

**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, 2019**

**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, 2019**

**Prepared by**

**Morris County Vocational School District  
Business Office**

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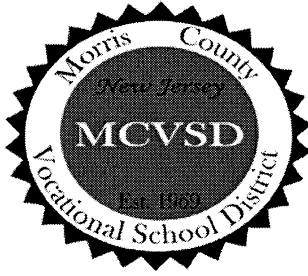
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INTRODUCTORY SECTION



## MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT

400 East Main Street Denville, NJ 07834-2592

973-627-4600

November 12, 2019

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, 2019 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 thirteen Full Time Career Academies, and twelve share-time (half day) programs, which include several programs for students who have greater individualized needs and require a smaller class size. Ten of the thirteen Academy programs are offered at the Morris County Vocational School District campus. Four satellite Academies are offered; one each at Butler High School in Butler, NJ, Morris Hills High School in Rockaway, NJ, Jefferson Township High School in Jefferson, NJ and Mountain Lakes High School in Mountain Lakes, NJ.

Thirty-nine (39) high schools from eighty (80) communities and six counties send students shared-time (half time) and full-time to the County Vocational School.

Two (2) 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 55 part time Adult Evening classes where enrollment averages around 388 students per semester.

The District completed the 2018-19 school year with a full time equivalent enrollment of 1,218. The District's secondary enrollment increased at a rate of 10.14% during the year.

2. **MAJOR INITIATIVES:** The major initiatives undertaken in the School District included but were not limited to:

- a. Application for and receipt of a competitive County Vocational Partnership Grant Cohort 4 of \$330,000 to develop and fund a new shared time Cybersecurity and Information Program in conjunction with County College of Morris commenced September 2018 on their campus.
- b. Growth of the Academy for Biotechnology in collaboration with the Mountain Lakes School District at their facility.
- c. Negotiation of a revised agreement with the Morris Hills School District to begin a Performing Arts Academy for Vocal, Theater and Dance for the 2018-2019 school year at their district.
- d. Launch of an Allied Health program with the Pequannock School District which began in September of 2018.
- e. Conversion of vacant diesel shop into a multi-use facility for the School of Technology in Denville
- f. Addition of small athletic turf for use by School of Technology athletic teams.
- g. Continued ongoing maintenance projects to address drainage issues and expand available parking on campus. Continual upgrading of technology infrastructure to accommodate expanding district needs.

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

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

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

4. **BUDGETARY CONTROLS:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of School Estimate. Annual appropriated budgets are adopted for the general fund and the special revenue fund.



The Honorable President and Members  
of the Board of Education  
Morris County Vocational School District  
November 12, 2019

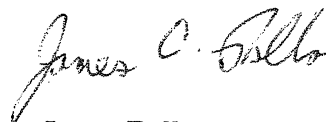
Capital Improvements are funded by the County of Morris, which pays the resulting debt service. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open 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, 2019.

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.

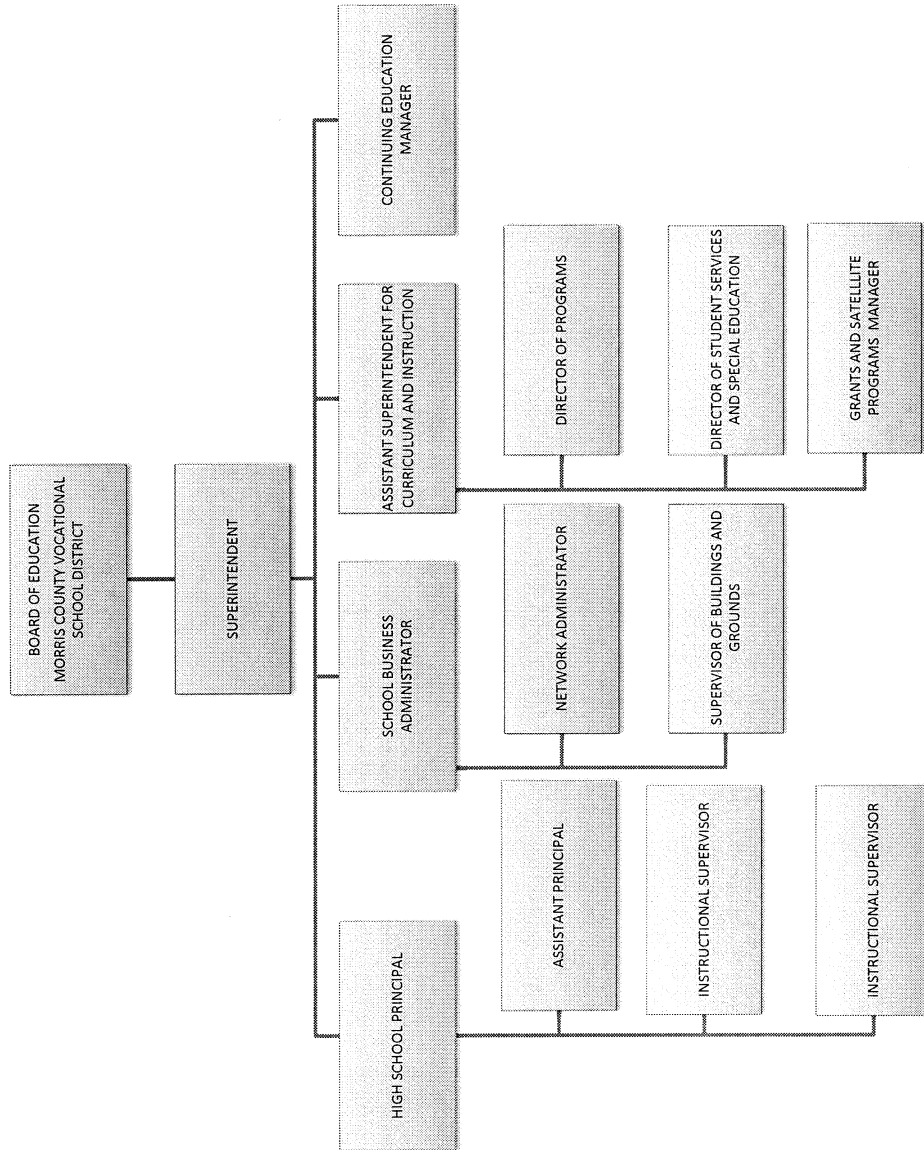
Respectfully submitted,



Scott Moffitt  
Superintendent



James Rollo  
Business Administrator/Board Secretary



Board Approved: November 1, 2018

**MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
 ROSTER OF OFFICIALS  
 JUNE 30, 2019**

<u>Members of the Board of Education</u>	<u>Title</u>	<u>Term Expires</u>
Barbara Dawson	President	2019
Lawrence J. Colasurdo	Vice President	2020
Mary Dougherty	Member	2022
John P. Hyland	Member	2021
Dr. Angelica Allen-McMillan	Member (Interim Executive County Superintendent)	N/A

Other Officers

Scott Moffitt	Superintendent of Schools
Susan Young	Board Secretary/Business Administrator (7-1-18 to 6-30-19)
James Rollo	Board Secretary/Business Administrator (Starting 7-1-2019)
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

## 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"), a component unit of the County of Morris, as of and for the fiscal year ended June 30, 2019, 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.

***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 District as of June 30, 2019, 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 and post-employment schedules in Exhibits L-1 through L-5 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 other supplementary schedules 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*, and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying other supplementary schedules 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, other 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 November 12, 2019 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

November 12, 2019  
Mount Arlington, New Jersey

  
NISIVOCCIA LLP

  
Francis Jones  
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, 2019. 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.

### 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

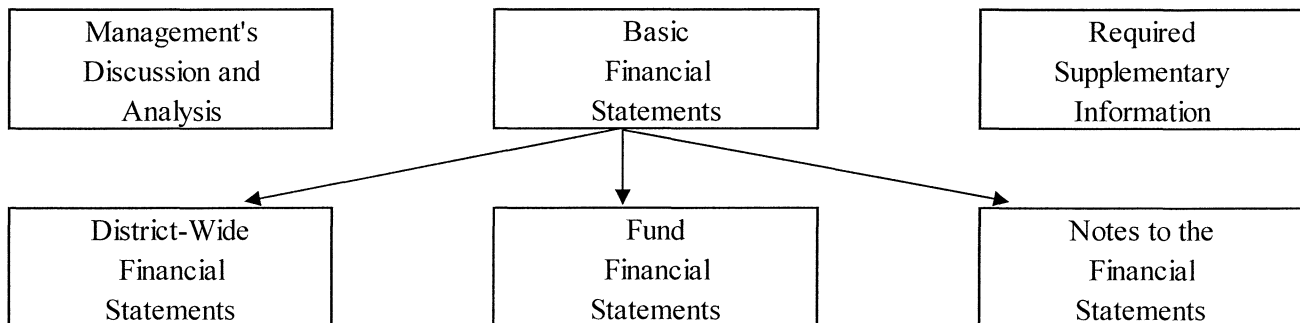


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents 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 \$2,446,151. Net position from governmental activities increased by \$2,426,046 and net position from business-type activities increased by \$20,105. Net investment in capital assets increased by \$1,731,160, restricted net position decreased by \$1,646,564, and unrestricted net position increased by \$2,361,555.

Figure A-3

	Condensed Statement of Net Position						Total Percentage Change
	Government Activities		Business-Type Activities		Total School District		
	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	
Current and Other Assets	\$ 6,387,221	\$ 6,966,974	\$ 123,140	\$ 142,822	\$ 6,510,361	\$ 7,109,796	
Capital Assets, Net	21,700,601	23,445,147	78,459	65,073	21,779,060	23,510,220	
Total Assets	<u>28,087,822</u>	<u>30,412,121</u>	<u>201,599</u>	<u>207,895</u>	<u>28,289,421</u>	<u>30,620,016</u>	8.24%
Deferred Outflows of Resources	<u>2,400,621</u>	<u>1,686,064</u>	<u>180,692</u>	<u>126,908</u>	<u>2,581,313</u>	<u>1,812,972</u>	-29.77%
Other Liabilities	537,753	548,342	43,370	40,420	581,123	588,762	
Long-Term Liabilities	<u>8,371,831</u>	<u>6,962,530</u>	<u>604,560</u>	<u>496,080</u>	<u>8,976,391</u>	<u>7,458,610</u>	
Total Liabilities	<u>8,909,584</u>	<u>7,510,872</u>	<u>647,930</u>	<u>536,500</u>	<u>9,557,514</u>	<u>8,047,372</u>	-15.80%
Deferred Inflows of Resources	<u>2,091,127</u>	<u>2,673,535</u>	<u>157,396</u>	<u>201,233</u>	<u>2,248,523</u>	<u>2,874,768</u>	27.85%
Net Position:							
Net Investment in Capital Assets	21,700,601	23,445,147	78,459	65,073	21,779,060	23,510,220	
Restricted	3,402,751	1,756,187			3,402,751	1,756,187	
Unrestricted/(Deficit)	<u>(5,615,620)</u>	<u>(3,287,556)</u>	<u>(501,494)</u>	<u>(468,003)</u>	<u>(6,117,114)</u>	<u>(3,755,559)</u>	
Total Net Position / (Deficit)	<u>\$19,487,732</u>	<u>\$21,913,778</u>	<u>\$(423,035)</u>	<u>\$(402,930)</u>	<u>\$19,064,697</u>	<u>\$21,510,848</u>	12.83%

Figure A-4

Changes in Net Position from Operating Results

	Governmental Activities 2017/18	Governmental Activities 2018/19	Business- Type Activities 2017/18	Business- Type Activities 2018/19	Total School District 2017/18	Total School District 2018/19	Percentage Change
Revenue:							
Program Revenue:							
Charges for Services	\$ 11,294,811	\$ 11,084,707	\$ 752,240	\$ 748,630	\$ 12,047,051	\$ 11,833,337	
Operating Grants and Contributions	8,198,440	7,424,447	27,355	32,997	8,225,795	7,457,444	
General Revenue:							
County Tax Levy	6,351,286	6,351,286			6,351,286	6,351,286	
State and Federal Aid not Restricted	728,406	649,307			728,406	649,307	
County Improvement Authorizations	1,048,000	2,627,440			1,048,000	2,627,440	
Other	178,598	204,026	14	210	178,612	204,236	
<b>Total Revenue</b>	<b>27,799,541</b>	<b>28,341,213</b>	<b>779,609</b>	<b>781,837</b>	<b>28,579,150</b>	<b>29,123,050</b>	<b>1.90%</b>
Expenses:							
Instruction	15,066,874	15,141,473			15,066,874	15,141,473	
Pupil and Instruction Services	4,474,900	4,485,157			4,474,900	4,485,157	
Administrative & Business Maintenance and Operations	3,359,301	3,267,028			3,359,301	3,267,028	
Pupil Transportation	224,611	271,074			224,611	271,074	
Special Schools	864,264	630,342			864,264	630,342	
Capital Outlay	4,589	2,193			4,589	2,193	
Other			839,853	761,732	839,853	761,732	
<b>Total Expenses</b>	<b>26,284,489</b>	<b>25,915,167</b>	<b>839,853</b>	<b>761,732</b>	<b>27,124,342</b>	<b>26,676,899</b>	<b>-1.65%</b>
Other Items:							
Transfers	25,012		(25,012)				100.00%
<b>Increase/(Decrease) in Net Position</b>	<b>\$ 1,540,064</b>	<b>\$ 2,426,046</b>	<b>\$ (85,256)</b>	<b>\$ 20,105</b>	<b>\$ 1,454,808</b>	<b>\$ 2,446,151</b>	<b>68.14%</b>

*Revenue Sources.* The District’s total revenue for the 2018/2019 school year was \$29,123,050. (See Figure A-4). The County tax levy of \$6,351,286 accounted for a substantial portion of the District’s revenue, or 21.81 percent, along with 40.63% from charges for services. (See Figure A-5). Another 25.61 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.

**Governmental Activities**

The net position of the governmental activities increased \$2,426,046 due to numerous factors. Net Investment in Capital Assets increased \$1,744,546 combining additions, dispositions, and depreciation expense. As mentioned previously, Restricted Net position decreased primarily due to a board approved transfer from Capital Reserve to the Capital Projects Fund of \$2,011,000, offset by an increase per board resolution of \$338,088 and interest earnings of \$26,185. Unrestricted Net position increased by \$2,361,555, primarily due to an increase in committed fund balance related to capital projects of \$2,515,068, offset by a decrease in assigned fund balance designated for subsequent year’s expenditures of \$251,578 and other purposes of \$222,91 and changes in deferred inflows, outflows and liabilities related to pensions.

Figure A-5 presents the cost of seven 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-5**

	<b>Net Cost of Governmental Activities</b>			
	Total Cost of	Total Cost of	Net Cost of	Net Cost of
	Services	Services	Services	Services
	2017/18	2018/19	2017/18	2018/19
Instruction	\$ 15,066,874	\$ 15,141,473	\$ 3,252,943	\$ 3,707,783
Pupil and Instruction Services	4,474,900	4,485,157	634,083	570,872
Administrative and Business	3,359,301	3,267,028	1,216,562	1,419,942
Maintenance and Operations	2,289,950	2,117,900	982,078	940,425
Pupil Transportation	224,611	271,074	124,753	148,496
Special Schools	864,264	630,342	576,230	616,302
Capital Outlay	4,589	2,193	4,589	2,193
	<u>\$ 26,284,489</u>	<u>\$ 25,915,167</u>	<u>\$ 6,791,238</u>	<u>\$ 7,406,013</u>

**Business-Type Activities**

Net position from the District’s business-type activities increased overall by \$20,105. (Refer to Figure A-4). The most significant factors contributing to these results were:

- The Food Service Fund’s net position increased by \$12,207 mainly due to a transfer of \$7,503 from the Supermarket Fund which was dissolved and a slight an increase in program and non-operating income.
- Adult Education and Cosmetology Enterprise Funds both saw slight net position increases of \$14,410 and \$781 respectively.

**Financial Analysis of the District’s Funds**

The District’s overall Financial position improved. Overall the district performed well within its authorized governmental budget. The District reversed its marketing approach for its Adult Education proprietary fund operations to increase its enrollment and related revenues. The District will continue to manage its overall operations within a responsible balanced operating budget.

**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-6

### Capital Assets (Net of Depreciation)

	Government Activities		Business-Type Activities		Total School District		Total Percentage Change
	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	
Sites and Site Improvements	\$ 330,487	\$ 328,880			\$ 330,487	\$ 328,880	
Construction in Progress	2,423,209	4,546,581			2,423,209	4,546,581	
Buildings and Building Improvements	17,783,217	17,251,548			17,783,217	17,251,548	
Furniture, Machinery and Equipment	1,163,688	1,318,138	\$ 78,459	\$ 65,073	1,242,147	1,383,211	
<b>Total</b>	<b>\$21,700,601</b>	<b>\$23,445,147</b>	<b>\$ 78,459</b>	<b>\$ 65,073</b>	<b>\$21,779,060</b>	<b>\$23,510,220</b>	<b>7.95%</b>

## Long-term Liabilities

At year-end, the District had \$7,458,610 of long term liabilities – a decrease of \$1,517,781 from last year – as shown in Figure A-7. This decrease was a result of a net decrease in compensated absences of \$7,765, and a net decrease of \$1,510,016 in net pension liability.

Figure A-7

### Outstanding Long-Term Liabilities

	Total School District		Total Percentage Change
	2017/18	2018/19	
Other Long-Term Liabilities	\$ 545,573	\$ 537,808	
Net Pension Liability	8,430,818	6,920,802	
	<b>\$ 8,976,391</b>	<b>\$ 7,458,610</b>	<b>-16.91%</b>

## 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:

- Level county tax levy funding since the 2007-2008 fiscal year exerts budget pressure. Additionally, capital project funding from the County is uncertain from year to year.
- The passage of the Securing Our Schools bond act has raised the possibility of significant facility expansion for the District to address the unserved population of applicants. The 75% facility expansion funding from the state would have to be supplemented by a 25% county match. The probability of both occurring is uncertain at this time however if both happen the impact on the operating budget of the District would be significant.
- All bargaining units settled their contracts for the 2018-2021 contract period with 2.9% annual salary increases in exchange for eliminating the Direct 10 health benefit option. These settlements will assist with long term financial projections for the District as these two cost centers comprise the majority of the expenditures budget.



- The District continues to bump up against the maximum allowable state certified tuition rate capping potential revenues from sending Districts due to level county and state funding. Chapter 67 projects level state aid for the District for the foreseeable future.
- Several non- repetitive competitive grants will continue to expire over the next few years. These grants require sustainability of the programs once the grant period ends and will require careful management of those programs.
- Post-secondary cosmetology and HVAC programs have been discontinued due to declining enrollment. While the remaining post-secondary LPN program enrollment remains robust, post-secondary enrollment trends need to continue to be monitored closely.

### **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

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2019

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 2,428,395	\$ 135,309	\$ 2,563,704
Interfund Receivable	9,994		9,994
Receivables from State Government	153,358	87	153,445
Receivables from Federal Government	253,558	1,217	254,775
Receivables from Other Governments	3,346,610		3,346,610
Other Receivables	18,872	799	19,671
Inventories		5,410	5,410
Restricted Assets:			
Capital Reserve Account - Cash and Cash Equivalents	640,965		640,965
Maintenance Reserve Account - Cash and Cash Equivalents	115,222		115,222
Capital Assets, Net:			
Sites (Land) and Construction in Progress	4,855,181		4,855,181
Depreciable Site Improvements, Buildings and Building Improvements and Furniture, Machinery and Equipment	18,589,966	65,073	18,655,039
Total Assets	<u>30,412,121</u>	<u>207,895</u>	<u>30,620,016</u>
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>			
Deferred Outflows Related to Pensions	1,686,064	126,908	1,812,972
Total Deferred Outflows of Resources	<u>1,686,064</u>	<u>126,908</u>	<u>1,812,972</u>
<u>LIABILITIES</u>			
Accounts Payable	228,151	34,102	262,253
Payable to State Government	316,071		316,071
Unearned Revenue	4,120	6,318	10,438
Non-Current Liabilities:			
Due Within One Year	36,456		36,456
Due Beyond One Year	6,926,074	496,080	7,422,154
Total Liabilities	<u>7,510,872</u>	<u>536,500</u>	<u>8,047,372</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows Related to Pensions	2,673,535	201,233	2,874,768
Total Deferred Inflows of Resources	<u>2,673,535</u>	<u>201,233</u>	<u>2,874,768</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	23,445,147	65,073	23,510,220
Restricted for:			
Capital Projects	640,965		640,965
Maintenance	115,222		115,222
Excess Surplus	1,000,000		1,000,000
Unrestricted/(Deficit)	(3,287,556)	(468,003)	(3,755,559)
Total Net Position/(Deficit)	<u>\$ 21,913,778</u>	<u>\$ (402,930)</u>	<u>\$ 21,510,848</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, 2019

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 8,348,433	\$ 3,775,102	\$ 1,966,995	\$ (2,606,336)	\$	\$ (2,606,336)
Special	1,044,478	124,387	1,451,012	530,921		530,921
Vocational Education	4,950,756	2,238,696	1,516,736	(1,195,324)		(1,195,324)
Other Instruction	797,806	360,762		(437,044)		(437,044)
Support Services:						
Student and Instruction Related Services	4,485,157	2,028,156	1,886,129	(570,872)		(570,872)
General Administrative Services	811,153	366,798	130,939	(313,416)		(313,416)
School Administrative Services	1,292,082	584,270	129,268	(578,544)		(578,544)
Central Services	743,852	336,365	109,552	(297,935)		(297,935)
Administrative Information Technology	419,941	189,894		(230,047)		(230,047)
Plant Operations and Maintenance	2,117,900	957,699	219,776	(940,425)		(940,425)
Pupil Transportation	271,074	122,578		(148,496)		(148,496)
Special Schools	630,342		14,040	(616,302)		(616,302)
Capital Outlay	2,193			(2,193)		(2,193)
Total Governmental Activities	25,915,167	11,084,707	7,424,447	(7,406,013)		(7,406,013)
Business-Type Activities:						
Adult Education	567,246	581,656			14,410	14,410
Cosmetology	1,320	2,101			781	781
Food Service	193,166	164,873	32,997		4,704	4,704
Total Business-Type Activities	761,732	748,630	32,997		19,895	19,895
Total Primary Government	\$ 26,676,899	\$ 748,630	\$ 7,457,444	\$ (7,406,013)	\$ 19,895	\$ (7,386,118)

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenues:			
County Tax Levy	\$ 6,351,286		\$ 6,351,286
Federal and State Aid not Restricted	649,307		649,307
Interest Earnings	26,348	210	26,558
Miscellaneous Income	177,678		177,678
County Improvement Authorization	2,627,440		2,627,440
Total General Revenues	9,832,059	210	9,832,269
Change in Net Position	2,426,046	20,105	2,446,151
Net Position/ (Deficit) - Beginning	19,487,732	(423,035)	19,064,697
Net Position/ (Deficit) - Ending	\$ 21,913,778	\$ (402,930)	\$ 21,510,848

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

FUND FINANCIAL STATEMENTS

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2019

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 1,981,957		\$ 446,438	\$ 2,428,395
Interfund Receivables:				
Special Revenue Fund	281,652			281,652
Fiduciary Fund - Flex Spending Trust Fund	9,994			9,994
Receivables From State Government	25,445	\$ 127,913		153,358
Receivables From Federal Government		253,558		253,558
Receivables From Other Governments	50,287		3,296,323	3,346,610
Other Accounts Receivables	18,872			18,872
Restricted Cash and Cash Equivalents	756,187			756,187
<b>Total Assets</b>	<b>\$ 3,124,394</b>	<b>\$ 381,471</b>	<b>\$ 3,742,761</b>	<b>\$ 7,248,626</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Interfund Payable - General Fund		281,652		281,652
Accounts Payable	110,496	99,819	17,836	228,151
Unearned Revenue	4,120			4,120
<b>Total Liabilities</b>	<b>114,616</b>	<b>381,471</b>	<b>17,836</b>	<b>513,923</b>
<b>Fund Balances:</b>				
<b>Restricted:</b>				
Capital Reserve Account	640,965			640,965
Maintenance Reserve	115,222			115,222
Excess Surplus for 2019-2020	500,000			500,000
Excess Surplus for 2020-2021	500,000			500,000
<b>Committed:</b>				
Capital Projects Fund			3,724,925	3,724,925
<b>Assigned:</b>				
Other Purposes	100,000			100,000
Unassigned	1,153,591			1,153,591
<b>Total Fund Balances</b>	<b>3,009,778</b>		<b>3,724,925</b>	<b>6,734,703</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,124,394</b>	<b>\$ 381,471</b>	<b>\$ 3,742,761</b>	<b>\$ 7,248,626</b>



MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2019

Total  
Governmental  
Funds

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Amounts Reported for Governmental Activities in the Statement of Net Position (A-1) are different because:

Total Fund Balances from previous page	\$	6,734,703
Capital Assets Used in Governmental Activities are not financial resources and therefore are not reported in the Funds. The cost of the assets is \$36,178,059 and the Accumulated Depreciation is \$12,732,912.		23,445,147
Long-Term Liabilities, Including Compensated Absences and Net Pension Liability for PERS, are not due and payable in the current period and therefore are not reported as liabilities in the Funds.		(6,962,530)
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:		
Deferred Outflows:		1,369,993
Deferred Inflows:		(2,673,535)
		<hr style="width: 100%;"/>
Net Position of Governmental Activities	\$	<u>21,913,778</u>

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

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<b>REVENUES:</b>				
<b>Local Sources:</b>				
County Tax Levy	\$ 6,351,286			\$ 6,351,286
Tuition from LEA's	10,963,764			10,963,764
Tuition from Individuals	468,861			468,861
Interest Earned on Capital Reserve Funds	26,185			26,185
Interest Earned on Maintenance Reserve Funds	163			163
Unrestricted Miscellaneous Revenue	177,678	\$ 2,032		179,710
<b>Total - Local Sources</b>	<b>17,987,937</b>	<b>2,032</b>		<b>17,989,969</b>
State Sources	3,817,540	374,496		4,192,036
Federal Sources		1,689,398		1,689,398
<b>Total Revenues</b>	<b>21,805,477</b>	<b>2,065,926</b>		<b>23,871,403</b>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular Instruction	5,653,293	399,732		6,053,025
Special Education Instruction	435,094	218,801		653,895
Vocational Education Instruction	2,393,286	187,821		2,581,107
School-Sponsored/Other Instruction	724,596			724,596
<b>Support Services and Undistributed Costs:</b>				
Student and Other Instruction Related Services	2,076,032	1,039,796		3,115,828
General Administration Services	586,471			586,471
School Administration Services	947,878			947,878
Central Services	501,805			501,805
Administrative Information Technology	316,529			316,529
Plant Operations and Maintenance	1,720,530			1,720,530
Student Transportation Services	172,764			172,764
Unallocated Benefits	5,501,924			5,501,924
Capital Outlay	224,697	219,776	\$ 2,123,372	2,567,845
Special Schools	489,625			489,625
<b>Total Expenditures</b>	<b>21,744,524</b>	<b>2,065,926</b>	<b>2,123,372</b>	<b>25,933,822</b>
<b>Excess/(Deficit) of Revenue Over/(Under) Expenditures</b>	<b>60,953</b>		<b>(2,123,372)</b>	<b>(2,062,419)</b>
<b>Other Financing Sources/(Uses):</b>				
County Improvement Authorization			2,627,440	2,627,440
Capital Reserve - Transfer to Capital Projects Fund	(2,011,000)		2,011,000	
<b>Total Other Financing Sources/(Uses)</b>	<b>(2,011,000)</b>		<b>4,638,440</b>	<b>2,627,440</b>
<b>Net Change in Fund Balances</b>	<b>(1,950,047)</b>		<b>2,515,068</b>	<b>565,021</b>
Fund Balance - July 1	4,959,825		1,209,857	6,169,682
Fund Balance - June 30	<u>\$ 3,009,778</u>	<u>\$ -0-</u>	<u>\$ 3,724,925</u>	<u>\$ 6,734,703</u>

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

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, 2019

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ 565,021

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	\$ (763,558)	
Capital Outlays	<u>2,508,104</u>	1,744,546

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 (+).

4,986

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	1,404,315	
Change in Deferred Outflows:	(710,414)	
Change in Deferred Inflows:	<u>(582,408)</u>	

Change in Net Position of Governmental Activities (Exhibit A-2) \$ 2,426,046

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, 2019

	Business-Type Activities - Enterprise Funds		
	Non-Major Funds	Major Fund Adult Education	Total Enterprise
<u>ASSETS:</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 63,978	\$ 71,331	\$ 135,309
Intergovernmental Accounts Receivable:			
State	87		87
Federal	1,217		1,217
Other Accounts Receivable		799	799
Inventories	5,410		5,410
Total Current Assets	<u>70,692</u>	<u>72,130</u>	<u>142,822</u>
Non-Current Assets:			
Capital Assets	79,844	92,923	172,767
Less: Accumulated Depreciation	<u>(61,924)</u>	<u>(45,770)</u>	<u>(107,694)</u>
Total Non-Current Assets	<u>17,920</u>	<u>47,153</u>	<u>65,073</u>
Total Assets	<u>88,612</u>	<u>119,283</u>	<u>207,895</u>
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>			
Total Deferred Outflows of Resources		<u>126,908</u>	<u>126,908</u>
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts Payable	9,758	24,344	34,102
Unearned Revenue	<u>6,318</u>		<u>6,318</u>
Total Current Liabilities	<u>16,076</u>	<u>24,344</u>	<u>40,420</u>
Non-Current Liabilities:			
Compensated Absences Payable		11,624	11,624
Net Pension Liability		<u>484,456</u>	<u>484,456</u>
Total Non-Current Liabilities		<u>496,080</u>	<u>496,080</u>
Total Liabilities	<u>16,076</u>	<u>520,424</u>	<u>536,500</u>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2019

	Business-Type Activities - Enterprise Funds		
	Non-Major Funds	Major Fund Adult Education	Total Enterprise
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Total Deferred Inflows of Resources		\$ 201,233	\$ 201,233
<u>NET POSITION:</u>			
Investment in Capital Assets	\$ 17,920	47,153	65,073
Unrestricted/(Deficit)	54,616	(522,619)	(468,003)
Total Net Position/(Deficit)	\$ 72,536	\$ (475,466)	\$ (402,930)

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

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Business-Type Activities - Enterprise Funds		
	Non-Major Funds	Major Fund Adult Education	Total Enterprise
Operating Revenue:			
Daily Sales:			
Reimbursable Programs	\$ 80,493		\$ 80,493
Non-Reimbursable Programs	77,280		77,280
Charges for Services:			
Program Fees	2,101	\$ 581,656	583,757
Miscellaneous Revenue	7,100		7,100
Total Operating Revenue	<u>166,974</u>	<u>581,656</u>	<u>748,630</u>
Operating Expenses:			
Cost of Sales:			
Reimbursable Programs	58,744		58,744
Non-Reimbursable Programs	48,063		48,063
Salaries	51,926		51,926
Employee Benefits	13,166	559,289	572,455
Purchased Professional and Technical Services	10,853		10,853
Supplies and Materials	2,617		2,617
Miscellaneous Expense	3,688		3,688
Depreciation Expense	5,429	7,957	13,386
Total Operating Expenses	<u>194,486</u>	<u>567,246</u>	<u>761,732</u>
Operating Income/(Loss)	<u>(27,512)</u>	<u>14,410</u>	<u>(13,102)</u>
Non-Operating Income:			
Local Sources:			
Interest Income	210		210
State Sources:			
State School Lunch Program	1,178		1,178
Federal Sources:			
National School Lunch Program	16,331		16,331
School Breakfast Program	723		723
Food Distribution Program	14,765		14,765
Total Non-Operating Income	<u>33,207</u>		<u>33,207</u>
Change in Net Position	5,695	14,410	20,105
Net Position/(Deficit) - Beginning of Year	<u>66,841</u>	<u>(489,876)</u>	<u>(423,035)</u>
Net Position/(Deficit) - End of Year	<u>\$ 72,536</u>	<u>\$ (475,466)</u>	<u>\$ (402,930)</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, 2019

	Business-Type Activities - Enterprise Funds		
	Non-Major Funds	Major Fund Adult Education	Total Enterprise
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 169,379	\$ 589,733	\$ 759,112
Payments to Food Service Contractor	(161,019)		(161,019)
Payments to/for Employees		(570,461)	(570,461)
Payments to Suppliers	(1,320)	(13,876)	(15,196)
Net Cash Provided by Operating Activities	<u>7,040</u>	<u>5,396</u>	<u>12,436</u>
Cash Flows from Noncapital Financing Activities:			
State Sources	1,204		1,204
Federal Sources	17,067		17,067
Net Cash Provided by Noncapital Financing Activities	<u>18,271</u>		<u>18,271</u>
Cash Flows from Financing Activities:			
Interest Income	210		210
Net Cash Provided by Financing Activities	<u>210</u>		<u>210</u>
Net Increase in Cash and Cash Equivalents	25,521	5,396	30,917
Cash and Cash Equivalents, July 1	<u>38,457</u>	<u>65,935</u>	<u>104,392</u>
Cash and Cash Equivalents, June 30	<u>\$ 63,978</u>	<u>\$ 71,331</u>	<u>\$ 135,309</u>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Business-Type Activities - Enterprise Funds		
	Non-Major Funds	Major Fund Adult Education	Total Enterprise
Reconciliation of Operating Income/(Loss) to Net Cash			
Net Cash Provided by Operating Activities:			
Operating Income/(Loss)	\$ (27,512)	\$ 14,410	\$ (13,102)
Adjustment to Reconcile Operating Income/(Loss) to Net			
Cash Provided by Operating Activities:			
Depreciation	5,429	7,957	13,386
Food Distribution Program	14,765		14,765
Changes in Assets and Liabilities:			
Decrease in Other Accounts Receivable		8,077	8,077
Decrease in Inventory	3,120		3,120
Increase/(Decrease) in Accounts Payable	9,758	(13,876)	(4,118)
Increase in Unearned Revenue	1,480		1,480
(Decrease) in Compensated Absences Payable		(2,779)	(2,779)
(Decrease) in Net Pension Liability		(105,701)	(105,701)
Decrease in Changes in Assumptions - Pension		75,509	75,509
Decrease in Difference between Expected and Actual Experience - Pension		7,155	7,155
Decrease in Difference between Projected and Actual Earnings in Investments - Pensions		8,563	8,563
Increase in Changes in Proportions - Pensions		6,081	6,081
Net Cash Provided by Operating Activities	\$ 7,040	\$ 5,396	\$ 12,436

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Commodities through the Food Distribution Program valued at \$13,840 and utilized U.S.D.A. Commodities valued at \$14,765.

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



MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
JUNE 30, 2019

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>	<u>Private Purpose Scholarships Trust</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 523,856	\$ 107,576	\$ 19,462	\$ 131,592
Interfund Receivable:				
Payroll Agency		3,334		
Total Assets	<u>523,856</u>	<u>110,910</u>	<u>19,462</u>	<u>131,592</u>
<u>LIABILITIES:</u>				
Interfund Payable:				
General Fund			9,994	
Unemployment Compensation Trust	3,334			
Payroll Deductions and Withholdings	106,412			
Accrued Salaries and Wages	270,670			
Due to Student Groups	143,440			
Total Liabilities	<u>523,856</u>		<u>9,994</u>	
<u>NET POSITION:</u>				
Held in Trust for:				
Unemployment Claims		110,910		
Flexible Spending Claims			9,468	
Restricted for Scholarships				131,592
Total Net Position	<u>\$ -0-</u>	<u>\$ 110,910</u>	<u>\$ 9,468</u>	<u>\$ 131,592</u>

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

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Unemployment Compensation Trust	Flexible Spending Trust	Private Purpose Scholarships Trust
ADDITIONS:			
Contributions:			
Plan Members	\$ 17,724	\$ 28,150	
Donations			\$ 1,000
Total Contributions	17,724	28,150	1,000
Investment Earnings:			
Interest	2,473		201
Total Additions	20,197	28,150	1,201
DEDUCTIONS:			
Unemployment Benefit Claims	45,890		
Flexible Spending Claims		29,824	
Scholarships Awarded			3,500
Total Deductions	45,890	29,824	3,500
Change in Net Position	(25,693)	(1,674)	(2,299)
Net Position - Beginning of the Year	136,603	11,142	133,891
Net Position - End of the Year	\$ 110,910	\$ 9,468	\$ 131,592

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, 2019

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 ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. The District is a component unit of the County of Morris under the provisions of GASB Codification Section 2100.

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.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

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

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

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. 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.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

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

B. Basis of Presentation: (Cont'd)

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.

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.

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.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(Continued)

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budgets are submitted to the County office and are voted upon by the County Board of School Estimate, which consists of three Morris County freeholders and two Morris County Vocational School Board members. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Budget amendments/transfers must be made by School Board resolution. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

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

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

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements. Bond Ordinance proceeds in the Capital Projects Fund are recognized on the budgetary basis in the year that the respective ordinance is authorized; while on a GAAP basis revenue is recognized based on actual expenditures.

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 21,790,821	\$ 2,005,159
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognized Encumbrances as Expenditures and Revenue while the GAAP Basis does not:		
Current Year Encumbrances		(848)
Cancellation of Prior Year Encumbrances		(1,210)
Prior Year Encumbrances		62,825
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	132,207	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(117,551)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 21,805,477	\$ 2,065,926

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

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

D. Budgets/Budgetary Control (Cont'd)

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

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 21,744,524	\$ 2,005,159
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Current Year Encumbrances		(848)
Cancellation of Prior Year Encumbrances		(1,210)
Prior Year Encumbrances		62,825
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 21,744,524	\$ 2,065,926

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.

The District generally records investments at fair value and records the unrealized gains and losses as part of investment income. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

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

F. Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the enterprise funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net position, except for amounts due between governmental and business-type activities, which are presented as internal balances.

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as restricted, committed 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, 2019.

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 acquisition value.



MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

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

K. Capital Assets: (Cont'd)

The District does not possess any infrastructure. Capital assets have been reviewed for impairment. The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the District-wide statements and proprietary funds are as follows:

	<u>Estimated Useful Life</u>
Buildings	50 years
Site Improvements	20 years
Machinery and Equipment	10 to 15 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, 2019, the amount earned by these employees but not disbursed was \$270,670.

N. Compensated Absences

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by GASB. 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, 2019  
(Continued)

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

O. Unearned Revenue

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

P. Fund Balance Appropriated

General Fund: Of the \$3,009,778 General Fund fund balance at June 30, 2019, \$100,000 is assigned for other purposes and \$640,965 is restricted in the capital reserve account; \$115,222 is restricted in the maintenance reserve account; \$1,000,000 is restricted for excess surplus in accordance with N.J.S.A.18A:17F-7 as amended by P.L. 2004, C.73 (S1701) (\$500,000 of prior year excess surplus has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2020; \$500,000 of current year excess surplus will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2021); and \$1,153,591 is unassigned, which is \$117,551 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, 2020.

Capital Projects Fund: Of the \$3,724,925 Capital Projects Fund committed fund balance at June 30, 2019, \$583,902 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, 2019 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 \$3,287,556 in its governmental activities, which is primarily due to deferred inflows, outflows and liabilities related to pensions and compensated absences. The District also has a deficit in unrestricted net position in the Adult Education Enterprise Fund primarily also due to pension liability. 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, 2019  
(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 and deferred inflows of resources at June 30, 2019 related to pensions.

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, a maintenance 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, 2019.

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, 2019  
(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, 2019.

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, 2019

(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

GASB 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;
- (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 of the school district or bonds or other obligations of the local unit or units within which the school district is located.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(Continued)

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

Investments: (Cont'd)

- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.);
  - (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 section 1 of P.L. 1970, c.236 (C.17:9-41); and
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed; or
- (9) Deposit of funds in accordance with the following conditions:
  - (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
  - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
  - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
  - (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
  - (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

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

Investments: (Cont'd)

As of June 30, 2019, cash and cash equivalents of the District consisted of the following:

	<u>Cash and Cash</u> <u>Equivalents</u>	<u>Restricted Cash &amp; Cash Equivalents</u>		<u>Total</u>
		<u>Capital Reserve</u> <u>Account</u>	<u>Maintenance</u> <u>Reserve Account</u>	
Checking and Savings Accounts	\$ 3,346,190	\$ 640,965	\$ 115,222	\$ 4,102,377

During the period ended June 30, 2019, 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, 2019 was \$4,102,377 and the bank balance was \$4,497,928.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by Board resolution on October 16, 2000 in the amount of \$1 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget. Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP).

Upon submission of the LRFP to the State Department of Education, the district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amount or both.

A district may also appropriate additional amounts with the express approval of the Board of School Estimate authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

Beginning Balance, July 1, 2018	\$ 2,287,692
Add:	
Interest Earnings	26,185
Transfer from Unassigned Fund Balance as per Board Resolution	338,088
Less:	
Transfer to Capital Projects Fund as per Board Resolution	<u>(2,011,000)</u>
Ending Balance, June 30, 2019	<u>\$ 640,965</u>

The June 30, 2019 LRFP balance of local support costs of uncompleted capital projects exceeds the balance in the capital reserve account at June 30, 2019. The withdrawal from capital reserve was for use in DOE approved facilities projects, consistent with the District's LRFP.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(Continued)

NOTE 5. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2019 were as follows:

	Beginning Balance	Increases	Decreases/ Adjustments	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 308,600			\$ 308,600
Construction in Progress	2,423,209	\$ 2,123,372		4,546,581
Total Capital Assets Not Being Depreciated	<u>2,731,809</u>	<u>2,123,372</u>		<u>4,855,181</u>
Capital Assets Being Depreciated:				
Site Improvements	1,130,704			1,130,704
Buildings and Building Improvements	26,393,333			26,393,333
Machinery and Equipment	3,420,409	384,732	\$ (6,300)	3,798,841
Total Capital Assets Being Depreciated	<u>30,944,446</u>	<u>384,732</u>	<u>(6,300)</u>	<u>31,322,878</u>
Governmental Activities Capital Assets	<u>33,676,255</u>	<u>2,508,104</u>	<u>(6,300)</u>	<u>36,178,059</u>
Less Accumulated Depreciation for:				
Site Improvements	(1,108,817)	(1,607)		(1,110,424)
Buildings and Building Improvements	(8,610,116)	(531,669)		(9,141,785)
Machinery and Equipment	(2,256,721)	(230,282)	6,300	(2,480,703)
	<u>(11,975,654)</u>	<u>(763,558)</u>	<u>6,300</u>	<u>(12,732,912)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 21,700,601</u>	<u>\$ 1,744,546</u>	<u>\$ -0-</u>	<u>\$ 23,445,147</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 172,767			\$ 172,767
Less Accumulated Depreciation	(94,308)	\$ (13,386)		(107,694)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 78,459</u>	<u>\$ (13,386)</u>	<u>\$ -0-</u>	<u>\$ 65,073</u>

The District had active construction projects totaling \$3,724,925 as of June 30, 2019. These projects include renovations of the District's schools and grounds.

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 7,946
Vocational Education	139,979
Other Instruction	655
Student and Instruction Related Services	1,421
General Administration	4,806
School Administration	6,733
Administrative Information Technology	9,345
Plant Operations and Maintenance	27,884
Pupil Transportation	26,451
Special Schools	5,062
Unallocated	533,276
	<u>\$ 763,558</u>



NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 6. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2019, the following changes occurred in long-term liabilities reported in the district-wide financial statements:

	Balance 6/30/2018	Accrued	Retired	Balance 6/30/2019
Compensated Absences Payable	\$ 545,573	\$ 26,100	\$ 33,865	\$ 537,808
Net Pension Liability	8,430,818		1,510,016	6,920,802
	\$ 8,976,391	\$ 26,100	\$ 1,543,881	\$ 7,458,610

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 \$36,456 and is separated from the long-term liability balance of compensated absences of \$489,728. 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, 2019, \$11,624 is recorded for compensated absences in the Adult Education Enterprise Fund.

C. 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, 2019 is \$-0- and the long-term portion is \$6,436,346. 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, 2019 is \$-0- and the long-term portion is \$484,456. 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), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401 (a).

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/financial-reports.shtml](http://www.state.nj.us/treasury/pensions/financial-reports.shtml).

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

Benefits Provided

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

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

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a 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. 43:15A 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 is being paid by the employer in level annual payments over a period of 15 years, which began 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 \$320,506 for fiscal year 2019.

The employee contribution rate was 7.50% effective July 1, 2018.

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

At June 30, 2019, the District reported a liability of \$6,920,802 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. 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, 2018, the District's proportion was 0.035%, which was a decrease of 0.001% from its proportion measured as of June 30, 2017.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(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 (Cont'd)

For the fiscal year ended June 30, 2019, the District recognized pension expense of \$229,738. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferral Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	6.44	\$ 54,779	
	2015	5.72	247,237	
	2016	5.57	838,417	
	2017	5.48		\$(1,275,798)
	2018	5.63		(937,107)
			<u>1,140,433</u>	<u>(2,212,905)</u>
Changes in Proportion	2014	6.44		(217,742)
	2015	5.72	19,623	
	2016	5.57	181,074	
	2017	5.48		(145,487)
	2018	5.63		(198,030)
			<u>200,697</u>	<u>(561,259)</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5.00		
	2015	5.00		41,820
	2016	5.00		233,795
	2017	5.00		(210,427)
	2018	5.00		(130,106)
				<u>(64,918)</u>
Difference Between Expected and Actual Experience	2015	5.72	68,595	
	2016	5.57	25,444	
	2017	5.48	37,942	
	2018	5.63		(35,686)
			<u>131,981</u>	<u>(35,686)</u>
District Contribution Subsequent to the Measurement Date	2018	1.00	<u>339,861</u>	
			<u>\$ 1,812,972</u>	<u>\$(2,874,768)</u>

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

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(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 (Cont'd)

Fiscal Year Ending June 30,	Total
2019	\$ 48,033
2020	(66,505)
2021	(476,886)
2022	(413,372)
2023	(132,367)
	\$ (1,041,097)

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65 – 4.15% based on age
Thereafter	2.65 – 5.15% based on age
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. 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 (7.00% at June 30, 2018) 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 method in which best-estimate ranges of expected future real rates of return (expected\_returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2018 are summarized in the following table.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Market Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate

The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.87% as of June 30, 2018 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 contribution rate in the most recent fiscal year. The local employers contributed 100% of their 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 June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2046, 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, 2018 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.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

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

	June 30, 2018		
	1% Decrease (4.66%)	Current Discount Rate (5.66%)	1% Increase (6.66%)
District's proportionate share of the Net Pension Liability	\$ 8,702,111	\$ 6,920,802	\$ 5,426,397

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/financial-reports.shtml](http://www.state.nj.us/treasury/pensions/financial-reports.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.

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

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2019, the State's pension contribution was less than the actuarial determined amount.

Special Funding Situation

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 2019, the State of New Jersey contributed \$1,371,046 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$2,536,787.

The employee contribution rate was 7.50% effective July 1, 2018.

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

At June 30, 2019, the State's proportionate share of the net pension liability associated with the District was \$43,515,255. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. 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, 2018, the District's proportion was 0.068%, which was an decrease of 0.002% from its proportion measured as of June 30, 2017.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(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)

District's Proportionate Share of the Net Pension Liability	\$	-0-
State's Proportionate Share of the Net Pension Liability Associated with the District		43,515,255
Total	\$	43,515,255

For the fiscal year ended June 30, 2019, the State recognized pension expense on behalf of the District in the amount of \$2,536,787 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2019 financial statements.

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 Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.5	\$ 1,076,424,469	
	2015	8.3	3,063,649,492	
	2016	8.3	6,913,685,892	
	2017	8.3		\$ 10,084,192,916
	2018	8.3		\$ 5,994,557,085
				11,053,759,853
Difference Between Expected and Actual Experience	2014	8.3		\$ 10,252,211
	2015	8.5	189,214,650	
	2016	8.3		85,977,601
	2017	8.3	179,419,108	
	2018	8.3	1,051,605,259	
				1,420,239,017
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2015	5.0		(192,642,062)
	2016	5.0		(863,710,381)
	2017	5.0		678,024,787
	2018	5.0		384,121,486
			\$ 12,473,998,870	\$ 16,180,773,643

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.



MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(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)

Fiscal Year Ending June 30,	Total
2019	\$ 401,574,312
2020	208,932,249
2021	(222,922,941)
2022	(149,225,008)
2023	(735,040,983)
Thereafter	(3,210,092,402)
	\$ (3,706,774,773)

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.25%
Salary Increases:	
2011-2026	1.55- 4.55%
Thereafter	2.00- 5.45%
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Disabled mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2018) 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 method in which best-estimate ranges of expected future real rates of return (expected\_returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2018 are summarized in the following table.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Market Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.86% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.87% as of June 30, 2018 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 contribution rate in the most recent fiscal year. The State contributed 50% of the actuarially determined contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

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, 2018 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.

	June 30, 2018		
	1% Decrease (3.86%)	Current Discount Rate (4.86%)	1% Increase (5.86%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 51,434,205	\$ 43,515,255	\$ 36,950,638

Pension Plan Fiduciary Net Position

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

C. Defined Contribution Retirement Program (DCRP)

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

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

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

For DCRP, the District recognized pension expense of \$6,228 for the fiscal year ended June 30, 2019. Employee contributions to DCRP amounted to \$19,815 for the fiscal year ended June 30, 2019.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
NOTES TO BASIC THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 8. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The District obtains their health benefit coverage through Horizon Blue Cross/Blue Shield of NJ.

Property, Liability and Health Benefits

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

A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. The Fund and the Group are risk-sharing public entity risk management pools that are an insured and self-administered group of school boards or other governmental entities established for the purpose of providing low-cost insurance for its respective members in order to keep local property taxes to a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Fund/Group are elected.

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

The June 30, 2019 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 Insurance Fund Dec. 31, 2018	Morris-Essex Insurance Group June 30, 2018
Total Assets	\$ 11,357,228	\$ 10,451,281
Net Position	\$ 7,136,110	\$ 7,796,837
Total Revenue	\$ 3,464,242	\$ 3,830,220
Total Expenses	\$ 3,416,128	\$ 2,486,421
Change in Net Position	\$ 48,114	\$ 293,812
Members Dividends	\$ -0-	\$ 1,049,987

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
NOTES TO BASIC THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 8. RISK MANAGEMENT (Cont'd)

Property, Liability and Health Benefits (Cont'd)

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

Morris County Insurance Fund

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

Morris-Essex Insurance Group

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

New Jersey Unemployment Compensation Insurance

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

The following is a summary of District contributions, interest earned, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and previous two years.

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2018-2019		\$ 2,473	\$ 17,724	\$ 45,890	\$ 110,910
2017-2018	\$ 110,000	1,539	19,879	23,005	136,603
2016-2017	-0-	121	16,499	12,404	28,190

NOTE 9. ECONOMIC DEPENDENCY

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

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
NOTES TO BASIC THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 10. INTERFUND RECEIVABLES AND PAYABLES

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 291,646	
Special Revenue Fund		\$ 281,652
Fiduciary Fund - Unemployment Compensation Trust	3,334	
Fiduciary Fund - Flexible Spending Trust		9,994
Fiduciary Fund - Payroll Agency		3,334
	<u>\$ 294,980</u>	<u>\$ 294,980</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 2019 unclaimed employee contributions due to the General Fund. The interfund receivable in the Unemployment Compensation Trust Fund is fiscal year 2017, 2018 and 2019 employee unemployment withholdings not turned over from the Payroll Agency at year end.

NOTE 11. DEFERRED COMPENSATION

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

The plan administrators are as follows:

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

NOTE 12. 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.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
NOTES TO BASIC THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 12. TAX CALENDAR (Cont'd)

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 13. ACCOUNTS PAYABLE

Payables as of June 30, 2019 were:

	Governmental Funds			District Contribution	Total Governmental Activities	Enterprise/ Business Type Activities Funds		
	General Fund	Special Revenue Fund	Capital Projects Fund	Subsequent to the Measurement Date		Adult Education	District Contribution Subsequent to the Measurement Date	Total
Accrued Salaries	\$ 47,626	\$ 1,446			\$ 49,072			
State of New Jersey	4,220	39,958		\$ 316,071	360,249		\$ 23,790	\$ 23,790
Vendors	58,650	58,415	\$ 17,836		134,901	\$ 34,102		34,102
	<u>\$ 110,496</u>	<u>\$ 99,819</u>	<u>\$ 17,836</u>	<u>\$ 316,071</u>	<u>\$ 544,222</u>	<u>\$ 34,102</u>	<u>\$ 23,790</u>	<u>\$ 57,892</u>

NOTE 14. CONTINGENT LIABILITIES

Grant Programs

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

Litigation

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

Encumbrances

At June 30, 2019, there were encumbrances as detailed below in the governmental funds.

General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<u>\$ 100,000</u>	<u>\$ 848</u>	<u>\$ 583,902</u>	<u>\$ 684,750</u>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
NOTES TO BASIC THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 14. CONTINGENT LIABILITIES (Cont'd)

Encumbrances (Cont'd)

On the District's Governmental Funds Balance Sheet as of June 30, 2019, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$848 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 \$583,902 of year-end encumbrances in the Capital Projects Fund on a budgetary basis are included in the \$3,724,925 committed fund balance on a GAAP basis at June 30, 2019.

NOTE 15. MAINTENANCE RESERVE

A maintenance reserve account was established by Board resolution on June 13, 2017. These funds may be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building.

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

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

Beginning Balance, July 1, 2018	\$	115,059
Add:		
Interest Earnings		163
Ending Balance, June 30, 2019	\$	115,222



MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
NOTES TO BASIC THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)

General Information about the OPEB Plan

Plan Description and Benefits Provided

The District is in a “special funding situation”, as described in GASB Codification Section P50, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the District.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Education Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in GASB Codification Section P50. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. According to N.J.S.A. 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers’ Pension and Annuity Fund (TPAF), the Public Employees’ Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 years or more of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree’s annual retirement benefit and level of coverage.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits, if any, is the responsibility of the individual education employers.

For additional information about the State Health Benefit Local Education Retired Education Plan, please refer to the Division’s Comprehensive Annual Financial Report (CAFR) which can be found at <https://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>.

Employees Covered by Benefit Terms

At June 30, 2017, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	145,050
Active Plan Members	<u>217,131</u>
Total	<u><u>362,181</u></u>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
NOTES TO BASIC THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016 which was rolled forward to June 30, 2017.

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	Inflation Rate	2.50%
	TPAF/ABP	PERS
Salary Increases:		
Through 2026	1.55 - 4.55% based on years of service	2.15 - 4.15% based on age
Thereafter	2.00 - 5.45% based on years of service	3.15 - 5.15% based on age

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 - June 30, 2015 and July 1, 2011 – June 30, 2014 for TPAF and PERS, respectively.

100% of all retirees who currently have healthcare coverage are assumed to continue with that coverage. 100% of active members are considered to participate in the Plan upon retirement, having a coverage blend of 85% and 15% in PPO and HMO, respectively.

Mortality Rates

Pre-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Post-retirement mortality rates were based on the RP-2006 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using MP-2017 scale.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
NOTES TO BASIC THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits and health maintenance organization (HMO) medical benefits, trend rate is initially 5.8% and decreases to a 5.0% long term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

The discount rates for June 30, 2018 and 2017 were 3.87% and 3.58%, respectively, a change of +.29%. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is 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.

Changes in the State's Proportionate Share of the Total OPEB Liability Associated with the District

	Total OPEB Liability
Balance at June 30, 2017	\$ 27,060,039
Changes for Year:	
Service Cost	1,108,213
Interest on the Total OPEB Liability	997,424
Changes of Assumptions	(2,755,657)
Differences between Expected and Actual Experience	(1,776,706)
Gross Benefit Payments by the State	(642,110)
Contributions from Members	22,192
	(3,046,644)
Net Changes	(3,046,644)
Balance at June 30, 2018	\$ 24,013,395

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
NOTES TO BASIC THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Discount Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2018, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District 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:

	June 30, 2018		
	At 1% Decrease (2.87%)	At Discount Rate (3.87%)	At 1% Increase (4.87%)
Total OPEB Liability Attributable to the District	\$ 28,388,721	\$ 24,013,395	\$ 20,535,462

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Healthcare Trend Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2018, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2018		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 19,848,470	\$ 24,013,395	\$ 29,521,668

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

For the fiscal year ended June 30, 2019 the District recognized OPEB expense of \$1,311,550 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

NOTES TO BASIC THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Cont'd)

In accordance with GASB Codification Section P50, as the District's proportionate share of the OPEB liability is \$-0-, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2018 the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources:

	<u>Year of Deferral</u>	<u>Original Amortization Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	2017	9.54		\$ (2,916,832)
Changes in Assumptions	2018	9.51		(2,465,893)
			<u>-0-</u>	<u>(5,382,725)</u>
Differences Between Expected and Actual Experience	2018	9.51		(2,331,036)
Changes in Proportion	N/A	N/A		(1,063,447)
			<u>\$ -0-</u>	<u>\$ (8,777,209)</u>

N/A - Not Available

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2019	\$ (950,529)
2020	(950,529)
2021	(950,529)
2022	(950,529)
2023	(950,529)
Thereafter	<u>(2,961,115)</u>
	<u>\$ (7,713,762)</u>

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 FIVE FISCAL YEARS  
UNAUDITED

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
District's proportion of the net pension liability	0.0349534257%	0.0352924015%	0.0372681588%	0.0362173431%	0.0351497047%
District's proportionate share of the net pension liability	\$ 6,544,237	\$ 7,922,437	\$ 11,037,760	\$ 8,430,818	\$ 6,920,802
District's covered employee payroll	\$ 2,422,162	\$ 2,492,294	\$ 2,425,577	\$ 2,443,819	\$ 2,568,431
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	270.18%	317.88%	455.06%	344.99%	269.46%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%

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 FIVE FISCAL YEARS  
UNAUDITED

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
Contractually required contribution	\$ 288,151	\$ 303,420	\$ 331,085	\$ 301,881	\$ 320,506
Contributions in relation to the contractually required contribution	<u>(288,151)</u>	<u>(303,420)</u>	<u>(331,085)</u>	<u>(301,881)</u>	<u>(320,506)</u>
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 2,687,142	\$ 2,422,162	\$ 2,492,294	\$ 2,425,577	\$ 2,443,819
Contributions as a percentage of covered employee payroll	10.72%	12.53%	13.28%	12.45%	13.11%

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 FIVE FISCAL YEARS  
UNAUDITED

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
State's proportion of the net pension liability attributable to the District	0.0704692184%	0.0717234089%	0.0684626190%	0.0708307882%
State's proportionate share of the net pension liability attributable to the District	\$ 37,662,969	\$ 45,332,257	\$ 53,857,055	\$ 47,756,671
District's covered employee payroll	\$ 7,023,608	\$ 7,128,713	\$ 7,083,538	\$ 7,147,295
State's proportionate share of the net pension liability attributable to the District as a percentage of its covered employee payroll	536.23%	635.91%	760.31%	668.18%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%
				26.49%
				0.0684010119%
				\$ 43,515,255
				\$ 7,605,193
				572.18%

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 FIVE FISCAL YEARS  
UNAUDITED

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
Contractually required contribution	\$ 2,026,621	\$ 2,767,942	\$ 4,046,608	\$ 3,308,340	\$ 2,536,787
Contributions in relation to the contractually required contribution	(387,763)	(548,138)	(768,850)	(1,007,305)	(1,371,046)
Contribution deficiency/(excess)	<u>\$ 1,638,858</u>	<u>\$ 2,219,804</u>	<u>\$ 3,277,758</u>	<u>\$ 2,301,035</u>	<u>\$ 1,165,741</u>
District's covered employee payroll	\$ 7,023,608	\$ 7,128,713	\$ 7,083,538	\$ 7,147,295	\$ 7,605,193
Contributions as a percentage of covered employee payroll	5.52%	7.69%	10.85%	14.09%	18.03%

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 VO TECH  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF CHANGES IN THE STATE'S PROPORTIONATE SHARE OF THE TOTAL OPEB LIABILITY  
ASSOCIATED WITH THE DISTRICT AND REATELD RATIOS  
LAST FISCAL YEAR  
UNAUDITED

	Fiscal Years Ending June 30, 2017	Fiscal Years Ending June 30, 2018
Total OPEB Liability		
Service Cost	\$ 1,321,392	\$ 1,108,213
Interest Cost	852,895	997,424
Changes in Assumptions	(3,415,035)	(2,755,657)
Differences between Expected and Actual Experience		(1,776,706)
Member Contributions	23,079	22,192
Gross Benefit Payments	(626,768)	(642,110)
Net Change in Total OPEB Liability	(1,844,437)	(3,046,644)
Total OPEB Liability - Beginning	28,904,476	27,060,039
Total OPEB Liability - Ending	<u>\$ 27,060,039</u>	<u>\$ 24,013,395</u>
State's Covered Employee Payroll *	\$ 9,550,875	\$ 9,575,832
Total OPEB Liability as a Percentage of Covered Employee Payroll	35.30%	39.88%

\* - Covered payroll for the fiscal years ending June 30, 2017 and June 30, 2018 are based on the payroll on the June 30, 2016 and June 30, 2017 census data.

Note: This schedule does not contain ten years of information as GASB No. 75 was implemented during the fiscal year ended June 30, 2018.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(UNAUDITED)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 5.00% as of June 30, 2017 to 5.66% as of June 30, 2018. The municipal bond rate changed from 3.58% to 3.87%.

The mortality rates utilized in the July 1, 2016 valuation were as follows: Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

The mortality rates utilized in the July 1, 2017 valuation were as follows: Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 4.25% as of June 30, 2017 to 4.86% as of June 30, 2018. The municipal bond rate changed from 3.58 to 3.87%.

The salary increases in the July 1, 2016 valuation were as follows: 2012-2021 and thereafter – varies based on experience. The salary increases in the July 1, 2017 valuation are as follows: 2011-2026 – 1.55% - 4.55% and thereafter – 2% - 5.45%.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(UNAUDITED)

B.TEACHERS' PENSION AND ANNUITY FUND (Cont'd)

Changes of Actuarial Assumptions (Cont'd)

The mortality rates utilized in the July 1, 2016 valuation were as follows: Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60-year average of Social Security data from 1953 to 2013.

The mortality rates utilized in the July 1, 2017 valuation were as follows: Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Disabled mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

State Health Benefit Local Education Retired Employees OPEB Plan

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018.

The mortality rates in the valuation as of June 30, 2017 were based on the following:

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The mortality rates in the valuation as of June 30, 2018 were based on the following:

Pre-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Post-retirement mortality rates were based on the RP-2006 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using MP-2017 scale.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(UNAUDITED)

State Health Benefit Local Education Retired Employees OPEB Plan (Cont'd)

The health care trend rates in the valuation as of June 30, 2017 were based on the following:

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long term trend rate after nine years. For self-insured post 65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long term rate after eight years. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

The health care trend rates in the valuation as of June 30, 2018 were based on the following:

For pre-Medicare preferred provider organization (PPO) medical benefits and health maintenance organization (HMO) medical benefits, trend rate is initially 5.8% and decreases to a 5.0% long term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

BUDGETARY COMPARISON SCHEDULES

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources:					
County Tax Levy	\$ 6,351,286		\$ 6,351,286	\$ 6,351,286	
Tuition from LEA's	11,127,626		11,127,626	10,963,764	\$ (163,862)
Tuition from Individuals	609,793		609,793	468,861	(140,932)
Interest Earned on Capital Reserve	10,650		10,650	26,185	15,535
Interest Earned on Maintenance Reserve	100		100	163	63
Unrestricted Miscellaneous Revenues	45,750		45,750	177,678	131,928
<b>Total - Local Sources</b>	<b>18,145,205</b>		<b>18,145,205</b>	<b>17,987,937</b>	<b>(157,268)</b>
State Sources:					
Categorical Special Education Aid	594,887		594,887	594,887	
Equalization Aid	73,419		73,419	73,419	
Categorical Security Aid	90,697		90,697	90,697	
Adjustment Aid	561,578	\$ (87,516)	474,062	474,062	
On-Behalf TPAF Post Retirement Contributions (Non-Budgeted)				634,922	634,922
On-Behalf TPAF Pension Contributions (Non-Budgeted)				1,371,046	1,371,046
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)				28,700	28,700
On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted)				1,800	1,800
TPAF Reimbursed Social Security (Non-Budgeted)				533,351	533,351
<b>Total State Sources</b>	<b>1,320,581</b>	<b>(87,516)</b>	<b>1,233,065</b>	<b>3,802,884</b>	<b>2,569,819</b>
<b>Total Revenues</b>	<b>19,465,786</b>	<b>(87,516)</b>	<b>19,378,270</b>	<b>21,790,821</b>	<b>2,412,551</b>



MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
Current Expense:					
Regular Programs - Grade 9-12 - Instruction:					
Salaries of Teachers	\$ 2,814,637	\$ (36,782)	\$ 2,777,855	\$ 2,757,398	\$ 20,457
Purchased Professional-Educational Services	3,005,207	15,049	3,020,256	2,683,818	336,438
Other Purchased Services (400-500 series)	64,053	(14,045)	50,008	29,009	20,999
General Supplies	94,936	(4,791)	90,145	55,830	34,315
Textbooks	151,185	(20,198)	130,987	117,554	13,433
Other Objects	500	75	575	560	15
<b>Total Grade 9-12 - Instruction</b>	<b>6,130,518</b>	<b>(60,692)</b>	<b>6,069,826</b>	<b>5,644,169</b>	<b>425,657</b>
Regular Programs - Home Instruction:					
Salaries of Teachers	7,000	(1,405)	5,595	1,485	4,110
Purchased Professional-Educational Services	10,000	(400)	9,600	7,503	2,097
Other Purchased Services (400-500 series)		400	400	136	264
<b>Total Home Instruction</b>	<b>17,000</b>	<b>(1,405)</b>	<b>15,595</b>	<b>9,124</b>	<b>6,471</b>
<b>Total Regular Programs - Instruction</b>	<b>6,147,518</b>	<b>(62,097)</b>	<b>6,085,421</b>	<b>5,653,293</b>	<b>432,128</b>
Special Education Instruction:					
Resource Room/Resource Center:					
Salaries of Teachers	454,697	(9,088)	445,609	433,817	11,792
Other Purchased Services (400-500 series)	3,000	(288)	2,712	1,042	1,670
General Supplies	1,100	227	1,327	235	1,092
<b>Total Resource Room/Resource Center/Special Education Instruction</b>	<b>458,797</b>	<b>(9,149)</b>	<b>449,648</b>	<b>435,094</b>	<b>14,554</b>
Regular Vocational Programs:					
Salaries of Teachers	2,065,030	(21,782)	2,043,248	2,033,248	10,000
Other Salaries for Instruction	30,855	3,418	34,273	34,273	
Purchased Professional-Educational Services	17,200	4,141	21,341	20,711	630

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
Current Expense:					
Regular Vocational Programs (Cont'd):					
Purchased Technical Services	\$ 4,700	\$ 1,127	\$ 5,827	\$ 5,691	\$ 136
Other Purchased Services (400-500 series)	23,024	9,649	32,673	29,644	3,029
General Supplies	299,655	(39,993)	259,662	236,931	22,731
Textbooks	41,341	(4,289)	37,052	30,928	6,124
Other Objects	650	1,662	2,312	1,860	452
Total Regular Vocational Programs	<u>2,482,455</u>	<u>(46,067)</u>	<u>2,436,388</u>	<u>2,393,286</u>	<u>43,102</u>
Special Vocational Programs:					
Salaries of Teachers	273,823	7,749	281,572	280,072	1,500
Other Purchased Services (400-500 series)	5,284	2,351	7,635	6,532	1,103
General Supplies	18,475	11,000	29,475	19,338	10,137
Special Vocational Programs	297,582	21,100	318,682	305,942	12,740
School-Sponsored Co-curricular Activities:					
Salaries	113,977	(10,407)	103,570	103,570	
Purchased Services (300-500 series)	6,700	58	6,758	126	6,632
Supplies and Materials	650	575	1,225	575	650
Other Objects	40,500	(633)	39,867	39,658	209
Total School-Sponsored Co-curricular Activities	<u>161,827</u>	<u>(10,407)</u>	<u>151,420</u>	<u>143,929</u>	<u>7,491</u>
School-Sponsored Athletics:					
Salaries	134,997	30,690	165,687	165,687	
Purchased Services (300-500 series)	68,099	(7,282)	60,817	59,270	1,547
Supplies and Materials	40,008	(1,946)	38,062	37,920	142
Other Objects	16,250	(3,565)	12,685	11,848	837
Total School-Sponsored Athletics - Instruction	<u>259,354</u>	<u>17,897</u>	<u>277,251</u>	<u>274,725</u>	<u>2,526</u>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
Current Expense:					
Total Instruction	\$ 9,807,533	\$ (88,723)	\$ 9,718,810	\$ 9,206,269	\$ 512,541
<b>Undist. Expend. - Attendance and Social Work Services:</b>					
Salaries	43,460	1,009	44,469	44,469	
Supplies and Materials		778	778	680	98
Total Undist. Expend. - Attendance and Social Work Services	43,460	1,787	45,247	45,149	98
<b>Undist. Expend. - Health Services:</b>					
Salaries	134,528	2,082	136,610	136,559	51
Purchased Professional and Technical Services	14,800	(135)	14,665	13,604	1,061
Other Purchased Services (400-500 series)	1,200		1,200	1,087	113
Supplies and Materials	6,900	187	7,087	6,226	861
Total Undist. Expend. - Health Services	157,428	2,134	159,562	157,476	2,086
<b>Undist. Expend. - Guidance:</b>					
Salaries of Other Professional Staff	619,484	7,143	626,627	615,455	11,172
Salaries of Secretarial and Clerical Assistants	101,261	1,277	102,538	102,537	1
Other Salaries	95,071	3,591	98,662	98,662	
Purchased Professional - Educational Services	500	17,666	18,166	12,560	5,606
Other Purchased Services (400-500 series)	54,928	(5,979)	48,949	45,107	3,842
Supplies and Materials	16,735	1,421	18,156	15,813	2,343
Other Objects	3,429	4,746	8,175	7,605	570
Total Undist. Expend. - Guidance	891,408	29,865	921,273	897,739	23,534
<b>Undist. Expend. - Child Study Teams:</b>					
Salaries of Other Professional Staff	318,075	(37,674)	280,401	280,335	66
Purchased Professional - Educational Services	7,220	1,300	8,520	6,462	2,058
Other Purchased Services (400-500 series)	1,800		1,800	957	843

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
Current Expense:					
Undist. Expend. - Child Study Teams (Cont'd):					
Supplies and Materials	\$	956	\$ 956	450	\$ 506
Other Objects		130	130	91	39
Total Undist. Expend. - Child Study Teams	\$ 327,095	(35,288)	291,807	288,295	3,512
Undist. Expend. - Improvement of Instruction Services:					
Salaries of Supervisors of Instruction	543,849	(110,664)	433,185	413,269	19,916
Salaries of Secretarial and Clerical Assistants	157,661	(23,557)	134,104	134,104	
Purchased Prof. - Educational Services		125	125	125	
Other Purchased Services (400-500 series)	12,460	17,459	29,919	29,435	484
Supplies and Materials	13,039	(10,042)	2,997	2,982	15
Other Objects	2,329		2,329	2,177	152
Total Undist. Expend. - Improvement of Instruction Services	729,338	(126,679)	602,659	582,092	20,567
Undist. Expend. - Educational Media Services/School Library:					
Salaries	85,989	4,606	90,595	90,595	
Other Purchased Services (400-500 series)	17,206	(1,360)	15,846	11,606	4,240
Supplies and Materials	1,803	1,412	3,215	3,080	135
Total Undist. Expend. - Educational Media Services/School Library	104,998	4,658	109,656	105,281	4,375
Undist. Expend. - Support Services - General Administration:					
Salaries	297,322	2,696	300,018	299,944	74
Legal Services	84,000	19,713	103,713	83,579	20,134
Audit Fees	45,000		45,000	44,945	55
Architectural/Engineering Services	55,173	14,659	69,832	35,825	34,007
Other Purchased Professional Services	20,400		20,400	19,842	558
Communications/Telephone	44,498	(6,620)	37,878	30,616	7,262
Miscellaneous Purchased Services (400-500)	46,830	(4,822)	42,008	41,398	610
General Supplies	6,839	(4,884)	1,955	1,377	578

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
Current Expense:					
Undist. Expend. - Support Services - General Administration: (Cont'd)					
Miscellaneous Expenditures	\$ 31,730	\$ (2,715)	\$ 29,015	\$ 28,945	\$ 70
Total Undist. Expend. - Support Services - General Administration	<u>631,792</u>	<u>18,027</u>	<u>649,819</u>	<u>586,471</u>	<u>63,348</u>
Undist. Expend. - Support Services - School Administration:					
Salaries of Principals/Assistant Principals	505,601	124,197	629,798	629,798	
Salaries of Secretarial and Clerical Assistants	182,203	59,486	241,689	241,689	
Other Salaries	2,000	252	2,252	2,252	
Purchased Professional and Technical Services	12,745	9,480	22,225	22,040	185
Other Purchased Services (400-500 series)	10,520	8,814	19,334	16,072	3,262
Supplies and Materials	36,129	29,038	65,167	30,563	34,604
Other Objects	5,900	(335)	5,565	5,464	101
Total Undist. Expend. - Support Services - School Administration	<u>755,098</u>	<u>230,932</u>	<u>986,030</u>	<u>947,878</u>	<u>38,152</u>
Undistributed Expenditures - Central Services:					
Salaries	503,715	(34,488)	469,227	465,839	3,388
Purchased Professional Services	2,700	3,315	6,015	6,015	
Miscellaneous Purchased Services (400-500)	20,390	3,070	23,460	21,818	1,642
Supplies and Materials	10,749	(2,789)	7,960	6,672	1,288
Miscellaneous Expenditures	1,435	175	1,610	1,461	149
Total Undistributed Expenditures - Central Services	<u>538,989</u>	<u>(30,717)</u>	<u>508,272</u>	<u>501,805</u>	<u>6,467</u>
Undistributed Expenditures - Administrative Information Technology:					
Salaries	232,325	17,110	249,435	249,435	
Purchased Professional Services	5,000	(877)	4,123	299	3,824
Other Purchased Services (400-500 series)	60,276		60,276	28,419	31,857
Supplies and Materials	48,847	(7,033)	41,814	38,376	3,438
Total Undistributed Expenditures - Admin. Info. Technology	<u>346,448</u>	<u>9,200</u>	<u>355,648</u>	<u>316,529</u>	<u>39,119</u>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
Current Expense:					
Required Maintenance for School Facilities:					
Salaries	\$ 305,016	\$ (33,087)	\$ 271,929	\$ 271,929	\$ 3,396
Cleaning, Repair and Maintenance Services	317,352	(71,595)	245,757	242,361	7,050
General Supplies	111,016	(21,916)	89,100	82,050	3
Other Objects	725	325	1,050	1,047	
Total Required Maintenance for School Facilities	734,109	(126,273)	607,836	597,387	10,449
Undist. Expend. - Custodial Services:					
Salaries	442,230	(14,052)	428,178	423,481	4,697
Purchased Professional and Technical Services	18,610	18,532	37,142	32,158	4,984
Cleaning, Repair and Maintenance Services	45,187		45,187	39,135	6,052
Other Purchased Property Services	20,000		20,000	16,127	3,873
Insurance	43,000		43,000	34,977	8,023
Miscellaneous Purchased Services	13,060	(2,970)	10,090	4,163	5,927
General Supplies	35,739	(539)	35,200	35,058	142
Energy (Natural Gas)	160,000	(5,837)	154,163	131,287	22,876
Energy (Electricity)	300,000		300,000	197,191	102,809
Other Objects		500	500	460	40
Total Undist. Expend. - Custodial Services	1,077,826	(4,366)	1,073,460	914,037	159,423
Undist. Expend. - Care and Upkeep of Grounds:					
Salaries	41,933	1,437	43,370	43,370	
Cleaning, Repair and Maintenance Services	5,975	3,500	9,475	7,154	2,321
General Supplies	4,250	1,000	5,250	4,534	716
Total Undist. Expend. - Care and Upkeep of Grounds	52,158	5,937	58,095	55,058	3,037

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undist. Expend. - Security:					
Salaries	\$ 61,192	\$ 1,776	\$ 62,968	\$ 62,968	
Purchased Professional and Technical Services	82,900	8,180	91,080	91,080	
Total Undist. Expend. - Security	144,092	9,956	154,048	154,048	
Undistributed Expenditures - Student Transportation Services					
Salaries for Pupil Transportation:					
Other than Between Home and School	30,000	6,007	36,007	36,007	
Other Purchased Professional & Technical Services	100	420	520	420	\$ 100
Cleaning, Repair, & Maintenance Services	10,000	(830)	9,170	7,219	1,951
Contracted Services:					
Other than Between Home and School - Vendors		2,269	2,269	2,188	81
Contracted Services - Regular Students - ESCs & CTSA's	144,000	(6,250)	137,750	124,938	12,812
Miscellaneous Purchased Services - Transportation	1,000	181	1,181	1,181	
General Supplies		815	815	811	4
Total Undistributed Expenditures - Student Transportation Services	185,100	2,612	187,712	172,764	14,948
Unallocated Benefits:					
Social Security Contributions	242,159	6,884	249,043	249,043	
Other Retirement Contributions - PERS	323,986		323,986	320,506	3,480
Other Retirement Contributions - Regular	20,330	(6,884)	13,446	6,228	7,218
Unemployment Compensation					
Workmen's Compensation	130,000	2,950	132,950	132,950	
Health Benefits	2,071,665	(34,381)	2,037,284	1,979,758	57,526
Tuition Reimbursement	59,354		59,354	31,051	28,303
Other Employee Benefits	176,980	59,301	236,281	187,569	48,712
Unused Sick Payment to Terminated/Retired Staff	30,000		30,000	25,000	5,000
Total Unallocated Benefits	3,054,474	27,870	3,082,344	2,932,105	150,239

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
On-Behalf TPAF Post Retirement Contributions (Non-Budgeted)				\$ 634,922	\$ (634,922)
On-Behalf TPAF Pension Contributions (Non-Budgeted)				1,371,046	(1,371,046)
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)				28,700	(28,700)
On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted)				1,800	(1,800)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				533,351	(533,351)
TOTAL ON-BEHALF CONTRIBUTIONS				2,569,819	(2,569,819)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	\$ 3,054,474	\$ 27,870	\$ 3,082,344	5,501,924	(2,419,580)
TOTAL UNDISTRIBUTED EXPENDITURES	6,719,339	(8,215)	6,711,124	6,322,009	389,115
TOTAL GENERAL CURRENT EXPENSE	19,581,346	(69,068)	19,512,278	21,030,202	(1,517,924)
CAPITAL OUTLAY:					
Equipment:					
Grades 9-12					
Vocational Programs:					
Regular Vocational Programs		13,155	13,155	12,974	181
School-Sponsored and Other Instructional Programs	5,310		5,310	5,310	
Undistributed Expenditures:					
General Administration		2,527	2,527	2,527	
Administrative Information Technology	36,000	(2,527)	33,473	17,783	15,690
Required Maintenance	23,995	14,908	38,903	34,149	4,754
Care and Upkeep of Grounds	14,000	(12,715)	1,285		1,285
School Buses - Regular	94,406		94,406	94,406	
Total Equipment	173,711	15,348	189,059	167,149	21,910
Facilities Acquisition and Construction Services:					
Assessment for Debt Service on SDA Funding	57,548		57,548	57,548	
Total Facilities Acquisition and Construction Services	57,548		57,548	57,548	



MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CAPITAL OUTLAY: (Cont'd)					
TOTAL CAPITAL OUTLAY	\$ 231,259	\$ 15,348	\$ 246,607	\$ 224,697	\$ 21,910
SPECIAL SCHOOLS					
Post-Secondary - Instruction:					
Salaries of Teachers	413,764	(36,111)	377,653	282,794	94,859
Purchased Professional and Technical Services	1,425	2,486	3,911	3,194	717
Other Purchased Services (400-500 series)	2,150	850	3,000	1,690	1,310
General Supplies	37,786	(1,417)	36,369	9,593	26,776
Other Objects	500		500		500
Total Post-Secondary - Instruction	455,625	(34,192)	421,433	297,271	124,162
Post-Secondary - Support Services:					
Salaries	124,091		124,091	108,077	16,014
Personal Services - Employee Benefits	137,205		137,205	83,882	53,323
Other Purchased Services (400-500 series)		396	396	395	1
Total Post-Secondary - Support Services	261,296	396	261,692	192,354	69,338
TOTAL SPECIAL SCHOOLS	716,921	(33,796)	683,125	489,625	193,500
TOTAL EXPENDITURES	20,529,526	(87,516)	20,442,010	21,744,524	(1,302,514)
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(1,063,740)		(1,063,740)	46,297	1,110,037
Other Financing Sources/(Uses):					
Capital Reserve - Transfer to Capital Projects Fund		(2,011,000)	(2,011,000)	(2,011,000)	
Total Other Financing Sources/(Uses)		(2,011,000)	(2,011,000)	(2,011,000)	
Excess/(Deficit) of Revenues and Other Financing Sources Over/ (Under) Expenditures and Other Financing (Uses)	(1,063,740)	(2,011,000)	(3,074,740)	(1,964,703)	1,110,037

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Fund Balance, July 1	\$ 5,092,032		\$ 5,092,032	\$ 5,092,032	
Fund Balance, June 30	<u>\$ 4,028,292</u>	<u>\$ (2,011,000)</u>	<u>\$ 2,017,292</u>	<u>\$ 3,127,329</u>	<u>\$ 1,110,037</u>
<u>Recapitulation:</u>					
Restricted:					
Excess Surplus to be Utilized for 2019-2020 school year				\$ 500,000	
Excess Surplus to be Utilized for 2020-2021 school year				500,000	
Capital Reserve				640,965	
Maintenance Reserve				115,222	
Assigned:					
Year End Encumbrances				100,000	
Unassigned				<u>1,271,142</u>	
				<u>3,127,329</u>	
Reconciliation to Governmental Funds Statement (GAAP):					
Last Two State Aid Payments not Recognized on GAAP Basis				<u>(117,551)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 3,009,778</u>	

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources	\$ 630,059	\$ 1,016	\$ 1,016	\$ 2,032	\$ 1,016
State Sources	1,470,136	534,441	1,164,500	320,719	(843,781)
Federal Sources		(124,542)	1,345,594	1,682,408	336,814
<b>Total Revenues</b>	<b>2,100,195</b>	<b>410,915</b>	<b>2,511,110</b>	<b>2,005,159</b>	<b>(505,951)</b>
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Salaries of Teachers	358,074	(254)	357,820	220,534	137,286
Purchased Professional and Technical Services	159,963	(16,660)	143,303	141,930	1,373
Other Purchased Services	118,544	(48,831)	69,713	4,018	65,695
General Supplies	209,408	182,327	391,735	294,874	96,861
Other Objects	36,936	(23,733)	13,203	11,057	2,146
<b>Total Instruction</b>	<b>882,925</b>	<b>92,849</b>	<b>975,774</b>	<b>672,412</b>	<b>303,362</b>
<b>Support Services:</b>					
Salaries of Supervisors of Instruction	73,786	(55,786)	18,000	18,000	
Salaries of Other Professional Staff	138,825	(17,011)	121,814	79,531	42,283
Salaries of Secretarial and Clerical Assistants	46,436	(2,014)	44,422	38,968	5,454
Personal Services - Salaries	128,418	98,562	226,980	224,516	2,464
Personal Services - Employee Benefits	155,775	(2,679)	153,096	103,992	49,104
Purchased Professional-Educational Services	78,106	(7,684)	70,422	3,985	66,437
Other Purchased Professional Services	360,962	(35,525)	325,437	325,275	162
Purchased Professional-Technical Services	9,682	(1,720)	7,962	6,685	1,277
Tuition		307,885	307,885	307,885	
Supplies and Materials	5,600	7,255	12,855	11,304	1,551
<b>Total Support Services</b>	<b>997,590</b>	<b>291,283</b>	<b>1,288,873</b>	<b>1,120,141</b>	<b>168,732</b>
<b>Facilities Acquisition and Construction Services:</b>					
Instructional Equipment	219,680	26,783	246,463	212,606	33,857
<b>Total Facilities Acquisition and Construction Services</b>	<b>219,680</b>	<b>26,783</b>	<b>246,463</b>	<b>212,606</b>	<b>33,857</b>
<b>Total Expenditures</b>	<b>\$ 2,100,195</b>	<b>\$ 410,915</b>	<b>\$ 2,511,110</b>	<b>\$ 2,005,159</b>	<b>\$ 505,951</b>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
 (UNAUDITED)

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 21,790,821	\$ 2,005,159
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue while the GAAP Basis does not:		
Current Year Encumbrances		(848)
Cancellation of Prior Year Encumbrances		(1,210)
Prior Year Encumbrances		62,825
Prior Year State Aid Payments not Recognized for Budgetary Purposes, Recognized for GAAP Statements	132,207	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(117,551)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 21,805,477</u>	<u>\$ 2,065,926</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 21,744,524	\$ 2,005,159
Differences - Budget to GAAP:		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes.:		
Current Year Encumbrances		(848)
Cancellation of Prior Year Encumbrances		(1,210)
Prior Year Encumbrances		62,825
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 21,744,524</u>	<u>\$ 2,065,926</u>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISION SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(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.

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, 2019

	I.D.E.A. Part B, Basic	Carl D. Perkins Act Post Secondary	Carl D. Perkins Act Secondary
<b>REVENUES:</b>			
Local Sources			
State Sources			
Federal Sources			
Total Revenues	\$ 218,801	\$ 121,129	\$ 340,057
	<u>218,801</u>	<u>121,129</u>	<u>340,057</u>
<b>EXPENDITURES:</b>			
Instruction:			
Salaries of Teachers	48,405		2,987
Purchased Professional and Technical Services		52,860	85,470
Other Purchased Services			
General Supplies	6,119	21,535	88,511
Other Objects		2,286	6,087
Total Instruction	<u>54,524</u>	<u>76,681</u>	<u>183,055</u>
Support Services:			
Salaries of Supervisors of Instruction			
Salaries of Other Professional Staff			
Salaries of Secretarial and Clerical Assistants			
Personal Services - Salaries	93,811	6,242	50,413
Personal Services - Employee Benefits	46,737	363	4,158
Purchased Professional - Educational Services	12,425	403	
Other Purchased Professional Services			13,233
Purchased Professional - Technical Services			6,685
Tuition			
Supplies and Materials	11,304		
Total Support Services	<u>164,277</u>	<u>7,008</u>	<u>74,489</u>
Total Facilities Acquisition and Construction Services			
Instructional Equipment		37,440	82,513
Total Facilities Acquisition and Construction Services		<u>37,440</u>	<u>82,513</u>
Total Expenditures	<u>\$ 218,801</u>	<u>\$ 121,129</u>	<u>\$ 340,057</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, 2019

	<u>County Vocational School District Partnership Grant</u>		
	<u>4/15/17-6/30/20</u>	<u>3/1/16-6/30/19</u>	<u>4/13/18-6/30/21</u>
<b>REVENUES:</b>			
Local Sources			
State Sources	\$ 1,896	\$ 215,826	\$ 87,184
Federal Sources			
Total Revenues	<u>1,896</u>	<u>215,826</u>	<u>87,184</u>
<b>EXPENDITURES:</b>			
Instruction:			
Salaries of Teachers			35,116
Purchased Professional and Technical Services			4,018
Other Purchased Services	10,888	108,174	26,941
General Supplies		2,684	
Other Objects			
Total Instruction	<u>10,888</u>	<u>110,858</u>	<u>66,075</u>
Support Services:			
Salaries of Supervisors of Instruction		4,400	18,818
Salaries of Other Professional Staff		3,283	1,871
Salaries of Secretarial and Clerical Assistants			
Personal Services - Salaries			
Personal Services - Employee Benefits			
Purchased Professional - Educational Services	(14,850)	6,007	
Other Purchased Professional Services	725	3,758	420
Purchased Professional - Technical Services			
Tuition			
Supplies and Materials			
Total Support Services	<u>(14,125)</u>	<u>17,448</u>	<u>21,109</u>
Total Facilities Acquisition and Construction Services			
Instructional Equipment	5,133	87,520	
Total Facilities Acquisition and Construction Services	<u>5,133</u>	<u>87,520</u>	
Total Expenditures	<u>\$ 1,896</u>	<u>\$ 215,826</u>	<u>\$ 87,184</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, 2019

	Skills Grant	Apprentice Coordinator	Adult Basic Skills	Makers Day Grant	Pell Grant
<b>REVENUES:</b>					
Local Sources	\$ 1,680			\$ 352	
State Sources		\$ 15,814	\$ 694,536		\$ 113,518
Federal Sources					
<b>Total Revenues</b>	<b>1,680</b>	<b>15,814</b>	<b>694,536</b>	<b>352</b>	<b>113,518</b>
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Salaries of Teachers			134,026		
Purchased Professional and Technical Services			3,600		
Other Purchased Services					
General Supplies	1,680	573	30,101	352	
Other Objects					
<b>Total Instruction</b>	<b>1,680</b>	<b>573</b>	<b>167,727</b>	<b>352</b>	
<b>Support Services:</b>					
Salaries of Supervisors of Instruction			18,000		
Salaries of Other Professional Staff			79,531		
Salaries of Secretarial and Clerical Assistants			38,968		
Personal Services - Salaries		15,000	35,832		
Personal Services - Employee Benefits			47,580		
Purchased Professional - Educational Services					
Other Purchased Professional Services		241	306,898		
Purchased Professional - Technical Services					
Tuition					113,518
Supplies and Materials					
<b>Total Support Services</b>		<b>15,241</b>	<b>526,809</b>		<b>113,518</b>
<b>Total Facilities Acquisition and Construction Services:</b>					
Instructional Equipment					
<b>Total Facilities Acquisition and Construction Services</b>					
<b>Total Expenditures</b>	<b>\$ 1,680</b>	<b>\$ 15,814</b>	<b>\$ 694,536</b>	<b>\$ 352</b>	<b>\$ 113,518</b>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Stafford Loans		Totals 2019
	Subsidized	Unsubsidized	
<b>REVENUES:</b>			
Local Sources			\$ 2,032
State Sources			320,719
Federal Sources	\$ 78,382	\$ 115,985	1,682,408
Total Revenues	78,382	115,985	2,005,159
<b>EXPENDITURES:</b>			
Instruction:			
Salaries of Teachers			220,534
Purchased Professional and Technical Services			141,930
Other Purchased Services			4,018
General Supplies			294,874
Other Objects			11,057
Total Instruction			672,412
Support Services:			
Salaries of Supervisors of Instruction			18,000
Salaries of Other Professional Staff			79,531
Salaries of Secretarial and Clerical Assistants			38,968
Personal Services - Salaries			224,516
Personal Services - Employee Benefits			103,992
Purchased Professional - Educational Services			3,985
Other Purchased Professional Services			325,275
Purchased Professional - Technical Services			6,685
Tuition	78,382	115,985	307,885
Supplies and Materials			11,304
Total Support Services	78,382	115,985	1,120,141
Total Facilities Acquisition and Construction Services			212,606
Instructional Equipment			212,606
Total Facilities Acquisition and Construction Services			212,606
Total Expenditures	\$ 78,382	\$ 115,985	\$ 2,005,159

CAPITAL PROJECTS FUND

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, 2019

Revenue and Other Financing Sources:	
County Improvement Authorization	\$ 2,627,440
Transfer from Capital Reserve	<u>2,011,000</u>
Total Revenue and Other Financing Sources	<u>4,638,440</u>
Expenditures and Other Financing Uses:	
Purchased Professional and Technical Services	225,009
Construction Services	<u>1,898,363</u>
Total Expenditures and Other Financing Uses	<u>2,123,372</u>
Excess of Revenue and Other Financing Sources Over Expenditures and Other Financing Uses	2,515,068
Fund Balance - Beginning of Year	<u>1,209,857</u>
Fund Balance - End of Year	<u>\$ 3,724,925</u>
<u>Recapitulation:</u>	
Committed	\$ 3,141,023
Committed - Year End Encumbrances	<u>583,902</u>
Total Fund Balance - Budgetary Basis/GAAP Basis	<u>\$ 3,724,925</u>

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, 2019

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
County Improvement Authorization	\$ 972,351		\$ 972,351	\$ 972,351
Transfer from Capital Reserve	700,000		700,000	700,000
	<u>1,672,351</u>		<u>1,672,351</u>	<u>1,672,351</u>
Total Revenue and Other Financing Sources				
Expenditures:				
Purchased Professional and Technical Services	372,658		372,658	242,500
Construction Services	1,256,644		1,256,644	1,340,735
Other Objects				78,736
	<u>1,629,302</u>		<u>1,629,302</u>	<u>1,661,971</u>
Total Expenditures				
Transfer to 2017 Bond	(300)		(300)	(300)
Transfer to Access Gate		\$ (3,480)	(3,480)	(3,480)
Transfer to 2018 Turf		(6,600)	(6,600)	(6,600)
	<u>(10,380)</u>		<u>(10,380)</u>	<u>(10,380)</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 42,749</u>	<u>\$ (10,080)</u>	<u>\$ 32,669</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	97%
Original Target Completion Date	06/15
Revised Target Completion Date	12/19

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, 2019

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
County Improvement Authorization	\$ 601,000		\$ 601,000	\$ 601,000
Transfer from Capital Reserve	43,200		43,200	43,200
<b>Total Revenue and Other Financing Sources</b>	<b>644,200</b>		<b>644,200</b>	<b>644,200</b>
Expenditures:				
Purchased Professional and Technical Services	64,825		64,825	101,000
Construction Services	578,001		578,001	543,200
<b>Total Expenditures</b>	<b>642,826</b>		<b>642,826</b>	<b>644,200</b>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 1,374</u>	<u>\$ -0-</u>	<u>\$ 1,374</u>	<u>\$ -0-</u>

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	\$ 644,200
Additional Authorized Cost	
Revised Authorized Cost	<u>\$ 644,200</u>

Percentage Increase over Original Authorized Cost	0%
Percentage Completion	100%
Original Target Completion Date	09/17
Revised Target Completion Date	12/20

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -  
BUDGETARY BASIS  
REPLACEMENT OF HOT WATER HEATERS - BUILDING 1 & 3  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Prior Periods	Current Year	Totals	Project Authorization
Revenue and Other Financing Sources:				
County Improvement Authorization	\$ 116,000		\$ 116,000	\$ 116,000
Transfer from Capital Reserve	2,515		2,515	2,515
Total Revenue and Other Financing Sources	118,515		118,515	118,515
Expenditures:				
Purchased Professional and Technical Services	850		850	1,000
Construction Services	114,765		114,765	117,515
Total Expenditures	115,615		115,615	118,515
Transfer from 2013 Bond	300		300	300
Excess of Revenue and Other Financing Sources Over Expenditures	\$ 2,900	\$ -0-	\$ 3,200	\$ -0-

Additional Project Information:

Project Numbers	3365-050-17-1000
Grant Date	N/A
County Improvement Authorization Date	04/26/17
County Improvement Authorization	\$ 116,000
Original Authorized Cost	\$ 118,515
Additional Authorized Cost	-0-
Revised Authorized Cost	\$ 118,515

Percentage Increase over Original Authorized Cost	0%
Percentage Completion	98%
Original Target Completion Date	9/17
Revised Target Completion Date	9/20

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -  
BUDGETARY BASIS  
REPLACEMENT OF BOILERS - BUILDING 2 & 3 AND GENERATOR UPGRADE - BUILDING 4  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
County Improvement Authorization	\$ 1,048,000		\$ 1,048,000	\$ 1,048,000
Total Revenue and Other Financing Sources	<u>1,048,000</u>		<u>1,048,000</u>	<u>1,048,000</u>
Expenditures:				
Purchased Professional and Technical Services	32,041	\$ 27,303	59,344	101,000
Construction Services		340,727	340,727	495,000
General Supplies				452,000
Total Expenditures	<u>32,041</u>	<u>368,030</u>	<u>400,071</u>	<u>1,048,000</u>
Excess of Revenue and Other Financing Sources Over Expenditures	<u>\$ 1,015,959</u>	<u>\$ (368,030)</u>	<u>\$ 647,929</u>	<u>\$ -0-</u>

Additional Project Information:

Project Numbers	3365-050-18-4000,3365-050-18-5000
Grant Date	N/A
County Improvement Authorization Date	N/A
County Improvement Authorization	\$ 1,048,000
Original Authorized Cost	\$ 1,048,000
Additional Authorized Cost	-0-
Revised Authorized Cost	<u>\$ 1,048,000</u>

## Percentage Increase over Original

Authorized Cost	0%
Percentage Completion	38%
Original Target Completion Date	N/A
Revised Target Completion Date	N/A



MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -  
BUDGETARY BASIS  
DIESEL SHOP  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 106,600		\$ 106,600	\$ 106,600
Total Revenue and Other Financing Sources	<u>106,600</u>		<u>106,600</u>	<u>106,600</u>
Expenditures:				
Purchased Professional and Technical Services		\$ 97,325	97,325	113,480
Total Expenditures		<u>97,325</u>	<u>97,325</u>	<u>113,480</u>
Transfer from 2018 Access Gate		7,480	7,480	7,480
Transfer to Turf Field		<u>(600)</u>	<u>(600)</u>	<u>(600)</u>
Excess of Revenue and Other Financing Sources Over Expenditures	<u>\$ 106,600</u>	<u>\$ (90,445)</u>	<u>\$ 16,155</u>	<u>\$ -0-</u>
<u>Additional Project Information:</u>				
Project Numbers		N/A		
Grant Date		N/A		
County Improvement Authorization Date		N/A		
County Improvement Authorization		N/A		
Original Authorized Cost	\$ 106,000			
Additional Authorized Cost				
Revised Authorized Cost	<u>\$ 106,000</u>			
Percentage Increase over Original Authorized Cost		0%		
Percentage Completion		98%		
Original Target Completion Date		9/19		
Revised Target Completion Date		N/A		

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -  
BUDGETARY BASIS  
ACCESS GATE  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 43,400	\$ 150,000	\$ 193,400	\$ 193,400
Total Revenue and Other Financing Sources	<u>43,400</u>	<u>150,000</u>	<u>193,400</u>	<u>193,400</u>
Expenditures:				
Purchased Professional and Technical Services	3,425	27,721	31,146	43,400
Construction Services		97,613	97,613	87,500
Total Expenditures	<u>3,425</u>	<u>125,334</u>	<u>128,759</u>	<u>130,900</u>
Transfer from 2013		3,480	3,480	3,480
Transfer to Diesel Shop		(7,480)	(7,480)	(7,480)
Transfer to 2018 Turf		(58,500)	(58,500)	(58,500)
Excess of Revenue and Other Financing Sources Over Expenditures	<u>\$ 39,975</u>	<u>\$ (37,834)</u>	<u>\$ 2,141</u>	<u>\$ -0-</u>

Additional Project Information:

Project Numbers	N/A
Grant Date	N/A
County Improvement Authorization Date	N/A
County Improvement Authorization	N/A
Original Authorized Cost	\$ 43,400
Additional Authorized Cost	150,000
Revised Authorized Cost	<u>\$ 193,400</u>

Percentage Increase over Original Authorized Cost	346%
Percentage Completion	38%
Original Target Completion Date	9/19
Revised Target Completion Date	N/A

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -  
BUDGETARY BASIS  
TURF FIELD  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
Transfer from Capital Reserve		\$ 650,000	\$ 650,000	\$ 650,000
 Total Revenue and Other Financing Sources		 650,000	 650,000	 650,000
Expenditures:				
Purchased Professional and Technical Services		66,885	66,885	90,700
Construction Services		468,236	468,236	625,000
 Total Expenditures		 535,121	 535,121	 715,700
Transfer from 2013 Bond		6,600	6,600	6,600
Transfer from Access Gate		58,500	58,500	58,500
Transfer from Diesel Shop		600	600	600
 Excess of Revenue and Other Financing Sources Over Expenditures	 \$ -0-	 \$ 180,579	 \$ 180,579	 \$ -0-

Additional Project Information:

Project Numbers	N/A
Grant Date	N/A
County Improvement Authorization Date	N/A
County Improvement Authorization	N/A
Original Authorized Cost	\$ 650,000
Additional Authorized Cost	
Revised Authorized Cost	<u>\$ 650,000</u>

Percentage Increase over Original Authorized Cost	0%
Percentage Completion	92%
Original Target Completion Date	9/19
Revised Target Completion Date	N/A

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -  
BUDGETARY BASIS  
MULTI PURPOSE ROOM  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
Transfer from Capital Reserve		\$ 1,211,000	\$ 1,211,000	\$ 1,211,000
Total Revenue and Other Financing Sources		1,211,000	1,211,000	1,211,000
Expenditures:				
Construction Services		991,787	991,787	1,211,000
Total Expenditures		991,787	991,787	1,211,000
Excess of Revenue and Other Financing Sources Over Expenditures	\$ -0-	\$ 219,213	\$ 219,213	\$ -0-

Additional Project Information:

Project Numbers	N/A
Grant Date	N/A
County Improvement Authorization Date	N/A
County Improvement Authorization	N/A
Original Authorized Cost	\$ 1,211,000
Additional Authorized Cost	-0-
Revised Authorized Cost	<u>\$ 1,211,000</u>

Percentage Increase over Original Authorized Cost	0%
Percentage Completion	82%
Original Target Completion Date	9/19
Revised Target Completion Date	N/A

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -  
BUDGETARY BASIS  
VARIOUS BUILDING PROJECTS  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
County Improvement Authorization		\$ 2,627,440	\$ 2,627,440	\$ 2,627,440
Total Revenue and Other Financing Sources		2,627,440	2,627,440	2,627,440
Expenditures:				
Purchased Professional and Technical Services		5,775	5,775	97,420
Construction Services				2,530,020
Total Expenditures		5,775	5,775	2,627,440
Excess of Revenue and Other Financing Sources Over Expenditures	\$ -0-	\$ 2,621,665	\$ 2,621,665	\$ -0-

Additional Project Information:

Project Numbers	N/A
Grant Date	N/A
County Improvement Authorization Date	N/A
County Improvement Authorization	N/A
Original Authorized Cost	\$ 2,627,440
Additional Authorized Cost	-0-
Revised Authorized Cost	<u>\$ 2,627,440</u>

Percentage Increase over Original Authorized Cost	0%
Percentage Completion	0%
Original Target Completion Date	9/20
Revised Target Completion Date	N/A

PROPRIETARY FUNDS

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2019

	Non-Major Funds			Major Fund	Total
	Supermarket Account	Cosmetology	Food Service	Adult Education	Enterprise Funds
ASSETS:					
Current Assets:					
Cash and Cash Equivalents	\$ 5,075	\$ 58,903	\$ 63,978	\$ 71,331	\$ 135,309
Intergovernmental Accounts Receivable:					
State		87	87		87
Federal		1,217	1,217		1,217
Other Accounts Receivable				799	799
Inventories		5,410	5,410		5,410
Total Current Assets	5,075	65,617	70,692	72,130	142,822
Non-Current Assets:					
Capital Assets		79,844	79,844	92,923	172,767
Less: Accumulated Depreciation		(61,924)	(61,924)	(45,770)	(107,694)
Total Non-Current Assets		17,920	17,920	47,153	65,073
Total Assets	5,075	83,537	88,612	119,283	207,895
DEFERRED OUTFLOWS OF RESOURCES:					
Changes in Assumptions - Pension				79,830	79,830
Changes in Proportion - Pensions				14,049	14,049
Difference Between Expected and Actual Experience - Pension				9,239	9,239
District Contribution Subsequent to the Measurement Date - Pension				23,790	23,790
Total Deferred Outflows of Resources				126,908	126,908

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2019

	Non-Major Funds			Major Fund		Total
	Supermarket Account	Cosmetology	Food Service	Adult Education	Education	Enterprise Funds
	Total			Total		
<u>LIABILITIES:</u>						
Current Liabilities:						
Accounts Payable			\$ 9,758	\$ 24,344	\$ 34,102	
Unearned Revenue			6,318		6,318	
<b>Total Current Liabilities</b>			<b>16,076</b>	<b>24,344</b>	<b>40,420</b>	
Non-Current Liabilities:						
Compensated Absences Payable				11,624	11,624	
Net Pension Liability				484,456	484,456	
<b>Total Non-Current Liabilities</b>				<b>496,080</b>	<b>496,080</b>	
<b>Total Liabilities</b>			<b>16,076</b>	<b>520,424</b>	<b>536,500</b>	
<u>DEFERRED INFLOWS OF RESOURCES:</u>						
Changes in Assumptions - Pension				154,903	154,903	
Changes in Proportion - Pension				39,288	39,288	
Difference Between Expected and Actual Experience - Pension				2,498	2,498	
Difference Between Projected and Actual Earnings on Investments - Pension				4,544	4,544	
<b>Total Deferred Inflows of Resources</b>				<b>201,233</b>	<b>201,233</b>	
<u>NET POSITION:</u>						
Investment in Capital Assets			17,920	47,153	65,073	
Unrestricted/(Deficit)	\$ -0-	\$ 5,075	49,541	(522,619)	(468,003)	
<b>Total Net Position/(Deficit)</b>	<b>\$ -0-</b>	<b>\$ 5,075</b>	<b>\$ 67,461</b>	<b>\$ (475,466)</b>	<b>\$ (402,930)</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, 2019

	Non-Major Funds			Total	Major Fund	Total Enterprise Funds
	Supermarket Account	Cosmetology	Food Service		Adult Education	
Operating Revenue:						
Daily Sales:						
Reimbursable Programs			\$ 80,493	\$ 80,493		\$ 80,493
Non-Reimbursable Programs			77,280	77,280		77,280
Charges for Services:						
Program Fees	\$ 2,101		7,100	2,101	\$ 581,656	583,757
Miscellaneous Revenue				7,100		7,100
Total Operating Revenue		2,101	164,873	166,974	581,656	748,630
Operating Expenses:						
Cost of Sales:						
Reimbursable Programs			58,744	58,744		58,744
Non-Reimbursable Programs			48,063	48,063		48,063
Salaries			51,926	51,926		51,926
Employee Benefits			13,166	13,166	559,289	572,455
Purchased Professional and Technical Services			10,853	10,853		10,853
Supplies and Materials	1,320		1,297	2,617		2,617
Miscellaneous Expense			3,688	3,688		3,688
Depreciation Expense			5,429	5,429	7,957	13,386
Total Operating Expenses		1,320	193,166	194,486	567,246	761,732
Operating Income/(Loss)		781	(28,293)	(27,512)	14,410	(13,102)

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, 2019

	Supermarket Account	Non-Major Funds			Major Fund Adult Education	Total Enterprise Funds
		Cosmetology	Food Service	Total		
Non-Operating Revenue:						
Local Sources:						
Interest Earnings	\$ 210		\$ 210		\$ 210	210
State Sources:						
State School Lunch Program		\$ 1,178		1,178		1,178
Federal Sources:						
National School Lunch Program		16,331		16,331		16,331
School Breakfast Program		723		723		723
Food Distribution Program		14,765		14,765		14,765
Total Non-Operating Income	210	32,997		33,207		33,207
Change in Net Position Before Transfers	\$ 210	\$ 781	4,704	5,695	\$ 14,410	20,105
Transfers:						
Transfers	(7,503)		7,503			
Total Transfers	(7,503)		7,503			
Change in Net Position	(7,293)	781	12,207	5,695	14,410	20,105
Net Position/(Deficit) - Beginning of Year	7,293	4,294	55,254	66,841	(489,876)	(423,035)
Net Position/(Deficit) - End of Year	\$ -0-	\$ 5,075	\$ 67,461	\$ 72,536	\$ (475,466)	\$ (402,930)

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Non-Major Funds			Major Fund		Total Enterprise Funds
	Supermarket Account	Cosmetology	Food Service	Adult Education	Total	
Cash Flows from Operating Activities:						
Receipts from Customers	\$ 2,101	\$ 167,278	\$ 589,733		\$ 759,112	
Payments to Food Service Contractor		(161,019)			(161,019)	
Payments to/for Employees			(570,461)		(570,461)	
Payments to Suppliers	(1,320)		(13,876)		(15,196)	
Net Cash Provided by Operating Activities	781	6,259	5,396		12,436	
Cash Flows from Noncapital Financing Activities:						
State Sources		1,204			1,204	
Federal Sources		17,067			17,067	
Transfer from Supermarkets	\$ (7,503)	7,503				
Net Cash Provided by/(Used for) Noncapital Financing Activities	(7,503)	25,774			18,271	
Cash Flows from Financing Activities:						
Interest Income	210				210	
Net Cash Provided by Financing Activities	210				210	
Net Increase/(Decrease) in Cash and Cash Equivalents	(7,293)	781	32,033	5,396	30,917	
Cash and Cash Equivalents, July 1	7,293	4,294	26,870	65,935	104,392	
Cash and Cash Equivalents, June 30	\$ -0-	\$ 5,075	\$ 58,903	\$ 71,331	\$ 135,309	

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Non-Major Funds			Major Fund		Total Enterprise Funds
	Supermarket Account	Cosmetology	Food Service	Adult Education	Total	
Reconciliation of Operating Income/(Loss) to Net Cash Provided by Operating Activities:						
Operating Income/(Loss)	\$ 781	\$ (28,293)	\$ (27,512)	\$ 14,410	\$ (13,102)	
Adjustment to Reconcile Operating Income/(Loss) to Net Cash Provided by Operating Activities:						
Depreciation		5,429		7,957	13,386	
Food Distribution Program		14,765			14,765	
Changes in Assets and Liabilities:						
Decrease in Other Accounts Receivable		3,120		8,077	8,077	
Decrease in Inventory			3,120		3,120	
Increase/(Decrease) in Accounts Payable		9,758		(13,876)	(4,118)	
Increase in Unearned Revenue		1,480			1,480	
(Decrease) in Compensated Absences Payable				(2,779)	(2,779)	
(Decrease) in Net Pension Liability				(105,701)	(105,701)	
Decrease in Changes in Assumptions - Pension				75,509	75,509	
Decrease in Difference between Expected and Actual Experience - Pension				7,155	7,155	
Decrease in Difference between Projected and Actual Earnings in Investments - Pensions				8,563	8,563	
Increase in Changes in Proportions - Pensions				6,081	6,081	
Net Cash Provided by Operating Activities	\$ -0-	\$ 781	\$ 6,259	\$ 7,040	\$ 5,396	\$ 12,436

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Commodities through the Food Distribution Program valued at \$13,840 and utilized U.S.D.A. Commodities valued at \$14,765.

FIDUCIARY FUNDS

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
FIDUCIARY FUND  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2019

	Agency		Total Agency		Unemployment Compensation Trust	Flexible Spending Trust	Private Purpose Scholarships Trust
	Student Activity	Payroll					
<u>ASSETS:</u>							
Cash and Cash Equivalents	\$ 143,440	\$ 380,416	\$ 523,856	\$ 107,576	\$ 19,462	\$ 131,592	
Interfund Receivable:							
Payroll Agency				3,334			
Total Assets	143,440	380,416	523,856	110,910	19,462	131,592	
<u>LIABILITIES:</u>							
Interfund Payable:							
General Fund					9,994		
Unemployment Compensation Trust		3,334	3,334				
Payroll Deductions and Withholdings		106,412	106,412				
Accrued Salaries and Wages		270,670	270,670				
Due to Student Groups	143,440		143,440				
Total Liabilities	143,440	380,416	523,856		9,994		
<u>NET POSITION:</u>							
Held in Trust for:							
Unemployment Claims				110,910			
Flexible Spending Claims					9,468		
Restricted for Scholarships							131,592
Total Net Position	\$ -0-	\$ -0-	\$ -0-	\$ 110,910	\$ 9,468	\$ 131,592	

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
FIDUCIARY FUND  
STATEMENT OF CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Unemployment Compensation Trust	Flexible Spending Trust	Private Purpose Scholarships Trust
ADDITIONS:			
Contributions:			
Plan Members	\$ 17,724	\$ 28,150	
Donations			\$ 1,000
Investment Earnings:			
Interest	2,473		201
Total Additions	<u>20,197</u>	<u>28,150</u>	<u>1,201</u>
DEDUCTIONS:			
Unemployment Benefit Claims	45,890		
Flexible Spending Claims		29,824	
Scholarships Awarded			3,500
Total Deductions	<u>45,890</u>	<u>29,824</u>	<u>3,500</u>
Change in Net Position	(25,693)	(1,674)	(2,299)
Net Position - Beginning of the Year	<u>136,603</u>	<u>11,142</u>	<u>133,891</u>
Net Position - End of the Year	<u>\$ 110,910</u>	<u>\$ 9,468</u>	<u>\$ 131,592</u>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 142,404	\$ 171,123	\$ 170,087	\$ 143,440
Total Assets	<u>\$ 142,404</u>	<u>\$ 171,123</u>	<u>\$ 170,087</u>	<u>\$ 143,440</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 142,404	\$ 171,123	\$ 170,087	\$ 143,440
Total Liabilities	<u>\$ 142,404</u>	<u>\$ 171,123</u>	<u>\$ 170,087</u>	<u>\$ 143,440</u>



MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 387,393	\$ 16,511,730	\$ 16,518,707	\$ 380,416
Total Assets	<u>\$ 387,393</u>	<u>\$ 16,511,730</u>	<u>\$ 16,518,707</u>	<u>\$ 380,416</u>
 <u>LIABILITIES:</u>				
Interfund Payable:				
Fiduciary Fund - Unemployment Trust	\$ 3,256	\$ 30,567	\$ 30,489	\$ 3,334
Payroll Deductions and Withholdings	105,966	16,210,493	16,210,047	106,412
Accrued Salaries and Wages	<u>278,171</u>	<u>270,670</u>	<u>278,171</u>	<u>270,670</u>
Total Liabilities	<u>\$ 387,393</u>	<u>\$ 16,511,730</u>	<u>\$ 16,518,707</u>	<u>\$ 380,416</u>

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

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

**Contents**

**Exhibit**

**Financial Trends**

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

J-1 thru J-5

**Revenue Capacity**

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

J-6 thru J-9

**Debt Capacity**

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

J-10 thru J-13

**Demographic and Economic Information**

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

J-14 thru J-15

**Operating Information**

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

J-16 thru J-20

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

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

	June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 17,726,665	\$ 17,268,964	\$ 16,799,233	\$ 18,249,442	\$ 19,083,633	\$ 20,449,783	\$ 21,358,861	\$ 21,194,961	\$ 21,700,601	\$ 23,445,147
Restricted	1,014,488	719,472	2,842,525	773,349	1,809,685	2,766,786	3,122,283	3,109,566	3,402,751	1,756,187
Unrestricted/(Deficit)	129,870	580,782	684,138	2,601,034	(4,642,873)	(4,214,710)	(5,001,233)	(6,356,859)	(5,615,620)	(3,287,556)
Total Governmental Activities Net Position	\$ 18,871,023	\$ 18,569,218	\$ 20,325,896	\$ 21,623,825	\$ 16,250,445	\$ 19,001,859	\$ 19,479,911	\$ 17,947,668	\$ 19,487,732	\$ 21,913,778
<b>Business-type Activities</b>										
Net Investment in Capital Assets	\$ 38,426	\$ 34,104	\$ 32,216	\$ 28,254	\$ 21,889	\$ 59,168	\$ 54,132	\$ 51,626	\$ 78,459	\$ 65,073
Unrestricted/(Deficit)	263,690	211,506	116,132	121,914	(337,263)	(272,787)	(335,504)	(389,405)	(501,494)	(468,003)
Total Business-type Activities Net Position/(Deficit)	\$ 302,116	\$ 245,610	\$ 148,348	\$ 150,168	\$ (315,374)	\$ (213,619)	\$ (281,372)	\$ (337,779)	\$ (423,035)	\$ (402,930)
<b>District-wide</b>										
Net Investment in Capital Assets	\$ 17,765,091	\$ 17,303,068	\$ 16,831,449	\$ 18,277,696	\$ 19,105,522	\$ 20,508,951	\$ 21,412,993	\$ 21,246,587	\$ 21,779,060	\$ 23,510,220
Restricted	1,014,488	719,472	2,842,525	773,349	1,809,685	2,766,786	3,122,283	3,109,566	3,402,751	1,756,187
Unrestricted/(Deficit)	393,560	792,288	800,270	2,722,948	(4,980,136)	(4,487,497)	(5,336,737)	(6,746,264)	(6,117,114)	(3,755,559)
Total District Net Position	\$ 19,173,139	\$ 18,814,828	\$ 20,474,244	\$ 21,773,993	\$ 15,933,071	\$ 18,788,240	\$ 19,198,539	\$ 17,609,889	\$ 19,064,697	\$ 21,510,848

Source: School District Financial Reports

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

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Expenses:</b>										
Governmental Activities:										
Instruction										
Regular	\$ 4,574,965	\$ 4,802,430	\$ 5,273,623	\$ 5,302,990	\$ 5,285,328	\$ 6,214,158	\$ 6,756,299	\$ 7,353,268	\$ 8,305,570	\$ 8,348,433
Special Education	379,783	409,248	450,689	534,556	534,548	943,045	680,667	720,377	994,810	1,044,478
Vocational Education	3,777,258	3,585,918	3,720,334	3,941,855	3,752,582	4,576,541	5,065,655	5,498,804	5,333,464	4,950,756
Other Instruction	440,205	256,821	233,990	290,081	287,998	359,390	413,282	473,395	433,030	797,806
Support Services:										
Student and Instruction Related Services	1,830,658	2,373,119	2,714,931	2,800,250	2,749,365	2,923,717	3,416,421	3,944,530	4,474,900	4,485,157
General Administrative Services	392,675	583,387	607,139	736,765	536,254	679,650	790,458	770,423	802,170	811,153
School Administrative Services	1,490,547	1,309,806	1,332,581	1,203,423	1,226,292	1,128,066	1,135,391	1,229,957	1,336,854	1,292,082
Central Services	528,839	671,784	655,869	581,469	570,132	667,080	730,355	852,529	808,387	743,852
Administrative Information Technology	163,698	215,829	244,956	302,753	428,018	297,466	367,155	465,288	411,890	419,941
Plant Operations and Maintenance	1,621,683	2,069,839	2,101,988	2,028,223	2,023,212	2,205,533	2,025,996	2,380,780	2,289,950	2,117,900
Pupil Transportation	7,104	108,470	142,824	126,746	152,221	165,439	177,197	225,412	224,611	271,074
Special Schools	2,909,832	1,203,924	1,106,689	1,169,112	1,334,528	1,263,140	1,408,989	1,460,425	864,264	630,342
Capital Outlay		78,585	54,775	64,549	62,039	62,289	57,548		4,589	2,193
Unallocated Depreciation	463,126	435,761	435,762	469,963						
Total Governmental Activities Expenses	18,580,373	18,104,921	19,076,150	19,552,459	19,412,480	21,485,514	23,025,393	25,375,188	26,284,489	25,915,167
Business-Type Activities:										
Enterprise Funds	706,502	999,329	936,633	811,257	795,080	792,832	835,537	792,011	839,853	761,732
Total Business-Type Activities Expense	706,502	999,329	936,633	811,257	795,080	792,832	835,537	792,011	839,853	761,732
<b>Total District Expenses</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>26,167,199</b>	<b>27,124,342</b>	<b>26,676,899</b>
<b>Program Revenues:</b>										
Governmental Activities:										
Charges for Services:										
Tuition	2,903,398	2,997,416	8,774,701	8,924,844	9,314,509	9,950,842	9,529,694	9,813,791	11,294,811	11,084,707
Operating Grants and Contributions			3,100,157	3,842,274	3,560,437	5,097,290	6,121,970	7,610,126	8,198,440	7,424,447
Total Governmental Activities Program Revenues	2,903,398	2,997,416	11,874,858	12,767,118	12,874,946	15,048,132	15,651,664	17,423,917	19,493,251	18,509,154
Business-Type Activities:										
Charges for Services:										
Enterprise Funds	521,007	872,288	781,278	762,613	726,521	845,773	831,756	703,503	752,240	748,630
Operating Grants and Contributions	25,795	25,551	32,379	27,173	21,401	28,536	29,977	32,089	27,355	32,997
Total Business-Type Activities Program Revenues	546,802	897,839	813,657	789,786	747,922	874,329	861,733	735,592	779,595	781,627

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

UNAUDITED  
(Continued)

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total District Program Revenues	\$ 3,450,200	\$ 3,895,255	\$ 12,688,515	\$ 13,556,904	\$ 13,622,868	\$ 15,922,461	\$ 16,513,397	\$ 18,159,509	\$ 20,272,846	\$ 19,290,781
Net (Expense)/Revenue:										
Governmental Activities	(15,676,975)	(15,107,505)	(7,201,292)	(6,785,341)	(6,537,534)	(6,437,382)	(7,373,729)	(7,951,271)	(6,791,238)	(7,406,013)
Business-Type Activities	(159,700)	(101,490)	(122,976)	(21,471)	(47,158)	81,497	26,196	(56,419)	(60,258)	19,895
Total District-Wide Net Expense	(15,836,675)	(15,208,995)	(7,324,268)	(6,806,812)	(6,584,692)	(6,355,885)	(7,347,533)	(8,007,690)	(6,851,496)	(7,386,118)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
County Tax Levy	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	6,351,286
Federal and State Aid not Restricted	655,008	388,508	623,050	695,443	706,862	720,276	718,955	729,129	728,406	649,307
Tuition	6,937,181	8,232,968								
Interest Earnings	2,435	2,461	2,671	5,761	4,687	4,063	11,714	27,608	26,244	26,348
Transfers	(34,092)	(47,664)	(26,554)	(32,748)	(44,059)	(16,761)	94,798	115	25,012	
Contributed Capital										
County Improvement Authorization			1,963,892	972,351	1,292,220	2,061,000	601,000	116,000	1,048,000	2,627,440
County Improvement Authorization Cancelled	(246,200)	(246,200)					(23,694)	(923,134)		
Debt Service Contribution to County of Morris	592,403	124,341	43,625	91,177	47,972	72,190	97,722	118,024	152,354	177,678
Miscellaneous Income	14,258,021	14,805,700	8,957,970	8,083,270	8,358,968	9,188,796	7,851,781	6,419,028	8,331,302	9,832,059
Total Governmental Activities	34,092	47,664	27,702	33,325	44,142	17,000	(93,949)	(25,012)		
Business-Type Activities:										
Transfers										
Contributed Capital										
Miscellaneous Income	(835)	(2,680)	(1,988)	(10,034)	(3,283)			12	14	210
Receivable/Payable	33,257	44,984	23,714	23,291	40,859	20,258	(93,949)	12	(24,998)	210
Total Business-Type Activities	14,291,278	14,850,684	8,983,684	8,106,561	8,399,827	9,209,054	7,757,832	6,419,040	8,306,304	9,832,269
Total District-Wide	(1,418,954)	(301,805)	1,756,678	1,297,929	1,821,434	2,751,414	478,052	(1,532,243)	1,540,064	2,426,046
Change in Net Position:	(126,443)	(56,506)	(97,262)	1,820	(6,299)	101,755	(67,753)	(56,407)	(85,256)	20,105
Governmental Activities										
Business-Type Activities										
Total District	\$ (1,545,397)	\$ (358,311)	\$ 1,659,416	\$ 1,299,749	\$ 1,815,135	\$ 2,853,169	\$ 410,299	\$ (1,588,650)	\$ 1,454,808	\$ 2,446,151

Source: School District Financial Reports

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

	June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved/Restricted	\$ 1,014,488	\$ 719,472	\$ 878,633	\$ 773,349	\$ 1,809,685	\$ 2,766,786	\$ 3,122,283	\$ 3,109,566	\$ 3,402,751	\$ 1,756,187
Assigned	191,506	191,506	506,184	365,812	300,573	280,788	108,958	288,294	574,490	100,000
Unreserved/Unassigned	494,765	731,133	613,948	877,946	848,989	887,036	909,928	926,482	982,584	1,153,591
<b>Total General Fund</b>	<b>\$ 1,509,253</b>	<b>\$ 1,642,111</b>	<b>\$ 1,998,765</b>	<b>\$ 2,017,107</b>	<b>\$ 2,959,247</b>	<b>\$ 3,934,610</b>	<b>\$ 4,141,169</b>	<b>\$ 4,324,342</b>	<b>\$ 4,959,825</b>	<b>\$ 3,009,778</b>
All Other Governmental Funds										
Reserved/Restricted			\$ 1,963,892	\$ 1,846,257	\$ 1,871,012	\$ 2,200,313	\$ 1,636,014	\$ 740,104	\$ 1,209,857	\$ 3,724,925
Committed										
<b>Total All Other Governmental Funds</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ 1,963,892</b>	<b>\$ 1,846,257</b>	<b>\$ 1,871,012</b>	<b>\$ 2,200,313</b>	<b>\$ 1,636,014</b>	<b>\$ 740,104</b>	<b>\$ 1,209,857</b>	<b>\$ 3,724,925</b>
Total All Governmental Funds										
Reserved/Restricted	\$ 1,014,488	\$ 719,472	\$ 878,633	\$ 773,349	\$ 1,809,685	\$ 2,766,786	\$ 3,122,283	\$ 3,109,566	\$ 3,402,751	\$ 1,756,187
Committed			1,963,892	1,846,257	1,871,012	2,200,313	1,636,014	740,104	1,209,857	3,724,925
Assigned	191,506	191,506	506,184	365,812	300,573	280,788	108,958	288,294	574,490	100,000
Unreserved/Unassigned	494,765	731,133	613,948	877,946	848,989	887,036	909,928	926,482	982,584	1,153,591
<b>Total All Governmental Funds</b>	<b>\$ 1,509,253</b>	<b>\$ 1,642,111</b>	<b>\$ 3,962,657</b>	<b>\$ 3,863,364</b>	<b>\$ 4,830,259</b>	<b>\$ 6,134,923</b>	<b>\$ 5,777,183</b>	<b>\$ 5,064,446</b>	<b>\$ 6,169,682</b>	<b>\$ 6,734,703</b>

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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Revenues:</b>										
County Tax Levy	\$ 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	\$ 6,351,286
Tuition from LEA's	6,607,163	7,915,480	8,439,180	8,445,786	8,856,352	9,462,981	9,037,355	9,374,983	10,849,946	10,963,764
Other Tuition	330,018	317,488	335,521	479,058	458,157	487,861	492,339	438,808	449,416	468,861
Interest Earned on Capital Reserve Funds	650	514	1,094	1,226	768	1,475	4,161	10,778	26,185	26,185
Interest Earned on Maintenance Reserve Funds									59	163
Unrestricted Miscellaneous Revenue	594,188	126,288	45,202	95,712	53,422	75,528	107,154	134,854	152,678	179,710
State Sources	1,993,269	1,835,427	2,279,210	3,021,850	2,556,977	2,786,118	3,072,492	3,537,683	4,055,086	4,192,036
Federal Sources	1,565,137	1,550,497	1,443,997	1,515,867	1,708,791	1,391,840	1,546,750	1,523,814	1,403,244	1,689,398
Total Revenue	17,441,711	18,096,980	18,895,490	19,910,785	19,985,753	20,557,089	20,611,537	21,372,206	23,287,900	23,871,403
<b>Expenditures:</b>										
<b>Instruction:</b>										
Regular Instruction	3,933,461	3,993,233	4,411,557	4,370,028	4,456,229	4,642,339	4,832,218	4,844,904	5,649,803	6,053,025
Special Education Instruction	303,079	301,950	321,444	385,919	389,739	432,043	411,301	403,777	577,264	653,895
Vocational Education Instruction	2,858,581	2,715,427	2,737,163	2,909,703	2,894,868	3,038,607	3,014,179	3,020,720	2,847,837	2,581,107
School-Sponsored/Other Instruction	420,870	238,683	219,463	272,978	266,705	307,298	344,322	361,942	350,488	724,596
<b>Support Services:</b>										
Student and Instruction Related Services	1,538,262	1,914,034	2,065,247	2,215,824	2,207,515	2,200,507	2,400,740	2,552,870	2,870,038	3,115,828
General Administrative Services	332,430	483,439	497,829	616,342	452,648	527,100	608,332	522,608	549,049	586,471
School Administrative Services	1,064,143	931,067	929,527	892,389	946,985	791,065	762,568	698,542	751,852	947,878
Central Services	398,580	504,745	476,847	459,217	459,317	495,682	513,617	546,588	526,759	501,805
Administrative Information Technology	102,974	144,417	162,096	229,006	286,859	221,550	262,562	320,193	302,009	316,529
Plant Operations and Maintenance	1,351,665	1,717,503	1,728,846	1,665,586	1,661,447	1,960,469	1,726,021	1,858,580	1,859,883	1,720,530
Pupil Transportation	7,104	108,470	146,113	129,593	155,760	154,556	164,468	153,635	162,343	172,764
Allocated Benefits	1,829,784	2,278,270	2,414,478	1,807,979	5,251					
Unallocated Benefits	978,141	964,464	1,196,143	1,784,453	3,321,966	3,435,663	3,743,454	4,275,466	5,001,139	5,501,924
Special Schools	2,831,627	1,194,196	1,072,169	1,118,531	1,292,440	1,078,813	1,189,895	1,161,358	545,369	489,625
Capital Outlay	183,175	180,360	177,994	2,172,326	1,469,290	2,007,714	1,667,704	556,741	1,260,246	2,567,845
Total Expenditures	18,133,876	17,670,258	18,556,916	21,029,874	20,267,019	21,293,406	21,641,381	21,277,924	23,254,079	25,933,822
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(692,165)	426,722	338,574	(1,119,089)	(281,266)	(736,317)	(1,029,844)	94,282	33,821	(2,062,419)

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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Other Financing Sources (Uses):										
County Improvement Authorizations			\$ 1,963,892	\$ 972,351	\$ 1,292,220	\$ 2,061,000	\$ 601,000	\$ 116,000	\$ 1,048,000	\$ 2,627,440
Transfers	\$ (34,092)	\$ (47,664)	(26,554)	(32,748)	(44,059)	(16,761)	94,798	115	23,415	
Capital Contribution to Food Service Fund	(246,200)	(246,200)	44,634	80,193		(3,258)				
Debt Service Contribution to County of Morris										
Capital Leases (Non-budgeted)	(280,292)	(293,864)	1,981,972	1,019,796	1,248,161	2,040,981	672,104	(807,019)	1,071,415	2,627,440
Total Other Financing Sources (Uses)	\$ (972,457)	\$ 132,858	\$ 2,320,546	\$ (99,293)	\$ 966,895	\$ 1,304,664	\$ (357,740)	\$ (712,737)	\$ 1,105,236	\$ 565,021
Net Change in Fund Balances										
Debt Service as a Percentage of Noncapital Expenditures	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A Not Applicable										

Source: School District Financial Reports



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

Fiscal Year Ended June 30,	Tuition	Interest on Investments	Program Fees	Miscellaneous	Total
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
2017	9,813,791	27,608		118,024	9,959,423
2018	11,299,362	26,244		152,354	11,477,960
2019	11,432,625	26,348		177,678	11,636,651

Source: District records

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

Year Ended December 31,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Public Utilities <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate	Estimated Actual (County Equalized Value)
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	98,052,993,752
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	94,996,337,642
2013	1,121,535,950	60,489,876,715	685,237,400	11,944,478	11,513,732,422	2,917,649,400	2,386,186,900	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
2016	1,010,630,100	59,960,359,430	590,134,200	8,695,260	12,000,529,422	2,747,812,600	2,344,932,900	78,663,093,912	7,319,296,950	34,501,222	82,168,381,134	N/A	91,741,656,968
2017	1,072,431,500	64,706,917,630	717,815,600	11,997,198	12,382,440,622	2,906,536,400	2,562,203,300	84,360,342,230	7,676,242,500	35,471,441	84,360,342,250	N/A	93,601,899,566
2018	1,005,122,600	65,323,438,030	725,499,400	11,723,198	12,561,614,852	2,902,959,800	2,601,846,400	85,132,224,280	7,821,138,050	33,523,397	85,165,747,677	N/A	94,755,062,034

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

Source: Morris County Board of Taxation

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

Taxpayer	2018		
	Taxable Assessed Value	Rank	% of Total County Net Valuation Taxable
Novartis Corporation	\$ 415,030,700	1	0.49%
Point View Campus, LLC	300,000,000	2	0.36%
Rockaway Center Associates	208,469,600	3	0.25%
Bayer Healthcare, LLC	155,670,300	4	0.18%
Oakwood Garden Associates, LLC	120,000,000	5	0.14%
SDK Village Green, LLC	98,000,000	6	0.12%
KBS II 300-600 Campus Drive, LLC	93,517,700	7	0.11%
Saint Clare's	83,552,300	8	0.10%
Allergan Sales, LLC	76,237,500	9	0.09%
Honeywell International, Inc.	81,992,400	10	0.10%
Total	<u>\$ 1,632,470,500</u>		<u>1.75%</u>

Taxpayer	2009		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Novartis Corporation	\$ 325,530,700	1	0.42%
MC NEIL-PPC Inc.	182,500,000	2	0.24%
Point View Campus LLC	329,630,600	3	0.43%
Rockaway Center Associates	145,000,000	4	0.19%
KBS II	108,017,200	5	0.14%
Pfizer	86,000,000	6	0.11%
Oakwood Garden Associates, LLC	86,550,000	7	0.11%
State Farm Associates, LLC	82,500,000	8	0.11%
Segal Realty Associates	82,400,000	9	0.11%
LTI NJ Financial LLC	73,000,000	10	0.09%
Total	<u>\$ 1,501,128,500</u>		<u>1.95%</u>

Source: County of Morris

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
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	6,351,286	6,099,391	96.03%	251,895
2015	6,351,286	6,351,286	100.00%	-0-
2016	6,351,286	6,351,286	100.00%	-0-
2017	6,351,286	6,351,286	100.00%	-0-
2018	6,351,286	6,351,286	100.00%	-0-
2019	6,351,286	6,351,286	100.00%	-0-

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

Source: District records.

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

Fiscal Year Ended June 30,	Governmental Activities							Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Business- Type Activities		Income <sup>a</sup>			
					Capital Leases	Capital Leases				
2014	\$ -0-	\$ -0-	\$ 80,685	\$ -0-	\$ 9,910	\$ 90,595	0.0002%	\$ 0.18		
2015	-0-	-0-	55,828	-0-	7,401	63,229	0.0001%	0.13		
2016	-0-	-0-	30,385	-0-	4,839	35,224	0.0001%	0.07		
2017	-0-	-0-	-0-	-0-	-0-	-0-	0.0000%	0.00		
2018	-0-	-0-	-0-	-0-	-0-	-0-	0.0000%	0.00		
2019	-0-	-0-	-0-	-0-	-0-	-0-	0.0000%	0.00		

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

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

Year	Population <sup>a</sup>	Morris County Per Capital Personal Income <sup>b</sup>	Total Morris County Personal Income	Unemployment Rate <sup>c</sup>
2010	492,902	\$ 74,460	\$ 36,701,482,920	7.30%
2011	495,671	77,207	38,269,270,897	7.00%
2012	497,447	80,027	39,809,191,069	7.30%
2013	498,680	80,868	40,327,254,240	6.30%
2014	498,481	83,687	41,716,379,447	4.90%
2015	498,538	87,896	43,819,496,048	4.20%
2016	498,844	89,065	44,429,540,860	3.90%
2017	499,693	94,259	47,100,562,487	3.60%
2018	494,228	94,259 **	46,585,437,052 ***	3.30%
2019	494,228 *	94,259 **	46,585,437,052 ***	N/A

\* - Latest population data available (2018) was used for calculation purposes.

\*\* - Latest Morris County per capita personal income available (2017) was used for calculation purposes.

\*\*\* - Latest available population data (2018) and latest available Morris County per capita personal income (2017) 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 2007 Census published by the US Bureau of Economic Analysis.

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

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

Employer	2018		
	Employees	Rank (Optional)	Percentage of Total Employment
U.S. Army Armament Research and Development	6,400	1	2.56%
Atlantic Health Systems	6,350	2	2.54%
Novartis Corporation	4,607	3	1.84%
Bayer Healthcare, LLC	2,800	4	1.12%
ADP	2,242	5	0.90%
Wyndham Worldwide	1,907	6	0.76%
Accenture	1,883	7	0.75%
Honeywell	1,868	8	0.75%
Allergan	1,700	9	0.68%
St. Clare's	1,544	10	0.62%
	<u>31,301</u>		<u>12.50%</u>
Total Employment	<u>250,447</u>		
Employer	2009		
	Employees	Rank (Optional)	Percentage of Total Employment
Novartis Corporation	5,386	1	2.04%
U.S. Army Armament Research and Development	4,300	2	1.63%
Atlantic Health System	4,045	3	1.53%
County of Morris	2,007	4	0.76%
Lucent Technologies	1,983	5	0.75%
United Parcel Service	1,941	6	0.74%
Wyndham Worldwide	1,371	7	0.52%
Greystone Psychiatric Center	1,296	8	0.49%
Tiffany & Company	1,200	9	0.46%
Accenture	1,200	10	0.46%
	<u>24,729</u>		<u>9.38%</u>
Total Employment	<u>263,677</u>		

Source: County of Morris

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

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Instruction:</b>										
Regular	34.5	32.0	33.0	33.0	33.0	35.0	36.0	37.0	37.0	37.0
Special Education	5.0	5.0	5.0	6.0	6.0	6.0	5.0	3.0	3.0	3.0
Vocational	24.0	23.0	22.5	22.5	23.5	24.5	24.0	27.0	27.0	28.5
Other Instruction	5.0	4.5	5.0	5.0	5.0	5.0	5.0	5.0	6.0	6.0
Adult/Continuing Education Programs	68.0	70.0	71.0	74.0	91.0	76.0	52.0	67.0	69.0	59.0
<b>Support Services:</b>										
Student & Instruction Related Services	12.0	10.0	10.0	10.0	10.0	10.0	10.5	12.0	13.0	13.0
School Administrative Services	22.0	22.0	22.0	20.0	21.0	21.0	20.0	18.0	20.0	19.0
General Administrative Services	3.0	3.0	3.0	3.0	2.0	2.0	2.0	2.0	2.0	2.0
Central Services	6.0	7.0	7.0	5.0	5.0	6.0	6.0	6.0	6.0	5.0
Administrative Information Technology	1.5	1.5	1.5	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Plant Operations and Maintenance	15.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0
<b>Total</b>	<u>196.0</u>	<u>192.0</u>	<u>194.0</u>	<u>194.5</u>	<u>212.5</u>	<u>201.5</u>	<u>176.5</u>	<u>193.0</u>	<u>199.0</u>	<u>188.5</u>

Source: District Personnel Records



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

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil <sup>d</sup>	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/		Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Teacher Ratio	School of Technology				
2010	734.9	\$ 15,119,074	\$ 20,573	5.76%	73.0	1:10.06	734.9	710.7	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	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	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	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	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	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	955.0	2.14%	95.88%
2017	1,035.5	19,559,825	18,889	0.16%	72.0	1:14.30	1,035.6	991.3	991.3	3.97%	95.72%
2018	1,105.9	21,207,492	19,177	1.52%	73.0	1:14.30	1,105.9	1,068.5	1,068.5	6.79%	96.62%
2019	1,218.0	20,496,851	16,828	-12.25%	74.0	1:14.30	1,218.0	1,175.2	1,175.2	10.14%	96.49%

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.

Sources: School District records

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<u>District Buildings</u>										
School of Technology (1969)										
Square Feet	165,011	165,011	165,011	165,011	165,011	165,011	187,911	187,911	187,911	187,911
Capacity (students)	934	934	934	934	934	934	934	934	934	934
Enrollment	734.9	939.3	942.6	946.5	971.7	975.1	996.0	1,035.6	1,105.9	1,218.0

Number of Schools at June 30, 2019  
 School of Technology = 1  
 Off-site Academies = 4

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,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Morris County Vocational School*	\$ 597,387	\$ 728,711	\$ 695,927	\$ 447,707	\$ 589,085	\$ 373,338	\$ 370,050	\$ 384,072	\$ 329,790	\$ 274,042
Total School Facilities*	\$ 597,387	\$ 728,711	\$ 695,927	\$ 447,707	\$ 589,085	\$ 373,338	\$ 370,050	\$ 384,072	\$ 329,790	\$ 274,042

\* 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, 2019  
UNAUDITED

**Morris County Insurance Fund**

	<u>Coverage</u>
<b>Chubb Insurance Company of New Jersey</b>	
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
 <b>Argonaut Insurance Company</b>	
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, 2019  
UNAUDITED

	<u>Coverage</u>
<b>Argonaut Insurance Company</b>	
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
<b>Argonaut Insurance Company</b>	
Business Automobile Policy	
Policy Limits	
Each Accident	\$ 1,000,000
Including Owned, Non-Owned & Hired Autos	
<b>Argonaut Insurance Company</b>	
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
<b>Great American Insurance Group</b>	
Crime Policy	
Public Employee Dishonesty	\$ 5,000,000
Forgery or Alteration	\$ 5,000,000
Inside the premises	\$ 10,000
Outside the Premises	\$ 10,000
Computer Fraud	\$ 5,000,000
Money Orders and Counterfeit Paper Currency	\$ 5,000,000
<b>Hartford Insurance</b>	
Statutory Bonds	
Treasurer of School Monies	\$ 250,000
Business Administrator	\$ 250,000

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2019  
UNAUDITED

	<u>Coverage</u>
<b>Ironshore Specialty Insurance Company</b>	
Site Pollution Incident Legal Liability (Claims-Made)	
Third Party claims for Bodily Injury,	
Property Damage or Remediation Expenses	\$ 5,000,000
First Party Remediation Expenses	\$ 5,000,000
Emergency Response Expenses	\$ 5,000,000
Business Interruption (365 Days)	\$ 5,000,000
Deductible	\$ 25,000
ALAE Erodes Ded 25% Outside Limit 75% Inside Limit	
 <b>Morris Essex Insurance Group</b>	
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
 <b>Cyber Liability</b>	
Policy Limits	
Media Content Insurance	\$ 5,000,000
Security & Privacy Liability Insurance	\$ 5,000,000
Network Interruption Insurance	\$ 5,000,000
Event Management Insurance	\$ 1,000,000
Cyber Extortion Insurance	\$ 5,000,000
Reputation Guard Insurance	\$ 50,000

SINGLE AUDIT

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, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 12, 2019.

**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.



### Compliance and Other Matters

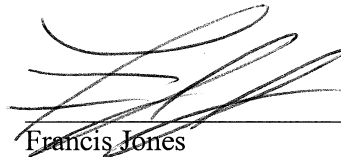
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

### Purpose of this Report

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

November 12, 2019  
Mount Arlington, New Jersey

  
NISIVOCCIA LLP



Francis Jones  
Licensed Public School Accountant #1154  
Certified Public Accountant



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Report on Compliance For Each Major Federal and State Programs:  
Report on Internal Control Over Compliance

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, 2019. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***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.

***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, 2019.

**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.

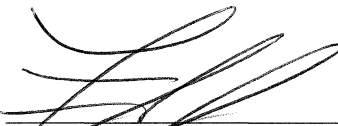
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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.

November 12, 2019  
Mount Arlington, New Jersey

  
NISIVOCCIA LLP

  
Francis Jones  
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, 2019

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant on State Project Number	Grant Period	Award Amount	Balance at June 30, 2018			Due to Grantor	Cash Received	Budgetary Expenditures	Cancellation of Prior Year Encumbrances	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2019		Amount Provided to Subrecipients
					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Budgetary Unearned Revenue									
U.S. Department of Education:																
Passed-through State Department of Education:																
Special Revenue Fund:																
Student Financial Aid Cluster:																
Federal Pell Grant	84.063	P063P064434	9/1/18-8/31/19	\$ 113,518	\$ (113,518)											
Federal Direct Student Loans (Direct Loan):																
Stafford Loans - Subsidized	84.268	N/A	9/1/18-8/31/19	78,382	(78,382)											
Stafford Loans - Unsubsidized	84.268	N/A	9/1/18-8/31/19	115,985	(115,985)											
Total Student Financial Aid Cluster				307,885	(307,885)											
Special Education Cluster:																
I.D.E.A. Part B, Basic	84.027	IDEA336518	7/1/17-6/30/18	221,399	(38,130)			38,131								
I.D.E.A. Part B, Basic	84.027	IDEA336519	7/1/18-6/30/19	240,349	(38,130)			175,054	(218,801)					\$ (43,747)		
Total Special Education Cluster				461,748	(76,260)			213,185	(218,801)					(43,747)		
Carl D. Perkins Secondary	84.048	PERK336518	7/1/17-6/30/18	326,388	(72,587)			72,587								
Carl D. Perkins Secondary	84.048	PERK336517	7/1/16-6/30/17	306,561												
Carl D. Perkins Secondary	84.048	PERK336519	7/1/18-6/30/19	340,460			\$ 153	309,640	(340,057)					(30,417)		
Carl D. Perkins Post Secondary	84.048	PERK336518	7/1/17-6/30/18	118,128	(4,019)			4,516						(192)		
Carl D. Perkins Post Secondary	84.048	PERK336519	7/1/18-6/30/19	121,858				121,244	(121,129)					(116)		
Subtotal Carl D. Perkins				903,335	(80,625)			307,987	(461,186)					(30,609)		
Passed thru State Department of Labor and Workforce Development:																
Consolidated Adult Basic Skills and Integrated English Literacy and Civics Education																
Consolidated Adult Basic Skills and Integrated English Literacy and Civics Education	84.002	ABS-18-07-31	7/1/17-6/30/18	645,160	(167,413)			167,417						(4)		
Consolidated Adult Basic Skills and Integrated English Literacy and Civics Education	84.002	ABS-17-07-31	7/1/16-6/30/17	719,130										(96)		
Consolidated Adult Basic Skills and Integrated English Literacy and Civics Education	84.002	ABS-19-07-31	7/1/18-6/30/19	797,360	(167,413)			515,193	(694,536)					(105)		
Subtotal Consolidated Adult Basic Skills and Integrated English Literacy and Civics Education				2,161,650	(334,826)			682,610	(694,536)					(205)		
Total U.S. Department of Education				2,161,650	(334,826)			1,711,667	(1,682,408)					(1)		

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2018			Due to Grantor	Cash Received	Budgetary Expenditures	Cancellation of Prior Year Encumbrances	Adjust- ments	Repayment of Prior Years' Balances	Balance at June 30, 2019		Amount Provided to Subrecipients
					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Budgetary Accounts Receivable							Budgetary Unearned Revenue		
<b>U.S. Department of Agriculture:</b>																
Passed-through State Department of Agriculture:																
Child Nutrition Cluster:																
Food Distribution Program	10,555	N/A	7/1/17-6/30/18	\$ 12,208					\$ (1,857)							
Food Distribution Program	10,555	N/A	7/1/18-6/30/19	13,840				\$ 13,840	(12,908)					\$ 932		
National School Lunch Program	10,555	N/A	7/1/17-6/30/18	13,322				1,201	(16,331)							
National School Lunch Program	10,555	N/A	7/1/18-6/30/19	16,331				15,152	(16,331)							
School Breakfast Program	10,553	N/A	7/1/17-6/30/18	767				30	(723)							
School Breakfast Program	10,553	N/A	7/1/18-6/30/19	723				685	(723)					(38)		
Total Child Nutrition Cluster					(1,231)	1,857		30,908	(31,819)					(1,217)	932	
Total Federal Awards					\$ (283,380)	\$ 1,857	\$ 249	\$ 1,742,575	\$ (1,714,225)	\$ (1,210)	\$ (1)	\$ (2,373)	\$ (255,020)	\$ 932	\$	\$ -0-

N/A - Not Available/Applicable

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

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2018		Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2019		Cumulative Total Expenditures
				Budgetary Accounts Receivable	Due to Grantor					GAAP Accounts Receivable	Budgetary Unearned Revenue	
NJ Department of Education:												
General Fund State Aid:												
Equalization Aid	18-495-034-5120-078	7/1/17-6/30/18	\$ 73,419	\$ (7,036)	\$	7,036						\$ 73,419
Special Education Categorical Aid	18-495-034-5120-089	7/1/17-6/30/18	503,287	(48,231)		48,231						503,287
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	64,934	(6,223)		6,223						64,934
Adjustment Aid	18-495-034-5120-085	7/1/17-6/30/18	563,785	(54,028)		54,028						563,785
Adult and Post-Graduate Program Aid	18-100-034-5120-101	7/1/17-6/30/18	146,508	(14,040)		14,040						146,508
PARCC Readiness	18-495-034-5120-098	7/1/17-6/30/18	8,910	(854)		854						8,910
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	8,910	(854)		854						8,910
Professional Learning Community Aid	18-495-034-5120-101	7/1/17-6/30/18	9,820	(941)		941						9,820
Reimbursed TPAF Social Security Contributions	18-495-034-5094-003	7/1/17-6/30/18	534,690	(25,823)		25,823						534,690
Reimbursed TPAF Social Security Contributions	19-495-034-5094-003	7/1/18-6/30/19	533,351			507,906	\$ (533,351)			\$ (25,445)		533,351
On-Behalf TPAF Post Retirement Contributions	19-495-034-5094-001	7/1/18-6/30/19	634,922			634,922	(634,922)					634,922
On-Behalf TPAF Pension Contributions	19-495-034-5094-002	7/1/18-6/30/19	1,371,046			1,371,046	(1,371,046)					1,371,046
On-Behalf TPAF Non-Contributory Insurance	19-495-034-5094-004	7/1/18-6/30/19	28,700			28,700	(28,700)					28,700
On-Behalf TPAF Long-Term Disability Insurance	19-495-034-5094-004	7/1/18-6/30/19	1,800			1,800	(1,800)					1,800
Equalization Aid	19-495-034-5120-078	7/1/18-6/30/19	73,419			66,420	(73,419)				(6,999)	73,419
Special Education Categorical Aid	19-495-034-5120-089	7/1/18-6/30/19	594,887			538,175	(594,887)				(56,712)	594,887
Security Aid	19-495-034-5120-084	7/1/18-6/30/19	90,697			82,051	(90,697)				(8,646)	90,697
Adjustment Aid	19-495-034-5120-085	7/1/18-6/30/19	474,062			428,868	(474,062)				(45,194)	474,062
Total General Fund State Aid				(158,030)		3,817,918	(3,802,884)			(25,445)	(142,996)	5,717,147
Enterprise Fund:												
State School Lunch Program	18-100-010-33350-023	7/1/17-6/30/18	1,259	(111)		111						1,259
State School Lunch Program	19-100-010-33350-023	7/1/18-6/30/19	1,178			1,091	(1,178)			(87)	(87)	1,178
Total Enterprise Fund State Aid				(111)		1,202	(1,178)			(87)	(87)	2,437
Special Revenue Fund:												
Partnership Grant, C3 Comp	17-E00-155	4/15/17-6/30/20	330,000	(23,159)		25,055	(1,896)					330,000
County Vocational School District Partnership Grant, Cohort 2	16-VE02-C06	3/1/16-6/30/19	445,325		\$ 166	114,601	(215,825)	\$ (1)		(100,457)	\$ (101,058)	445,325
County Vocational School District Partnership Grant, Cohort 2	15-VE01-C06	4/1/15-6/30/18	353,807	(10,274)		15,561			\$ (5,287)			353,807
County Vocational School District Partnership Grant, C4 Comp	18-E00-137	4/13/18-6/30/21	330,000	(35,839)		99,491	(87,184)			(23,532)	(23,532)	87,184

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2018		Cash Received	Budgetary Expenditures	Adjustments	Balance at June 30, 2019			Cumulative Total Expenditures
				Budgetary Accounts Receivable	Due to Grantor				GAAP Accounts Receivable	Budgetary Unearned Revenue	Budgetary Accounts Receivable	
NJ Department of Labor and Workforce Development:												
Special Revenue Fund:												
Apprenticeship Coordinator	N/A	7/1/17-6/30/18	\$ 15,000	\$ (3,771)	\$ 7,694	\$ (3,923)				\$ (3,924)	\$	3,923
Apprenticeship Coordinator	N/A	7/1/18-6/30/19	15,900		7,968	(11,891)		(1)				15,000
Total NJ Department of Labor and Workforce Development				(3,771)	15,662	(15,814)		(1)		(3,924)		18,923
Total Special Revenue Fund State Aid				(73,043)	\$ 166	270,370	(320,719)	(2)	(5,287)	(127,913)	(128,514)	1,235,239
Total State Awards Subject to Single Audit Determination				\$ (231,184)	\$ 166	\$ 4,089,490	\$ (4,124,781)	(2)	(5,287)	\$ (153,445)	\$ (271,597)	\$ 6,954,823
Less: State Awards Not Subject to Single Audit Major Program Determination												
On-Behalf TPAF Pension System Contributions:												
On-Behalf TPAF Post Retirement Contributions	19-495-034-5094-001	7/1/18-6/30/19	(634,922)		(634,922)	634,922						
On-Behalf TPAF Pension Contributions	19-495-034-5094-002	7/1/18-6/30/19	(1,371,046)		(1,371,046)	1,371,046						
On-Behalf TPAF Non-Contributory Insurance	19-495-034-5094-004	7/1/18-6/30/19	(28,700)		(28,700)	28,700						
On-Behalf TPAF Long-Term Disability Insurance	19-495-034-5094-004	7/1/18-6/30/19	(1,800)		(1,800)	1,800						
Subtotal - On-Behalf TPAF Pension System Contributions					(2,036,468)	2,036,468						
Total State Awards Subject to Single Audit Major Program Determination					\$ 2,053,022	\$ (2,088,313)						

N/A - Not Available

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

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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, 2019. 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 not 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 (\$16,906) for the General Fund and \$11,669 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.



MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

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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:

	Federal	State	Total
General Fund		\$ 3,817,540	\$ 3,817,540
Special Revenue Fund	\$ 1,689,398	374,496	2,063,894
Enterprise Funds (Food Service Fund)	31,819	1,178	32,997
Total Federal and State Awards	\$ 1,721,217	\$ 4,193,214	\$ 5,914,431

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, 2019. 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, 2019

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/ State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>Federal:</u>				
Carl D. Perkins Secondary	84.048	7/1/18-6/30/19	\$ 340,460	\$ 340,057
Carl D. Perkins Post Secondary	84.048	7/1/18-6/30/19	121,858	121,129
<u>State:</u>				
<u>General Fund State Aid:</u>				
Equalization Aid	19-495-034-5120-078	7/1/18-6/30/19	73,419	73,419
Special Education Categorical Aid	19-495-034-5120-089	7/1/18-6/30/19	594,887	594,887
Security Aid	19-495-034-5120-084	7/1/18-6/30/19	90,697	90,697
Adjustment Aid	19-495-034-5120-085	7/1/18-6/30/19	474,062	474,062

- 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, 2019  
(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, 2019

Status of Prior Year Findings:

There were no prior year audit findings.