707                                   | 6,100        |
| Non-Current Liabilities:                     |                        |                        |             |                                       |              |
| Compensated Absences Payable                 |                        |                        |             | 18,140                                | 18,140       |
| Capital Leases Payable:                      |                        |                        |             |                                       |              |
| Due Within One Year                          |                        |                        |             | 2,616                                 | 2,616        |
| Due Beyond One Year                          |                        |                        |             | 2,223                                 | 2,223        |
| Net Pension Liability                        |                        |                        |             | 475,346                               | 475,346      |
| Total Non-Current Liabilities                |                        |                        |             | 498,325                               | 498,325      |
| Total Liabilities                            |                        | 1,908                  | 3,485       | 499,032                               | 504,425      |
| <b><u>DEFERRED INFLOWS OF RESOURCES:</u></b> |                        |                        |             |                                       |              |
| Investment Gains - Pension                   |                        |                        |             | 7,643                                 | 7,643        |
| Changes in Proportion - Pension              |                        |                        |             | 40,281                                | 40,281       |
| Total Deferred Inflows of Resources          |                        |                        |             | 47,924                                | 47,924       |
| <b><u>NET POSITION:</u></b>                  |                        |                        |             |                                       |              |
| Net Investment in Capital Assets             |                        | 2,130                  |             | 26,544                                | 54,132       |
| Unrestricted/(Deficit)                       | \$ 9,761               | 24,624                 | \$ 3,162    | (376,794)                             | (335,504)    |
| Total Net Position/(Deficit)                 | \$ 9,761               | \$ 26,754              | \$ 3,162    | \$ (351,336)                          | \$ (281,372) |

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, 2016

|   | Non-Major Funds        |                        |      |              | Major Fund      |                  | Totals         |
|---|------------------------|------------------------|------|--------------|-----------------|------------------|----------------|
|   | Supermarket<br>Account | Internet<br>Consortium | ETTC | Cosmetology  | Food<br>Service | Food<br>Function |                |
| Operating Revenue:                            |                        |                        |      |              |                 |                  |                |
| Daily Sales:                                  |                        |                        |      |              |                 |                  |                |
| Reimbursable Programs                         |                        |                        |      |              | \$ 67,063       |                  | \$ 67,063      |
| Non-Reimbursable Programs                     |                        |                        |      |              | 52,704          |                  | 52,704         |
| Charges for Services:                         |                        |                        |      |              |                 |                  |                |
| Program Fees                                  | \$ 11,126              | \$ 50,958              |      | \$ 1,225     |                 | \$ 643,632       | 706,941        |
| Miscellaneous Revenue                         |                        |                        |      |              | 5,048           |                  | 5,048          |
| <b>Total Operating Revenue</b>                | <b>11,126</b>          | <b>50,958</b>          |      | <b>1,225</b> | <b>124,815</b>  | <b>643,632</b>   | <b>831,756</b> |
| Operating Expenses:                           |                        |                        |      |              |                 |                  |                |
| Cost of Sales:                                |                        |                        |      |              |                 |                  |                |
| Reimbursable Programs                         |                        |                        |      |              | 42,579          |                  | 42,579         |
| Non-Reimbursable Programs                     |                        |                        |      |              | 29,589          |                  | 29,589         |
| Salaries                                      |                        | 15,000                 |      |              | 47,863          | 372,110          | 434,973        |
| Employee Benefits                             |                        | 500                    |      |              | 11,657          | 64,696           | 76,853         |
| Purchased Professional and Technical Services |                        |                        |      |              | 9,900           | 43,801           | 53,701         |
| Other Purchased Services                      |                        | 23,998                 |      |              | 605             | 63,253           | 87,856         |
| Supplies and Materials                        | 10,840                 | 369                    |      | 1,793        | 4,541           | 76,876           | 94,419         |
| Miscellaneous Expense                         |                        |                        |      |              | 4,479           | 828              | 5,307          |
| Depreciation Expense                          |                        | 532                    |      |              | 4,146           | 5,582            | 10,260         |
| <b>Total Operating Expenses</b>               | <b>10,840</b>          | <b>40,399</b>          |      | <b>1,793</b> | <b>155,359</b>  | <b>627,146</b>   | <b>835,537</b> |
| <b>Operating Income/(Loss)</b>                | <b>286</b>             | <b>10,559</b>          |      | <b>(568)</b> | <b>(30,544)</b> | <b>16,486</b>    | <b>(3,781)</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, 2016

|  | Non-Major Funds        |                        |             |             |                 | Major Fund       | Totals       |                    |
|--|------------------------|------------------------|-------------|-------------|-----------------|------------------|--------------|--------------------|
|  | Supermarket<br>Account | Internet<br>Consortium | ETTC        | Cosmetology | Food<br>Service | Food<br>Function |              | Adult<br>Education |
| Non-Operating Revenue:                     |                        |                        |             |             |                 |                  |              |                    |
| State Sources:                             |                        |                        |             |             |                 |                  |              |                    |
| State School Lunch Program                 |                        |                        |             |             | \$ 1,076        |                  | \$ 1,076     |                    |
| Federal Sources:                           |                        |                        |             |             |                 |                  |              |                    |
| National School Lunch Program              |                        |                        |             |             | 19,597          |                  | 19,597       |                    |
| School Breakfast Program                   |                        |                        |             |             | 1,565           |                  | 1,565        |                    |
| Food Distribution Program                  |                        |                        |             |             | 7,739           |                  | 7,739        |                    |
| Total Non-Operating Income                 |                        |                        |             |             | 29,977          |                  | 29,977       |                    |
| Change in Net Position Before Transfers    | \$ 286                 | \$ 10,559              |             | \$ (568)    | (567)           |                  | \$ 16,486    | 26,196             |
| Transfers:                                 |                        |                        |             |             |                 |                  |              |                    |
| Transfer from General Fund                 |                        |                        |             |             | 207             |                  |              | 207                |
| Transfer to General Fund                   |                        |                        | \$ (71,679) |             |                 | \$ (22,477)      |              | (94,156)           |
| Total Transfers                            |                        |                        | (71,679)    |             | 207             | (22,477)         |              | (93,949)           |
| Change in Net Position                     | 286                    | 10,559                 | (71,679)    | (568)       | (360)           | (22,477)         | 16,486       | (67,753)           |
| Net Position/(Deficit) - Beginning of Year | 9,475                  | 16,195                 | \$ 71,679   | 3,730       | 30,647          | 22,477           | (367,822)    | (213,619)          |
| Net Position/(Deficit) - End of Year       | \$ 9,761               | \$ 26,754              | \$ -0-      | \$ 3,162    | \$ 30,287       | \$ -0-           | \$ (351,336) | \$ (281,372)       |

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

|   | Non-Major Funds        |                        |             |             |                 |                  | Major Fund         | Totals     |
|---|------------------------|------------------------|-------------|-------------|-----------------|------------------|--------------------|------------|
|   | Supermarket<br>Account | Internet<br>Consortium | ETTC        | Cosmetology | Food<br>Service | Food<br>Function | Adult<br>Education |            |
| Cash Flows from Operating Activities:                               |                        |                        |             |             |                 |                  |                    |            |
| Receipts from Customers   | \$ 11,126              | \$ 50,958              |             | \$ 1,225    | \$ 125,089      | \$ 2,220         | \$ 644,523         | \$ 835,141 |
| Payments to Food Service Contractor                                 |                        |                        |             |             | (146,543)       |                  |                    | (146,543)  |
| Payments to/for Employees   |                        | (15,500)               |             |             |                 |                  | (421,696)          | (437,196)  |
| Payments to Suppliers   | (10,840)               | (24,830)               |             | (1,793)     | (1,642)         |                  | (184,051)          | (223,156)  |
| Net Cash Provided by/(Used for) Operating Activities                | 286                    | 10,628                 |             | (568)       | (23,096)        | 2,220            | 38,776             | 28,246     |
| Cash Flows from Capital and Related Financing Activities:           |                        |                        |             |             |                 |                  |                    |            |
| Purchase of Capital Assets  |                        | (2,662)                |             |             |                 |                  |                    | (2,662)    |
| Lease Purchase Principal Payment                                    |                        |                        |             |             |                 |                  | (2,562)            | (2,562)    |
| Net Cash Used for Capital and Related Financing Activities          |                        | (2,662)                |             |             |                 |                  | (2,562)            | (5,224)    |
| Cash Flows from Noncapital Financing Activities:                    |                        |                        |             |             |                 |                  |                    |            |
| Transfer from General Fund  |                        |                        |             |             | 207             |                  |                    | 207        |
| State Sources   |                        |                        |             |             | 1,091           |                  |                    | 1,091      |
| Federal Sources   |                        |                        |             |             | 21,685          |                  |                    | 21,685     |
| Transfer to General Fund  |                        |                        | \$ (71,679) |             |                 | (22,477)         |                    | (94,156)   |
| Net Cash Provided by/(Used for) Noncapital and Financing Activities |                        |                        | (71,679)    |             | 22,983          | (22,477)         |                    | (71,173)   |
| Net Increase/(Decrease) in Cash and Cash Equivalents                | 286                    | 7,966                  | (71,679)    | (568)       | (113)           | (20,257)         | 36,214             | (48,151)   |
| Cash and Cash Equivalents, July 1                                   | 9,475                  | 18,566                 | \$ 71,679   | 3,730       | 113             | 20,257           | 63,490             | 187,310    |
| Cash and Cash Equivalents, June 30                                  | \$ 9,761               | \$ 26,532              | \$ -0-      | \$ 3,162    | \$ -0-          | \$ -0-           | \$ 99,704          | \$ 139,159 |

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

|   | Non-Major Funds        |                        |               |                 |                    | Major Fund       |                    | Totals           |
|---|------------------------|------------------------|---------------|-----------------|--------------------|------------------|--------------------|------------------|
|   | Supermarket<br>Account | Internet<br>Consortium | ETTC          | Cosmetology     | Food<br>Service    | Food<br>Function | Adult<br>Education |                  |
| Reconciliation of Operating Income/(Loss) to<br>Net Cash Provided by/(Used for) Operating Activities:   |                        |                        |               |                 |                    |                  |                    |                  |
| Operating Income/(Loss)   | \$ 286                 | \$ 10,559              |               | \$ (568)        | \$ (30,544)        | \$ -0-           | \$ 16,486          | \$ (3,781)       |
| Adjustment to Reconcile Operating Income/(Loss) to Cash<br>Provided by/(Used for) Operating Activities: |                        |                        |               |                 |                    |                  |                    |                  |
| Depreciation  |                        | 532                    |               |                 | 4,146              |                  | 5,582              | 10,260           |
| Food Distribution Program   |                        |                        |               |                 | 7,739              |                  |                    | 7,739            |
| Changes in Assets and Liabilities:  |                        |                        |               |                 |                    |                  |                    |                  |
| (Increase)/Decrease in Other Accounts Receivable  |                        |                        |               |                 | (192)              | 2,220            | 891                | 2,919            |
| Increase/(Decrease) in Accounts Payable   |                        | (463)                  |               |                 | (3,613)            |                  | 707                | (3,369)          |
| Increase in Unearned Revenue  |                        |                        |               |                 | 2,225              |                  |                    | 2,225            |
| Increase in Compensated Absences Payable  |                        |                        |               |                 |                    |                  | 10,519             | 10,519           |
| (Increase) in Inventory   |                        |                        |               |                 | (2,857)            |                  |                    | (2,857)          |
| Increase in Net Pension Liability   |                        |                        |               |                 |                    |                  | 82,692             | 82,692           |
| (Increase) in Changes in Assumptions - Pension  |                        |                        |               |                 |                    |                  | (38,701)           | (38,701)         |
| (Increase) in Difference between Expected and Actual<br>Experience - Pension                            |                        |                        |               |                 |                    |                  | (11,340)           | (11,340)         |
| (Decrease) in Investment Gains - Pension  |                        |                        |               |                 |                    |                  | (15,757)           | (15,757)         |
| (Decrease) in Changes in Proportions - Pensions   |                        |                        |               |                 |                    |                  | (12,303)           | (12,303)         |
| Net Cash Provided by/(Used for) Operating Activities  | <u>\$ 286</u>          | <u>\$ 10,628</u>       | <u>\$ -0-</u> | <u>\$ (568)</u> | <u>\$ (23,096)</u> | <u>\$ 2,220</u>  | <u>\$ 38,776</u>   | <u>\$ 28,246</u> |

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund Received U.S.D.A. Donated Commodities Through the Food Distribution Program Valued at \$9,497 and Utilized Commodities Valued at \$7,739.

The Adult Education Enterprise Fund paid down \$2,562 of capital leases payable.

FIDUCIARY FUNDS

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
FIDUCIARY FUND  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2016

|                                     | <u>Agency</u>               |                | <u>Total<br/>Agency</u> | <u>Unemployment<br/>Compensation<br/>Trust</u> | <u>Flexible<br/>Spending<br/>Trust</u> | <u>Private<br/>Purpose<br/>Scholarships<br/>Trust</u> |
|-------------------------------------|-----------------------------|----------------|-------------------------|--|--|---|
|                                     | <u>Student<br/>Activity</u> | <u>Payroll</u> |                         |  |  |   |
| <u>ASSETS:</u>                      |                             |                |                         |  |  |   |
| Cash and Cash Equivalents           | \$ 116,258                  | \$ 354,219     | \$ 470,477              | \$ 20,769                                      | \$ 12,116                              | \$ 135,526  |
| Interfund Receivable:               |                             |                |                         |  |  |   |
| Payroll Agency                      |                             |                |                         | 3,205  |  |   |
| Total Assets                        | <u>116,258</u>              | <u>354,219</u> | <u>470,477</u>          | <u>23,974</u>                                  | <u>12,116</u>                          | <u>135,526</u>  |
| <u>LIABILITIES:</u>                 |                             |                |                         |  |  |   |
| Interfund Payable:                  |                             |                |                         |  |  |   |
| General Fund                        |                             |                |                         |  | 10,730                                 |   |
| Unemployment Compensation Trust     |                             | 3,205          | 3,205                   |  |  |   |
| Payroll Deductions and Withholdings |                             | 105,237        | 105,237                 |  |  |   |
| Accrued Salaries and Wages          |                             | 245,777        | 245,777                 |  |  |   |
| Due to Student Groups               | 116,258                     |                | 116,258                 |  |  |   |
| Total Liabilities                   | <u>116,258</u>              | <u>354,219</u> | <u>470,477</u>          |  | <u>10,730</u>                          |   |
| <u>NET POSITION:</u>                |                             |                |                         |  |  |   |
| Held in Trust for:                  |                             |                |                         |  |  |   |
| Unemployment Claims                 |                             |                |                         | 23,974   |  |   |
| Flexible Spending Claims            |                             |                |                         |  | 1,386                                  |   |
| Restricted for Scholarships         |                             |                |                         |  |  | 135,526   |
| Total Net Position                  | <u>\$ -0-</u>               | <u>\$ -0-</u>  | <u>\$ -0-</u>           | <u>\$ 23,974</u>                               | <u>\$ 1,386</u>                        | <u>\$ 135,526</u>                                     |



Exhibit H-2

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
FIDUCIARY FUND  
STATEMENT OF CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

|  | <u>Unemployment<br/>Compensation<br/>Trust</u> | <u>Flexible<br/>Spending<br/>Trust</u> | <u>Private<br/>Purpose<br/>Scholarships<br/>Trust</u> |
|--|--|--|---|
| ADDITIONS:   |  |  |   |
| Contributions:                                     |  |  |   |
| Plan Members                                       | \$ 18,995                                      | \$ 32,050                              |   |
| Donations  |  |  | \$ 52,000   |
| Investment Earnings:                               |  |  |   |
| Interest   | 46   |  | 129   |
| Total Additions                                    | <u>19,041</u>                                  | <u>32,050</u>                          | <u>52,129</u>   |
| DEDUCTIONS:  |  |  |   |
| Unemployment Benefit Claims                        | 25,035   |  |   |
| Flexible Spending Claims                           |  | 32,985                                 |   |
| Scholarships Awarded                               |  |  | 3,500   |
| Total Deductions                                   | <u>25,035</u>                                  | <u>32,985</u>                          | <u>3,500</u>  |
| Change in Net Position before Other Financing Uses | <u>(5,994)</u>                                 | <u>(935)</u>                           | <u>48,629</u>   |
| OTHER FINANCING USES:                              |  |  |   |
| Transfer to General Fund                           |  | (849)                                  |   |
| Total Other Financing Uses                         |  | <u>(849)</u>                           |   |
| Change in Net Position                             | (5,994)  | (1,784)                                | 48,629  |
| Net Position - Beginning of the Year               | <u>29,968</u>                                  | <u>3,170</u>                           | <u>86,897</u>   |
| Net Position - End of the Year                     | <u>\$ 23,974</u>                               | <u>\$ 1,386</u>                        | <u>\$ 135,526</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, 2016

|                           | <u>Balance</u><br><u>July 1, 2015</u> | <u>Additions</u>  | <u>Deletions</u>  | <u>Balance</u><br><u>June 30, 2016</u> |
|---------------------------|---------------------------------------|-------------------|-------------------|--|
| <u>ASSETS:</u>            |                                       |                   |                   |  |
| Cash and Cash Equivalents | \$ 98,521                             | \$ 184,025        | \$ 166,288        | \$ 116,258                             |
| Total Assets              | <u>\$ 98,521</u>                      | <u>\$ 184,025</u> | <u>\$ 166,288</u> | <u>\$ 116,258</u>                      |
| <br><u>LIABILITIES:</u>   |                                       |                   |                   |  |
| Liabilities:              |                                       |                   |                   |  |
| Due to Student Groups     | \$ 98,521                             | \$ 184,025        | \$ 166,288        | \$ 116,258                             |
| Total Liabilities         | <u>\$ 98,521</u>                      | <u>\$ 184,025</u> | <u>\$ 166,288</u> | <u>\$ 116,258</u>                      |

Exhibit H-4

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

|  | <u>Balance</u><br><u>July 1, 2015</u> | <u>Additions</u>     | <u>Deletions</u>     | <u>Balance</u><br><u>June 30, 2016</u> |
|--|---------------------------------------|----------------------|----------------------|--|
| <u>ASSETS:</u>                         |                                       |                      |                      |  |
| Cash and Cash Equivalents              | \$ 339,296                            | \$ 12,910,380        | \$ 12,895,457        | \$ 354,219                             |
| Total Assets                           | <u>\$ 339,296</u>                     | <u>\$ 12,910,380</u> | <u>\$ 12,895,457</u> | <u>\$ 354,219</u>                      |
| <br><u>LIABILITIES:</u>                |                                       |                      |                      |  |
| Interfund Payable:                     |                                       |                      |                      |  |
| Fiduciary Fund - Unemployment Trust    | \$ 3,099                              | \$ 26,657            | \$ 26,551            | \$ 3,205                               |
| Payroll Deductions<br>and Withholdings | 93,192                                | 12,634,846           | 12,622,801           | 105,237                                |
| Accrued Salaries and Wages             | 243,005                               | 248,877              | 246,105              | 245,777                                |
| Total Liabilities                      | <u>\$ 339,296</u>                     | <u>\$ 12,910,380</u> | <u>\$ 12,895,457</u> | <u>\$ 354,219</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, 2016

| <u>Purpose</u>                 | <u>Interest<br/>Rate</u> | <u>Original<br/>Issue</u> | <u>Balance<br/>July 1, 2015</u> | <u>Matured</u>           | <u>Balance<br/>June 30, 2016</u> |
|--------------------------------|--------------------------|---------------------------|---------------------------------|--------------------------|----------------------------------|
| Thomas 24-passenger School Bus | 2.75%                    | \$ 44,634                 | \$ 9,354                        | \$ 9,354                 |                                  |
| Copiers                        | 2.10%                    | 92,964                    | <u>53,875</u>                   | <u>18,651</u>            | <u>\$ 35,224</u>                 |
|                                |                          |                           | <u>\$ 63,229</u>                | <u>\$ 28,005</u>         | <u>\$ 35,224</u>                 |
|                                |                          |                           |                                 | Governmental Activities  | \$ 30,385                        |
|                                |                          |                           |                                 | Business-Type Activities | <u>4,839</u>                     |
|                                |                          |                           |                                 |                          | <u>\$ 35,224</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,             |                      |                      |                      |                      |                      |                      |                      |                      |                      |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|   | 2007                 | 2008                 | 2009                 | 2010                 | 2011                 | 2012                 | 2013                 | 2014                 | 2015                 | 2016                 |
| Governmental Activities                               |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Net Investment in Capital Assets                      | \$ 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        | \$ 21,358,861        |
| Restricted  | 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            | 3,122,283            |
| Unrestricted/(Deficit)                                | 435,986              | 356,475              | 897,989              | 129,870              | 580,782              | 684,138              | 2,601,034            | (4,642,873)          | (4,214,710)          | (5,001,233)          |
| Total Governmental Activities Net Position            | <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> | <u>\$ 19,479,911</u> |
| Business-type Activities                              |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Net Investment in Capital Assets                      | \$ 72,670            | \$ 62,785            | \$ 46,852            | \$ 38,426            | \$ 34,104            | \$ 32,216            | \$ 28,254            | \$ 21,889            | \$ 59,168            | \$ 54,132            |
| Unrestricted/(Deficit)                                | 461,089              | 467,862              | 381,707              | 263,690              | 211,506              | 116,132              | 121,914              | (337,263)            | (272,787)            | (335,504)            |
| Total Business-type Activities Net Position/(Deficit) | <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>  | <u>\$ (281,372)</u>  |
| District-wide   |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Net Investment in Capital Assets                      | \$ 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        | \$ 21,412,993        |
| Restricted  | 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            | 3,122,283            |
| Unrestricted/(Deficit)                                | 897,075              | 824,337              | 1,279,696            | 393,560              | 792,288              | 800,270              | 2,722,948            | (4,980,136)          | (4,487,497)          | (5,336,737)          |
| Total District Net Position                           | <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> | <u>\$ 19,198,539</u> |



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

|  | Fiscal Year Ended June 30, |                   |                   |                   |                   |                   |                   |                   |                   |                   |
|--|----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|  | 2007                       | 2008              | 2009              | 2010              | 2011              | 2012              | 2013              | 2014              | 2015              | 2016              |
| <b>Expenses:</b>                                       |                            |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| <b>Governmental Activities:</b>                        |                            |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| <b>Instruction</b>                                     |                            |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Regular  | \$ 3,099,798               | \$ 3,995,248      | \$ 4,114,766      | \$ 4,574,965      | \$ 4,802,430      | \$ 5,273,623      | \$ 5,302,990      | \$ 5,285,328      | \$ 6,214,158      | \$ 6,756,299      |
| Special Education                                      | 118,660                    | 223,776           | 277,639           | 379,783           | 409,248           | 450,689           | 534,556           | 534,548           | 943,045           | 680,667           |
| Vocational Education                                   | 3,791,358                  | 3,880,587         | 3,536,180         | 3,777,258         | 3,585,918         | 3,720,334         | 3,941,855         | 3,752,582         | 4,576,541         | 5,065,655         |
| Other Special Instruction                              | 300,944                    | 441,039           | 445,002           | 440,205           | 256,821           | 233,990           | 290,081           | 287,998           | 359,390           | 413,282           |
| <b>Support Services:</b>                               |                            |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Student and Instruction Related Services               | 1,536,519                  | 1,372,369         | 1,370,525         | 1,830,658         | 2,373,119         | 2,714,931         | 2,800,250         | 2,749,365         | 2,923,717         | 3,416,421         |
| General Administrative Services                        | 498,678                    | 536,066           | 415,245           | 392,675           | 583,387           | 607,139           | 736,765           | 536,254           | 679,650           | 790,458           |
| School Administrative Services                         | 1,607,104                  | 1,751,725         | 1,562,126         | 1,490,547         | 1,309,806         | 1,332,581         | 1,203,423         | 1,226,292         | 1,128,066         | 1,135,391         |
| Central Services                                       | 485,476                    | 504,734           | 522,604           | 528,839           | 671,784           | 655,869           | 581,469           | 570,132           | 667,080           | 730,335           |
| Administrative Information Technology                  | 121,779                    | 146,381           | 155,508           | 163,698           | 215,829           | 244,956           | 302,753           | 428,018           | 297,466           | 367,155           |
| Plant Operations and Maintenance                       | 1,315,105                  | 1,538,568         | 1,513,626         | 1,621,683         | 2,069,839         | 2,101,988         | 2,028,223         | 2,023,212         | 2,205,533         | 2,025,996         |
| Pupil Transportation                                   |                            |                   | 239               | 7,104             | 108,470           | 142,824           | 126,746           | 152,221           | 165,439           | 177,197           |
| Special Schools  | 2,446,559                  | 3,014,889         | 3,242,842         | 2,909,832         | 1,203,924         | 1,106,689         | 1,169,112         | 1,334,528         | 1,263,140         | 1,408,989         |
| Capital Outlay   | 41,413                     | 2,962             | 49,839            |                   | 78,585            | 54,775            | 64,549            | 62,039            | 62,289            | 57,548            |
| Unallocated Depreciation                               | 414,861                    | 407,758           | 407,757           | 463,126           | 435,761           | 435,762           | 469,687           | 469,963           |                   |                   |
| <b>Total Governmental Activities Expenses</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>23,025,393</b> |
| <b>Business-Type Activities:</b>                       |                            |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Enterprise Funds                                       | 353,618                    | 389,188           | 468,985           | 706,502           | 999,329           | 936,633           | 811,257           | 795,080           | 792,832           | 835,537           |
| <b>Total Business-Type Activities Expense</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>835,537</b>    |
| <b>Total District Expenses</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>23,860,930</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         | 9,529,694         |
| Operating Grants and Contributions                     | 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         | 6,121,970         |
| <b>Total Governmental Activities Program Revenues</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>15,651,664</b> |
| <b>Business-Type Activities:</b>                       |                            |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| <b>Charges for Services:</b>                           |                            |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Enterprise Funds                                       | 348,393                    | 342,643           | 326,277           | 521,007           | 872,288           | 781,278           | 762,613           | 726,521           | 845,773           | 831,756           |
| Operating Grants and Contributions                     | 8,381                      | 13,248            | 20,998            | 25,795            | 25,551            | 32,379            | 27,173            | 21,401            | 28,556            | 29,977            |
| <b>Total Business-Type Activities Program Revenues</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>    | <b>861,733</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, |              |                |                |              |               |               |               |               |               |
|---|----------------------------|--------------|----------------|----------------|--------------|---------------|---------------|---------------|---------------|---------------|
|   | 2007                       | 2008         | 2009           | 2010           | 2011         | 2012          | 2013          | 2014          | 2015          | 2016          |
| Total District Program Revenues                             | \$ 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 | \$ 16,513,397 |
| Net (Expense)/Revenue:                                      |                            |              |                |                |              |               |               |               |               |               |
| Governmental Activities                                     | (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)   | (7,373,729)   |
| Business-Type Activities                                    | 3,156                      | (33,297)     | (121,710)      | (159,700)      | (101,490)    | (122,976)     | (21,471)      | (47,158)      | 81,497        | 26,196        |
| Total District-Wide Net Expense                             | (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)   | (7,347,533)   |
| General Revenues and Other Changes in Net Position:         |                            |              |                |                |              |               |               |               |               |               |
| Governmental Activities:                                    |                            |              |                |                |              |               |               |               |               |               |
| County Tax Levy   | 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     | 6,351,286     |
| Federal and State Aid not Restricted                        | 290,966                    | 335,005      | 1,032,956      | 655,008        | 388,508      | 623,050       | 695,443       | 706,862       | 720,276       | 718,955       |
| Tuition   | 4,941,747                  | 5,580,316    | 5,992,857      | 6,937,181      | 8,232,968    |               |               |               |               |               |
| Interest Earnings   | 37,362                     | 32,524       | 22,000         | 2,435          | 2,461        | 2,671         | 5,761         | 4,687         | 4,063         | 11,714        |
| Transfers   | 2,418                      | (36,646)     | (19,152)       | (34,092)       | (47,664)     | (26,554)      | (32,748)      | (44,059)      | (16,761)      | 94,798        |
| Contributed Capital   |                            |              |                |                |              |               |               |               | (3,258)       |               |
| County Improvement Authorization                            | 2,462,325                  | 773,626      | (8,307)        |                |              | 1,963,892     | 972,351       | 1,292,220     | 2,061,000     | 601,000       |
| County Improvement Authorization Cancelled                  |                            |              |                |                |              |               |               |               |               | (23,694)      |
| Debt Service Contribution to County of Morris               |                            |              | (246,200)      | (246,200)      | (246,200)    |               |               |               |               |               |
| Miscellaneous Income  | 713,530                    | 652,702      | 592,085        | 592,403        | 124,341      | 43,625        | 91,177        | 47,972        | 72,190        | 97,722        |
| Total Governmental Activities                               | 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     | 7,851,781     |
| Business-Type Activities:                                   |                            |              |                |                |              |               |               |               |               |               |
| Transfers   | (2,418)                    | 36,646       | 19,152         | 34,092         | 47,664       | 27,702        | 33,325        | 44,142        | 17,000        | (93,949)      |
| 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                              | (2,418)                    | 30,185       | 19,622         | 33,257         | 44,984       | 25,714        | 23,291        | 40,859        | 20,258        | (93,949)      |
| Total District-Wide   | 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     | 7,757,832     |
| Change in Net Position:                                     |                            |              |                |                |              |               |               |               |               |               |
| Governmental Activities                                     | 2,116,232                  | (361,760)    | (960,518)      | (1,418,954)    | (301,805)    | 1,756,678     | 1,297,929     | 1,821,434     | 2,751,414     | 478,052       |
| Business-Type Activities                                    | 738                        | (3,112)      | (102,088)      | (126,443)      | (56,506)     | (97,262)      | 1,820         | (6,299)       | 101,755       | (67,753)      |
| Total District  | \$ 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  | \$ 410,299    |

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

|                                    | June 30,            |                     |                     |                     |                     |                     |                     |                     |                     |                     |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|                                    | 2007                | 2008                | 2009                | 2010                | 2011                | 2012                | 2013                | 2014                | 2015                | 2016                |
| General Fund                       |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Reserved/Restricted                | \$ 3,163,900        | \$ 2,440,427        | \$ 1,277,463        | \$ 1,014,488        | \$ 719,472          | \$ 878,633          | \$ 773,349          | \$ 1,809,685        | \$ 2,766,786        | \$ 3,122,283        |
| Assigned                           |                     |                     |                     |                     | 191,506             | 506,184             | 365,812             | 300,573             | 280,788             | 108,958             |
| Unreserved/Unassigned              | <u>748,773</u>      | <u>697,007</u>      | <u>1,204,247</u>    | <u>494,765</u>      | <u>731,133</u>      | <u>613,948</u>      | <u>877,946</u>      | <u>848,989</u>      | <u>887,036</u>      | <u>909,928</u>      |
| Total General Fund                 | <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> | <u>\$ 4,141,169</u> |
| All Other Governmental Funds       |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Reserved/Restricted                | \$ 774,559          |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Committed                          |                     |                     |                     |                     |                     | \$ 1,963,892        | \$ 1,846,257        | \$ 1,871,012        | \$ 2,200,313        | \$ 1,636,014        |
| Unreserved, Reported In:           |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Capital Projects Fund/(Deficit)    | <u>(774,559)</u>    |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Total All Other Governmental Funds | <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> | <u>\$ 1,636,014</u> |
| Total All Governmental Funds       |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Reserved/Restricted                | \$ 3,938,459        | \$ 2,440,427        | \$ 1,277,463        | \$ 1,014,488        | \$ 719,472          | \$ 878,633          | \$ 773,349          | \$ 1,809,685        | \$ 2,766,786        | \$ 3,122,283        |
| Committed                          |                     |                     |                     |                     |                     | 1,963,892           | 1,846,257           | 1,871,012           | 2,200,313           | 1,636,014           |
| Assigned                           |                     |                     |                     |                     | 191,506             | 506,184             | 365,812             | 300,573             | 280,788             | 108,958             |
| Unreserved/Unassigned/(Deficit)    | <u>(25,786)</u>     | <u>697,007</u>      | <u>1,204,247</u>    | <u>494,765</u>      | <u>731,133</u>      | <u>613,948</u>      | <u>877,946</u>      | <u>848,989</u>      | <u>887,036</u>      | <u>909,928</u>      |
| Total All Governmental Funds       | <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> | <u>\$ 5,777,183</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, |                    |                   |                   |                   |                   |                    |                   |                   |                    |
|--|----------------------------|--------------------|-------------------|-------------------|-------------------|-------------------|--------------------|-------------------|-------------------|--------------------|
|  | 2007                       | 2008               | 2009              | 2010              | 2011              | 2012              | 2013               | 2014              | 2015              | 2016               |
| <b>Revenues:</b>   |                            |                    |                   |                   |                   |                   |                    |                   |                   |                    |
| County Tax Levy  | \$ 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      | \$ 6,351,286       |
| Tuition from LEA's   | 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         | 9,037,355          |
| Other Tuition  | 271,742                    | 331,550            | 295,814           | 330,018           | 317,488           | 335,521           | 479,058            | 458,157           | 487,861           | 492,339            |
| Interest Earned on Capital Reserve Funds                             | 37,362                     | 32,524             | 7,980             | 650               | 514               | 1,094             | 1,226              | 768               | 1,475             | 4,161              |
| Unrestricted Miscellaneous Revenue                                   | 713,530                    | 652,702            | 606,105           | 594,188           | 126,288           | 45,202            | 95,712             | 53,422            | 75,528            | 107,154            |
| State Sources  | 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         | 3,072,492          |
| Federal Sources  | 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         | 1,546,750          |
| <b>Total Revenue</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>20,611,537</b>  |
| <b>Expenditures:</b>   |                            |                    |                   |                   |                   |                   |                    |                   |                   |                    |
| <b>Instruction:</b>  |                            |                    |                   |                   |                   |                   |                    |                   |                   |                    |
| Regular Instruction  | 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         | 4,832,218          |
| Special Education Instruction  | 79,111                     | 164,887            | 227,084           | 303,079           | 301,950           | 321,444           | 385,919            | 389,739           | 432,043           | 411,301            |
| Vocational Education Instruction                                     | 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         | 3,014,179          |
| School-Sponsored/Other Instruction                                   | 295,040                    | 381,734            | 428,209           | 420,870           | 238,683           | 219,463           | 272,978            | 266,705           | 307,298           | 344,322            |
| <b>Support Services:</b>   |                            |                    |                   |                   |                   |                   |                    |                   |                   |                    |
| Student and Instruction Related Services                             | 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         | 2,400,740          |
| General Administrative Services                                      | 446,223                    | 460,798            | 357,542           | 332,430           | 483,439           | 497,829           | 616,342            | 452,648           | 527,100           | 608,332            |
| School Administrative Services                                       | 1,224,840                  | 1,325,925          | 1,256,705         | 1,064,143         | 931,067           | 929,527           | 892,389            | 946,985           | 791,065           | 762,568            |
| Central Services   | 384,243                    | 370,721            | 417,662           | 398,580           | 504,745           | 476,847           | 459,217            | 459,317           | 495,682           | 513,617            |
| Administrative Information Technology                                | 95,607                     | 97,334             | 107,313           | 102,974           | 144,417           | 162,096           | 229,006            | 286,859           | 221,550           | 262,562            |
| Plant Operations and Maintenance                                     | 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         | 1,726,021          |
| Pupil Transportation   |                            |                    | 239               | 7,104             | 108,470           | 146,113           | 129,593            | 155,760           | 154,556           | 164,468            |
| Allocated Benefits   | 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   | 954,695                    | 1,125,669          | 867,620           | 978,141           | 964,464           | 1,196,143         | 1,784,453          | 3,321,966         | 3,435,663         | 3,743,454          |
| Special Schools  | 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         | 1,189,895          |
| Capital Outlay   | 2,475,683                  | 957,815            | 234,735           | 183,175           | 180,360           | 177,994           | 2,172,326          | 1,469,290         | 2,007,714         | 1,667,704          |
| <b>Total Expenditures</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>21,641,381</b>  |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b> | <b>(2,281,886)</b>         | <b>(1,512,219)</b> | <b>(382,065)</b>  | <b>(692,165)</b>  | <b>426,722</b>    | <b>338,574</b>    | <b>(1,119,089)</b> | <b>(281,266)</b>  | <b>(736,317)</b>  | <b>(1,029,844)</b> |

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, |                     |                     |                     |                   |                     |                    |                   |                     |                     |
|--|----------------------------|---------------------|---------------------|---------------------|-------------------|---------------------|--------------------|-------------------|---------------------|---------------------|
|  | 2007                       | 2008                | 2009                | 2010                | 2011              | 2012                | 2013               | 2014              | 2015                | 2016                |
| Other Financing Sources (Uses):                            |                            |                     |                     |                     |                   |                     |                    |                   |                     |                     |
| County Improvement Authorizations                          | \$ 2,462,325               | \$ 773,626          | \$ (8,307)          |                     |                   | \$ 1,963,892        | \$ 972,351         | \$ 1,292,220      | \$ 2,061,000        | \$ 601,000          |
| Transfers  | 2,418                      | (36,646)            | (19,152)            | \$ (34,092)         | \$ (47,664)       | (26,554)            | (32,748)           | (44,059)          | (16,761)            | 94,798              |
| Capital Contribution to Food Service Fund                  |                            |                     |                     |                     |                   |                     |                    |                   | (3,258)             |                     |
| Debt Service Contribution to County of Morris              |                            |                     | (246,200)           | (246,200)           | (246,200)         |                     |                    |                   |                     |                     |
| County Improvement Authorizations Cancelled                |                            |                     |                     |                     |                   |                     |                    |                   |                     | (23,694)            |
| Capital Leases (Non-budgeted)                              |                            |                     |                     |                     |                   | 44,634              | 80,193             |                   |                     |                     |
| Total Other Financing Sources (Uses)                       | <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>    | <u>672,104</u>      |
| Net Change in Fund Balances                                | <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> | <u>\$ (357,740)</u> |
| Debt Service as a Percentage of<br>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<br>Ended<br>June 30, | Tuition      | Interest on<br>Investments | Textbook<br>Sales | Program<br>Fees | Miscellaneous | Total        |
|----------------------------------|--------------|----------------------------|-------------------|-----------------|---------------|--------------|
| 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   |
| 2016                             | 9,529,694    | 11,714                     |                   |                 | 97,722        | 9,639,130    |

Source: District records

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

| Year Ended<br>December 31, | Vacant Land      | Residential       | Farm Reg.      | Qfarm         | Commercial        | Industrial       | Apartment        | Total Assessed<br>Value | Tax-Exempt<br>Property | Public Utilities <sup>a</sup> | Net Valuation<br>Taxable | Total Direct<br>School<br>Tax Rate | Estimated Actual<br>(County Equalized<br>Value) |
|----------------------------|------------------|-------------------|----------------|---------------|-------------------|------------------|------------------|-------------------------|------------------------|-------------------------------|--------------------------|------------------------------------|---|
| 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                                  |
| 2015                       | 1,006,685,850    | 60,605,580,547    | 693,260,300    | 11,915,400    | 11,629,578,222    | 2,887,476,900    | 2,323,159,100    | 79,157,656,319          | 7,346,524,200          | 33,841,181                    | 79,191,497,500           | N/A                                | 90,711,159,054                                  |

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                         | 2015                    |      |   |
|----------------------------------|-------------------------|------|---|
|                                  | 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    | 0.21%                                   |
| Bayer Healthcare, LLC            | 155,670,300             | 4    | 0.20%                                   |
| Oakwood Garden Associates, LLC   | 99,500,000              | 5    | 0.13%                                   |
| KBS II 300-600 Campus Drive, LLC | 93,517,700              | 6    | 0.12%                                   |
| MC NEIL-PPC, Inc.                | 86,464,000              | 7    | 0.11%                                   |
| Saint Clare's                    | 83,552,300              | 8    | 0.11%                                   |
| Honeywell International, Inc.    | 81,992,400              | 9    | 0.10%                                   |
| SDK Village Green, LLC           | 77,700,000              | 10   | 0.10%                                   |
| Total                            | <u>\$ 1,621,453,400</u> |      | <u>1.85%</u>                            |

| Taxpayer                   | 2006                    |      |  |
|----------------------------|-------------------------|------|--|
|                            | Taxable Assessed Value  | Rank | % of Total District Net Assessed Value |
| Novartis Corporation       | \$ 293,157,700          | 1    | 0.41%                                  |
| Point View Campus, LLC     | 259,406,600             | 2    | 0.36%                                  |
| Rockaway Center Associates | 153,994,800             | 3    | 0.22%                                  |
| Park Avenue Realty         | 109,410,200             | 4    | 0.15%                                  |
| Deloitte & Touche          | 95,660,700              | 5    | 0.13%                                  |
| LTI NJ Financial LLC       | 91,000,000              | 6    | 0.13%                                  |
| MC NEIL-PPC Inc.           | 84,440,000              | 7    | 0.12%                                  |
| Allied Signal, Inc.        | 89,090,000              | 8    | 0.13%                                  |
| Mack-Cali Realty           | 79,221,000              | 9    | 0.11%                                  |
| Bear Sterns & Co.          | 62,229,800              | 10   | 0.09%                                  |
| Total                      | <u>\$ 1,317,610,800</u> |      | <u>1.85%</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<br>June 30, | Taxes Levied for<br>the Fiscal Year | Collected within the Fiscal Year<br>of the Levy <sup>a</sup> |                       | Collections in<br>Subsequent Years |
|-------------------------------|-------------------------------------|--|-----------------------|------------------------------------|
|                               |                                     | Amount   | Percentage<br>of Levy |                                    |
| 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-                                |
| 2016                          | 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.

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

| Fiscal Year<br>Ended<br>June 30, | Governmental Activities        |                                     |                   | Bond<br>Anticipation<br>Notes<br>(BANs) | Business-<br>Type<br>Activities<br>Capital Leases | Total District | Percentage<br>of Personal<br>Income <sup>a</sup> | Per Capita <sup>a</sup> |
|----------------------------------|--------------------------------|-------------------------------------|-------------------|---|---|----------------|--|-------------------------|
|                                  | General<br>Obligation<br>Bonds | Certificates<br>of<br>Participation | Capital<br>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%  | 0.24                    |
| 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                    |
| 2016                             | -0-                            | -0-                                 | 30,385            | -0-                                     | 4,839   | 35,224         | 0.0001%  | 0.07                    |

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<br>Capital Personal<br>Income <sup>b</sup> | Total<br>Morris County<br>Personal Income | Unemployment<br>Rate <sup>c</sup> |
|------|-------------------------|--|---|-----------------------------------|
| 2007 | 485,592                 | \$ 72,211  | \$ 35,065,083,912                         | 3.00%                             |
| 2008 | 486,946                 | 74,636   | 36,343,701,656                            | 4.00%                             |
| 2009 | 488,518                 | 70,516   | 34,448,335,288                            | 7.20%                             |
| 2010 | 492,793                 | 72,780   | 35,865,474,540                            | 7.30%                             |
| 2011 | 495,750                 | 76,194   | 37,773,175,500                            | 7.00%                             |
| 2012 | 497,395                 | 78,693   | 39,141,504,735                            | 7.30%                             |
| 2013 | 499,072                 | 79,094   | 39,473,600,768                            | 6.30%                             |
| 2014 | 499,236                 | 82,810   | 41,341,733,160                            | 4.90%                             |
| 2015 | 499,509                 | 82,810 **  | 41,364,340,290                            | 4.20%                             |
| 2016 | 499,509 *               | 82,810 **  | 41,364,340,290 ***                        | N/A                               |

\* - Latest population data available (2015) was used for calculation purposes.

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

\*\*\* - Latest available population data (2015) and latest available Morris County per capita personal income (2014) 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                                    | 2015      |                    |                                      |
|---|-----------|--------------------|--------------------------------------|
|   | Employees | Rank<br>(Optional) | Percentage of<br>Total<br>Employment |
| U.S. Army Armament Research and Development | 6,000     | 1                  | 2.38%                                |
| Atlantic Health Systems                     | 5,171     | 2                  | 2.05%                                |
| Novartis Corporation                        | 4,622     | 3                  | 1.83%                                |
| Bayer Healthcare, LLC                       | 2,800     | 4                  | 1.11%                                |
| County of Morris                            | 1,757     | 5                  | 0.70%                                |
| Wyndham Worldwide Corporation               | 1,626     | 6                  | 0.64%                                |
| Accenture                                   | 1,561     | 7                  | 0.62%                                |
| St. Clare's Health Services                 | 1,504     | 8                  | 0.60%                                |
| BASF Corporation                            | 1,500     | 9                  | 0.59%                                |
| Pricewaterhouse Coopers                     | 1,360     | 10                 | 0.54%                                |
|   | 27,901    |                    | 11.07%                               |
| Total Employment                            | 252,145   |                    |                                      |

| Employer                                    | 2006      |                    |                                      |
|---|-----------|--------------------|--------------------------------------|
|   | Employees | Rank<br>(Optional) | Percentage of<br>Total<br>Employment |
| Atlantic Health Systems                     | 5,900     | 1                  | 2.24%                                |
| Novartis Corporation                        | 5,000     | 2                  | 1.90%                                |
| U.S. Army Armament Research and Development | 3,412     | 3                  | 1.30%                                |
| Lucent Technologies                         | 2,300     | 4                  | 0.87%                                |
| St. Clare's Health Services                 | 2,250     | 5                  | 0.85%                                |
| County of Morris                            | 2,228     | 6                  | 0.85%                                |
| United Parcel Service                       | 2,131     | 7                  | 0.81%                                |
| Automated Data Processing                   | 1,986     | 8                  | 0.75%                                |
| AT&T  | 1,500     | 9                  | 0.57%                                |
| Greystone Psychiatric Center                | 1,300     | 10                 | 0.49%                                |
|   | 28,007    |                    | 10.64%                               |
| Total Employment                            | 263,196   |                    |                                      |

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>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>2016</u>  |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Instruction:                           |              |              |              |              |              |              |              |              |              |              |
| Regular                                | 18.0         | 28.0         | 32.5         | 34.5         | 32.0         | 33.0         | 33.0         | 33.0         | 35.0         | 36.0         |
| Special Education                      | 3.0          | 5.0          | 5.0          | 5.0          | 5.0          | 5.0          | 6.0          | 6.0          | 6.0          | 5.0          |
| Vocational                             | 28.0         | 24.0         | 24.0         | 24.0         | 23.0         | 22.5         | 22.5         | 23.5         | 24.5         | 24.0         |
| Other Instruction                      | 6.0          | 5.0          | 5.0          | 5.0          | 4.5          | 5.0          | 5.0          | 5.0          | 5.0          | 5.0          |
| Adult/Continuing Education Programs    | 74.0         | 73.5         | 79.0         | 68.0         | 70.0         | 71.0         | 74.0         | 91.0         | 76.0         | 52.0         |
| Support Services:                      |              |              |              |              |              |              |              |              |              |              |
| Student & Instruction Related Services | 12.0         | 12.0         | 12.0         | 12.0         | 10.0         | 10.0         | 10.0         | 10.0         | 10.0         | 10.5         |
| School Administrative Services         | 21.0         | 23.0         | 23.0         | 22.0         | 22.0         | 22.0         | 20.0         | 21.0         | 21.0         | 20.0         |
| General Administrative Services        | 3.0          | 3.0          | 3.0          | 3.0          | 3.0          | 3.0          | 3.0          | 2.0          | 2.0          | 2.0          |
| Central Services                       | 6.0          | 6.0          | 6.0          | 6.0          | 7.0          | 7.0          | 5.0          | 5.0          | 6.0          | 6.0          |
| Administrative Information Technology  | 1.0          | 1.5          | 1.5          | 1.5          | 1.5          | 1.5          | 2.0          | 2.0          | 2.0          | 2.0          |
| Plant Operations and Maintenance       | 17.0         | 17.0         | 16.0         | 15.0         | 14.0         | 14.0         | 14.0         | 14.0         | 14.0         | 14.0         |
| <b>Total</b>                           | <b>189.0</b> | <b>198.0</b> | <b>207.0</b> | <b>196.0</b> | <b>192.0</b> | <b>194.0</b> | <b>194.5</b> | <b>212.5</b> | <b>201.5</b> | <b>176.5</b> |

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> |
|--------------------|-------------------|---|-----------------------------------|--------------------------|-----------------------------------|---|---|---|---|--------------------------------------|
| 2007               | 680.9             | \$ 12,885,845                             | \$ 18,925                         | -16.23%                  | 55.0                              | 1:12.04   | 680.9   | 642.9   | 28.23%                                      | 94.42%                               |
| 2008               | 695.0             | 14,392,501                                | 20,709                            | 9.43%                    | 64.0                              | 1:11.00   | 695.0   | 649.6   | 2.07%                                       | 93.47%                               |
| 2009               | 715.2             | 13,912,041                                | 19,452                            | -6.07%                   | 73.0                              | 1:09.80   | 715.2   | 688.1   | 2.91%                                       | 96.21%                               |
| 2010               | 734.9             | 15,119,074                                | 20,573                            | 5.76%                    | 73.0                              | 1:10.06   | 734.9   | 710.7   | 2.75%                                       | 96.71%                               |
| 2011               | 939.3             | 16,295,702                                | 17,349                            | -15.67%                  | 64.5                              | 1:14.56   | 939.3   | 893.2   | 27.81%                                      | 95.09%                               |
| 2012               | 942.6             | 17,306,753                                | 18,361                            | 5.83%                    | 68.0                              | 1:13.86   | 942.6   | 887.2   | 0.35%                                       | 94.12%                               |
| 2013               | 946.5             | 17,739,017                                | 18,742                            | 2.08%                    | 66.5                              | 1:14.23   | 946.5   | 905.6   | 0.41%                                       | 95.68%                               |
| 2014               | 971.7             | 17,505,289                                | 18,015                            | -3.88%                   | 67.5                              | 1:14.40   | 971.7   | 923.5   | 2.66%                                       | 95.04%                               |
| 2015               | 975.1             | 18,206,879                                | 18,672                            | 3.65%                    | 70.5                              | 1:13.80   | 975.1   | 933.1   | 0.35%                                       | 95.69%                               |
| 2016               | 996.0             | 18,783,782                                | 18,859                            | 1.00%                    | 70.0                              | 1:13.80   | 996.0   | 955.0   | 2.14%                                       | 95.88%                               |

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>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>2016</u> |
|-----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <u>District Buildings</u>   |             |             |             |             |             |             |             |             |             |             |
| School of Technology (1969) |             |             |             |             |             |             |             |             |             |             |
| Square Feet                 | 165,011     | 165,011     | 165,011     | 165,011     | 165,011     | 165,011     | 165,011     | 165,011     | 165,011     | 187,911     |
| Capacity (students)         | 934         | 934         | 934         | 934         | 934         | 934         | 934         | 934         | 934         | 934         |
| Enrollment                  | 680.9       | 695.0       | 715.2       | 734.9       | 939.3       | 942.6       | 946.5       | 971.7       | 975.1       | 996.0       |

Number of Schools at June 30, 2016

    School of Technology = 1

    Off-site Academies = 2

Note: Year of original construction is shown in parentheses. 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, |            |            |            |            |            |            |            |            |            |
|----------------------------------|----------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
|                                  | 2016                       | 2015       | 2014       | 2013       | 2012       | 2011       | 2010       | 2009       | 2008       | 2007       |
| Morris County Vocational School* | \$ 447,707                 | \$ 589,085 | \$ 373,338 | \$ 370,050 | \$ 384,072 | \$ 329,790 | \$ 274,042 | \$ 250,993 | \$ 252,112 | \$ 270,902 |
| Total School Facilities*         | \$ 447,707                 | \$ 589,085 | \$ 373,338 | \$ 370,050 | \$ 384,072 | \$ 329,790 | \$ 274,042 | \$ 250,993 | \$ 252,112 | \$ 270,902 |

\* 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, 2016  
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            |
| Ordinance or Law                               | \$ 5,000,000          |
| 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                          | \$ 5,000,000          |
| Boiler & Machinery                             | \$ 5,000,000          |
| EDP Equipment                                  | incl.in Policy Limits |
| EDP-Data & Media                               | \$ 1,000,000          |
| Inland Marine Floater-Equipment Floater        | \$ 8,055,003          |
| 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, 2016  
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<br>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, 2016  
UNAUDITED

**AIG**

|                              |                 |
|------------------------------|-----------------|
| Cyber Liability              | <u>Coverage</u> |
| 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       |

**Morris Essex Insurance Group**

|                                |   |
|--------------------------------|---|
| Workers Compensation           |   |
| Policy Limits                  |   |
| Part One                       | Statutory Benefits as Required by the State of New Jersey |
| Part Two, Employer's Liability | \$ 5,000,000  |
| Fund Retention per Claim       | \$ 500,000  |

|   |              |
|---|--------------|
| Cyber Liability                                     |              |
| Policy Limits                                       |              |
| First Party Coverage                                |              |
| Business Interruption & Extra Expense               | \$ 1,000,000 |
| Data Recovery                                       | \$ 1,000,000 |
| Cyber Extortion                                     | \$ 1,000,000 |
| Third Party Coverage                                | \$ 2,000,000 |
| Privacy & Cyber Security                            | \$ 2,000,000 |
| Privacy Regulatory Defense, Awards & Fines          | \$ 2,000,000 |
| Data Breach Response and Crisis Management Coverage | \$ 1,000,000 |
| Shared Policy Aggregate for All Coverages           | \$ 4,000,000 |
| Retention Each Claim                                | \$ 15,000    |

SINGLE AUDIT



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 200 Valley Road, Suite 300  
 Mt. Arlington, NJ 07856  
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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, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 23, 2016.

**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.

October 23, 2016  
Mount Arlington, New Jersey

  
NISIVOCCIA LLP

  
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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 Program;  
 Report on Internal Control Over Compliance

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 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, 2016. 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; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal 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, 2016.

**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 the Uniform Guidance and NJOMB 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 the Uniform Guidance or NJOMB 15-08. Accordingly, this report is not suitable for any other purpose.

October 23, 2016  
Mount Arlington, New Jersey

  
NISIVOCIA LLP



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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, 2016

| Federal Grantor/Pass Through Grantor/<br>Program Title/Cluster Title                           | Federal<br>CFDA<br>Number | Grant or State<br>Project Number | Grant<br>Period | Award<br>Amount | Balance at June 30, 2015            |                   |                  | Cancellation<br>of Prior Year<br>Encumbrance<br>Payable | Repayment<br>of Prior<br>Years'<br>Balances | Adjustments     | Balance at June 30, 2016  |                                     |                                  | Amount<br>Provided to<br>Subrecipients |
|--|---------------------------|----------------------------------|-----------------|-----------------|-------------------------------------|-------------------|------------------|---|---|-----------------|---------------------------|-------------------------------------|----------------------------------|--|
|  |                           |                                  |                 |                 | Budgetary<br>Accounts<br>Receivable | Due to<br>Grantor | Cash<br>Received |   |   |                 | Budgetary<br>Expenditures | Budgetary<br>Accounts<br>Receivable | Budgetary<br>Unearned<br>Revenue |  |
| <b>U.S. Department of Education:</b>   |                           |                                  |                 |                 |                                     |                   |                  |   |   |                 |                           |                                     |                                  |  |
| Passed-through State Department of Education:  |                           |                                  |                 |                 |                                     |                   |                  |   |   |                 |                           |                                     |                                  |  |
| Special Revenue Fund:  |                           |                                  |                 |                 |                                     |                   |                  |   |   |                 |                           |                                     |                                  |  |
| Student Financial Aid Cluster:   |                           |                                  |                 |                 |                                     |                   |                  |   |   |                 |                           |                                     |                                  |  |
| Federal Pell Grant   | 84.063                    | P063P064434                      | 9/1/15-8/31/16  | \$ 119,581      |                                     |                   | \$ 119,581       | \$ (119,581)  |   |                 |                           |                                     |                                  |  |
| Federal Direct Student Loans (Direct Loan):  |                           |                                  |                 |                 |                                     |                   |                  |   |   |                 |                           |                                     |                                  |  |
| Stafford Loans - Subsidized  | 84.268                    | N/A                              | 9/1/15-8/31/16  | 91,438          |                                     |                   | 91,438           | (91,438)  |   |                 |                           |                                     |                                  |  |
| Stafford Loans - Unsubsidized  | 84.268                    | N/A                              | 9/1/15-8/31/16  | 138,577         |                                     |                   | 138,577          | (138,577)   |   |                 |                           |                                     |                                  |  |
| Parent Loans for Undergraduate Students  | 84.268                    | N/A                              | 9/1/15-8/31/16  | 16,024          |                                     |                   | 16,024           | (16,024)  |   |                 |                           |                                     |                                  |  |
| <b>Total Student Financial Aid Cluster</b>   |                           |                                  |                 |                 |                                     |                   | <b>365,620</b>   | <b>(365,620)</b>  |   |                 |                           |                                     |                                  |  |
| Passed-through State Department of Education:  |                           |                                  |                 |                 |                                     |                   |                  |   |   |                 |                           |                                     |                                  |  |
| Special Education Cluster:   |                           |                                  |                 |                 |                                     |                   |                  |   |   |                 |                           |                                     |                                  |  |
| I.D.E.A. Part B, Basic   | 84.027                    | IDEA336516                       | 7/1/15-6/30/16  | 250,266         |                                     |                   | 167,150          | (216,518)   |   |                 | \$ (49,368)               |                                     |                                  |  |
| I.D.E.A. Part B, Basic   | 84.027                    | IDEA336515                       | 7/1/14-6/30/15  | 228,225         | \$ (71,235)                         |                   | 71,235           |   |   |                 |                           |                                     |                                  |  |
| <b>Total Special Education Cluster</b>   |                           |                                  |                 |                 | <b>(71,235)</b>                     |                   | <b>238,385</b>   | <b>(216,518)</b>  |   |                 | <b>(49,368)</b>           |                                     |                                  |  |
| Carl D. Perkins Secondary  | 84.048                    | PERK336516                       | 7/1/15-6/30/16  | 270,910         |                                     |                   | 170,391          | (255,691)   |   |                 |                           | (85,300)                            |                                  |  |
| Carl D. Perkins Secondary  | 84.048                    | PERK336515                       | 7/1/14-6/30/15  | 315,273         | (48,895)                            |                   | 48,937           |   | \$ 43                                       | \$ 2,149        | \$ (2,193)                |                                     | \$ 41                            |  |
| Carl D. Perkins Secondary  | 84.048                    | PERK336514                       | 7/1/13-6/30/14  | 336,231         |                                     | \$ 1,585          |                  |   |   |                 | (1,585)                   |                                     |                                  |  |
| Carl D. Perkins Post Secondary   | 84.048                    | PERK336516                       | 7/1/15-6/30/16  | 127,478         |                                     |                   | 126,435          | (126,375)   |   |                 |                           |                                     | 60                               |  |
| Carl D. Perkins Post Secondary   | 84.048                    | PERK336515                       | 7/1/14-6/30/15  | 120,003         |                                     | 728               |                  |   | 13  | 650             | (1,391)                   |                                     |                                  |  |
| Carl D. Perkins Post Secondary   | 84.048                    | PERK336514                       | 7/1/13-6/30/14  | 117,502         |                                     | 1,011             |                  |   |   |                 | (1,011)                   |                                     |                                  |  |
| <b>Subtotal Carl D. Perkins</b>  |                           |                                  |                 |                 | <b>(48,895)</b>                     | <b>3,324</b>      | <b>345,763</b>   | <b>(382,066)</b>  | <b>56</b>                                   | <b>2,799</b>    | <b>(6,180)</b>            | <b>(85,300)</b>                     | <b>101</b>                       |  |
| Passed thru State Department of Labor and Workforce Development:                               |                           |                                  |                 |                 |                                     |                   |                  |   |   |                 |                           |                                     |                                  |  |
| Consolidated Adult Basic Skills and<br>and Integrated English Literacy<br>and Civics Education | 84.002                    | ABS-16-07-31                     | 7/1/15-6/30/16  | 641,050         |                                     |                   | 440,415          | (577,145)   |   |                 |                           | (136,730)                           |                                  | \$ 217,836                             |
| Consolidated Adult Basic Skills and<br>and Integrated English Literacy<br>and Civics Education | 84.002                    | ABS-15-07-31                     | 7/1/14-6/30/15  | 570,280         | (70,057)                            |                   | 70,052           |   | 120   |                 |                           |                                     | 115                              |  |
| Consolidated Adult Basic Skills and<br>and Integrated English Literacy<br>and Civics Education | 84.002                    | ABS-14-07-31                     | 7/1/13-6/30/14  | 919,300         |                                     | 757               |                  |   |   |                 | \$ (757)                  |                                     |                                  |  |
|  |                           |                                  |                 |                 | <b>(70,057)</b>                     | <b>757</b>        | <b>510,467</b>   | <b>(577,145)</b>  | <b>120</b>                                  |                 | <b>(757)</b>              | <b>(136,730)</b>                    | <b>115</b>                       | <b>217,836</b>                         |
| <b>Total U.S. Department of Education</b>  |                           |                                  |                 |                 | <b>(190,187)</b>                    | <b>4,081</b>      | <b>1,460,235</b> | <b>(1,541,349)</b>                                      | <b>176</b>                                  | <b>\$ 2,799</b> | <b>\$ (6,937)</b>         | <b>(271,398)</b>                    | <b>216</b>                       | <b>217,836</b>                         |

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

| Federal Grantor/Pass Through Grantor/<br>Program Title/Cluster Title | Federal<br>CFDA<br>Number | Grant or State<br>Project Number | Grant<br>Period | Award<br>Amount | Balance at June 30, 2015            |                   |                  | Budgetary<br>Expenditures | Cancellation<br>of Prior Year<br>Encumbrance<br>Payable | Adjustments | Repayment<br>of Prior<br>Years'<br>Balances | Balance at June 30, 2016            |                                  |                   | Amount<br>Provided to<br>Subrecipients |
|--|---------------------------|----------------------------------|-----------------|-----------------|-------------------------------------|-------------------|------------------|---------------------------|---|-------------|---|-------------------------------------|----------------------------------|-------------------|--|
|  |                           |                                  |                 |                 | Budgetary<br>Accounts<br>Receivable | Due to<br>Grantor | Cash<br>Received |                           |   |             |   | Budgetary<br>Accounts<br>Receivable | Budgetary<br>Unearned<br>Revenue | Due to<br>Grantor |  |
| <u>U.S. Department of Agriculture:</u>                               |                           |                                  |                 |                 |                                     |                   |                  |                           |   |             |   |                                     |                                  |                   |  |
| Passed-through State Department of Agriculture:                      |                           |                                  |                 |                 |                                     |                   |                  |                           |   |             |   |                                     |                                  |                   |  |
| Child Nutrition Cluster:   |                           |                                  |                 |                 |                                     |                   |                  |                           |   |             |   |                                     |                                  |                   |  |
| Food Distribution Program  | 10.555                    | N/A                              | 7/1/15-6/30/16  | \$ 9,497        |                                     |                   | \$ 9,497         | \$ (7,739)                |   |             |   |                                     | \$ 1,758                         |                   |  |
| National School Lunch Program  | 10.555                    | N/A                              | 7/1/15-6/30/16  | 19,597          |                                     |                   | 18,110           | (19,597)                  |   |             | \$ (1,487)                                  |                                     |                                  |                   |  |
| National School Lunch Program  | 10.555                    | N/A                              | 7/1/14-6/30/15  | 22,419          | \$ (1,929)                          |                   | 1,929            |                           |   |             |   |                                     |                                  |                   |  |
| School Breakfast Program   | 10.553                    | N/A                              | 7/1/15-6/30/16  | 1,565           |                                     |                   | 1,450            | (1,565)                   |   |             | (115)                                       |                                     |                                  |                   |  |
| School Breakfast Program   | 10.553                    | N/A                              | 7/1/14-6/30/15  | 1,367           | (196)                               |                   | 196              |                           |   |             |   |                                     |                                  |                   |  |
| Total Child Nutrition Cluster  |                           |                                  |                 |                 | (2,125)                             |                   | 31,182           | (28,901)                  |   |             |   | (1,602)                             | 1,758                            |                   |  |
| Total Federal Awards   |                           |                                  |                 |                 | \$ (192,312)                        | \$ 4,081          | \$ 1,491,417     | \$ (1,570,250)            | \$ 176  | \$ 2,799    | \$ (6,937)                                  | \$ (273,000)                        | \$ 1,758                         | \$ 216            | \$ 217,836                             |

N/A - Not Available/Applicable

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

| State Grantor/Program Title                                   | Grant or State Project Number | Grant Period    | Award Amount | Balance at June 30, 2015      |                | Cash Received | Budgetary Expenditures | Repayment of Prior Years' Balances | Balance at June 30, 2016 |                               | Cumulative Total Expenditures |
|---|-------------------------------|-----------------|--------------|-------------------------------|----------------|---------------|------------------------|------------------------------------|--------------------------|-------------------------------|-------------------------------|
|   |                               |                 |              | Budgetary Accounts Receivable | Due to Grantor |               |                        |                                    | GAAP Accounts Receivable | Budgetary Accounts Receivable |                               |
| NJ Department of Education:                                   |                               |                 |              |                               |                |               |                        |                                    |                          |                               |                               |
| General Fund State Aid:                                       |                               |                 |              |                               |                |               |                        |                                    |                          |                               |                               |
| Equalization Aid  | 16-495-034-5120-078           | 7/1/15-6/30/16  | \$ 76,082    |                               |                | \$ 68,958     | \$ (76,082)            |                                    |                          | \$ (7,124)                    | \$ 76,082                     |
| Special Education Categorical Aid                             | 16-495-034-5120-089           | 7/1/15-6/30/16  | 490,726      |                               |                | 444,779       | (490,726)              |                                    |                          | (45,947)                      | 490,726                       |
| Security Aid  | 16-495-034-5120-084           | 7/1/15-6/30/16  | 64,206       |                               |                | 58,194        | (64,206)               |                                    |                          | (6,012)                       | 64,206                        |
| Adjustment Aid  | 16-495-034-5120-085           | 7/1/15-6/30/16  | 563,785      |                               |                | 510,998       | (563,785)              |                                    |                          | (52,787)                      | 563,785                       |
| PARCC Readiness   | 16-495-034-5120-098           | 7/1/15-6/30/16  | 8,910        |                               |                | 8,076         | (8,910)                |                                    |                          | (834)                         | 8,910                         |
| Per Pupil Growth Aid  | 16-495-034-5120-097           | 7/1/15-6/30/16  | 8,910        |                               |                | 8,076         | (8,910)                |                                    |                          | (834)                         | 8,910                         |
| Adult Education Programs Aid                                  | 16-100-034-5120-510           | 7/1/15-6/30/16  | 43,694       |                               |                | 39,603        | (43,694)               |                                    |                          | (4,091)                       | 43,694                        |
| Reimbursed TPAF Social Security Contributions                 | 16-495-034-5094-003           | 7/1/15-6/30/16  | 522,198      |                               |                | 495,375       | (522,198)              |                                    | \$ (26,823)              | (26,823)                      | 522,198                       |
| Equalization Aid  | 15-495-034-5120-078           | 7/1/14-6/30/15  | 76,082       | \$ (6,814)                    |                | 6,814         |                        |                                    |                          |                               | 76,082                        |
| Special Education Categorical Aid                             | 15-495-034-5120-089           | 7/1/14-6/30/15  | 490,726      | (43,950)                      |                | 43,950        |                        |                                    |                          |                               | 490,726                       |
| Security Aid  | 15-495-034-5120-084           | 7/1/14-6/30/15  | 64,206       | (5,750)                       |                | 5,750         |                        |                                    |                          |                               | 64,206                        |
| Adjustment Aid  | 15-495-034-5120-085           | 7/1/14-6/30/15  | 563,785      | (50,493)                      |                | 50,493        |                        |                                    |                          |                               | 563,785                       |
| PARCC Readiness   | 15-495-034-5120-098           | 7/1/14-6/30/15  | 8,910        | (798)                         |                | 798           |                        |                                    |                          |                               | 8,910                         |
| Per Pupil Growth Aid  | 15-495-034-5120-097           | 7/1/14-6/30/15  | 8,910        | (798)                         |                | 798           |                        |                                    |                          |                               | 8,910                         |
| Reimbursed TPAF Social Security Contributions                 | 15-495-034-5094-003           | 7/1/14-6/30/15  | 523,508      | (26,332)                      |                | 26,332        |                        |                                    |                          |                               | 523,508                       |
| Total General Fund State Aid                                  |                               |                 |              | (134,935)                     |                | 1,768,994     | (1,778,511)            |                                    | (26,823)                 | (144,452)                     | 3,514,638                     |
| Enterprise Fund:  |                               |                 |              |                               |                |               |                        |                                    |                          |                               |                               |
| State School Lunch Program                                    | 16-100-010-3350-023           | 7/1/15-6/30/16  | 1,076        |                               |                | 993           | (1,076)                |                                    | (83)                     | (83)                          | 1,076                         |
| State School Lunch Program                                    | 15-100-010-3350-023           | 7/1/14-6/30/15  | 1,112        | (98)                          |                | 98            |                        |                                    |                          |                               | 1,112                         |
| Total Enterprise Fund State Aid                               |                               |                 |              | (98)                          |                | 1,091         | (1,076)                |                                    | (83)                     | (83)                          | 2,188                         |
| Special Revenue Fund:   |                               |                 |              |                               |                |               |                        |                                    |                          |                               |                               |
| New Jersey Achievement Coaches Program                        | 15-TG03-A01                   | 3/1/16-11/30/16 | 64,720       |                               |                |               | (6,485)                |                                    | (6,485)                  | (6,485)                       | 6,485                         |
| New Jersey Achievement Coaches Program                        | 15-TG03-A01                   | 2/1/15-8/31/15  | 34,995       | (10,332)                      |                | 26,652        | (17,209)               |                                    | (889)                    | (889)                         | 27,541                        |
| County Vocational School District Partnership Grant           | 15-VE01-G06                   | 4/1/15-6/30/18  | 353,807      | (6,915)                       |                | 65,226        | (62,101)               |                                    |                          | (3,790)                       | 69,016                        |
| County Vocational School District Partnership Grant, Cohort 2 | 16-VE02-G06                   | 3/1/16-6/30/19  | 445,325      |                               |                |               | (2,574)                |                                    | (2,574)                  | (2,574)                       | 2,574                         |
| Total Special Revenue Fund State Aid                          |                               |                 |              | (17,247)                      |                | 91,878        | (88,369)               |                                    | (9,948)                  | (13,738)                      | 105,616                       |

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

| State Grantor/Program Title   | Grant or State Project Number | Grant Period    | Award Amount | Balance at June 30, 2015      |                | Cash Received | Budgetary Expenditures | Repayment of Prior Years' Balances | Balance at June 30, 2016 |                               | Cumulative Total Expenditures |
|---|-------------------------------|-----------------|--------------|-------------------------------|----------------|---------------|------------------------|------------------------------------|--------------------------|-------------------------------|-------------------------------|
|   |                               |                 |              | Budgetary Accounts Receivable | Due to Grantor |               |                        |                                    | GAAP Accounts Receivable | Budgetary Accounts Receivable |                               |
| NJ Department of Labor and Workforce Development:<br>Special Revenue Fund:<br>Apprenticeship Coordinator<br>(Passed thru Hunterdon County Vocational School District):<br>Youth Transitions to Work | N/A                           | 7/1/14-6/30/16  | \$ 38,000    | \$ (4,488)                    |                | \$ 12,373     | \$ (18,152)            |                                    | \$ (10,267)              | \$ (10,267)                   | \$ 37,145                     |
|   | N/A                           | 10/1/13-9/30/14 | 50,228       |                               | \$ 92          |               |                        | \$ (92)                            |                          |                               |                               |
| Total NJ Department of Labor and Workforce Development  |                               |                 |              | (4,488)                       | 92             | 12,373        | (18,152)               | (92)                               | (10,267)                 | (10,267)                      | 37,145                        |
| Total State Awards  |                               |                 |              | \$ (156,768)                  | \$ 92          | \$ 1,874,336  | \$ (1,886,108)         | \$ (92)                            | \$ (47,121)              | \$ (168,540)                  | \$ 3,659,587                  |

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, 2016

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the "Schedules") includes the federal and state grant activity of the Morris County Vocational School District under programs of the federal and state governments for the fiscal year ended June 30, 2016. The information in these schedules is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 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 on the accrual basis of accounting. These bases of accounting are described in Note 1 to the District's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3. INDIRECT COST RATE

The District has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4. 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 (\$9,026) for the General Fund and \$1,068 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 \$652,681 or the \$548,138 of TPAF On-Behalf Pension Contribution.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

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                         |                     | \$ 2,970,304        | \$ 2,970,304        |
| Special Revenue Fund                 | \$ 1,546,750        | 102,188             | 1,648,938           |
| Enterprise Funds (Food Service Fund) | 28,901              | 1,076               | 29,977              |
| Total Federal and State Awards       | <u>\$ 1,575,651</u> | <u>\$ 3,073,568</u> | <u>\$ 4,649,219</u> |

NOTE 5. 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 6. 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, 2016. 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, 2016

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*.
- 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 New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- 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/<br/>State Grant Number</u> | <u>Grant Period</u> | <u>Award<br/>Amount</u> | <u>Budgetary<br/>Expenditures</u> |
|--------------------------------|--|---------------------|-------------------------|-----------------------------------|
| <u>Federal:</u>                |  |                     |                         |                                   |
| Carl D. Perkins Secondary      | 84.048   | 7/1/15-6/30/16      | \$ 270,910              | \$ 255,691                        |
| Carl D. Perkins Post Secondary | 84.048   | 7/1/15-6/30/16      | 127,478                 | 126,375                           |
| <u>State:</u>                  |  |                     |                         |                                   |
| <u>General Fund State Aid:</u> |  |                     |                         |                                   |
| Equalization Aid               | 16-495-034-5120-078                            | 7/1/15-6/30/16      | 76,082                  | 76,082                            |
| Special Education Aid          | 16-495-034-5120-089                            | 7/1/15-6/30/16      | 490,726                 | 490,726                           |
| Security Aid                   | 16-495-034-5120-084                            | 7/1/15-6/30/16      | 64,206                  | 64,206                            |
| Adjustment Aid                 | 16-495-034-5120-085                            | 7/1/15-6/30/16      | 563,785                 | 563,785                           |
| PARCC Readiness                | 16-495-034-5120-098                            | 7/1/15-6/30/16      | 8,910                   | 8,910                             |
| Per Pupil Growth Aid           | 16-495-034-5120-097                            | 7/1/15-6/30/16      | 89,410                  | 89,410                            |
| Adult Education Programs Aid   | 16-495-034-5120-510                            | 7/1/15-6/30/16      | 43,694                  | 43,694                            |

- 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 \$750,000.

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, 2016  
(Continued)

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any findings or questioned costs as defined in 2 CFR 200.516(a) of the Uniform Guidance.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in 2 CFR 200.516(a) of the Uniform Guidance and New Jersey's OMB Circular 15-08.



MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Status of Prior Year Findings:

There were no prior year audit findings.