

**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, 2020**

**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, 2020

Prepared by

**Morris County Vocational School District
Business Office**

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INTRODUCTORY SECTION
(UNAUDITED)



November 3, 2020

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, 2020 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 ten share-time (half day) programs, which includes three programs for students who have greater individualized needs and require a smaller class size. Nine of the thirteen Academy programs are offered at the Morris County Vocational School District campus. Four satellite Academies are offered; one each at Jefferson Township High School in Jefferson, NJ and Mountain Lakes High School in Mountain Lakes, NJ and two at Morris Hills High School in Rockaway, NJ.

Thirty eight (38) high schools from eighty-six (86) communities and seven counties send students shared-time (half time) and full-time to the County Vocational School. One (1) full time postsecondary program is offered during the day. In addition to the secondary programs and full time postsecondary courses, the District offers over 59 part time Adult Evening classes where enrollment averages around 512 students per year.

The Honorable President and Members
of the Board of Education
Morris County Vocational School District
November 3, 2020

The District completed the 2019-2020 school year with a full time equivalent enrollment of 1,358.3. The District's secondary enrollment increased at a rate of 12% during the year.

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

- a. Addition of new Front Entrance and Security Vestibule along with windows and siding for Building 1 and partial roof replacement for Building 4.
- b. Continued 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.
- c. Launch of the Academy for Athletic Training and Physical Therapy in collaboration with the Roxbury School District at their facility.
- d. Launch of the Global Supply Chain Management Academy on the Denville campus.
- e. Growth of an Allied Health program with the Pequannock School District which began in September of 2018.
- f. Continued ongoing maintenance projects to address emergency lighting. 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.

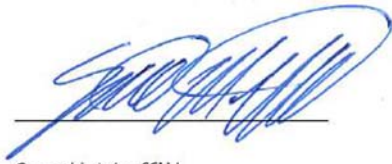
As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control system, including that portion related to federal and state financial award programs, as well as to determine that the District has complied with applicable laws and regulations.

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.

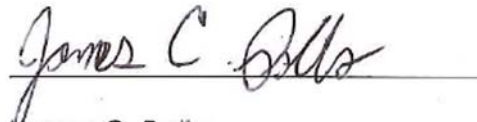
Capital Improvements are funded by the County of Morris, which pays the resulting debt service. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open 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, 2020.

The Honorable President and Members
of the Board of Education
Morris County Vocational School District
November 3, 2020

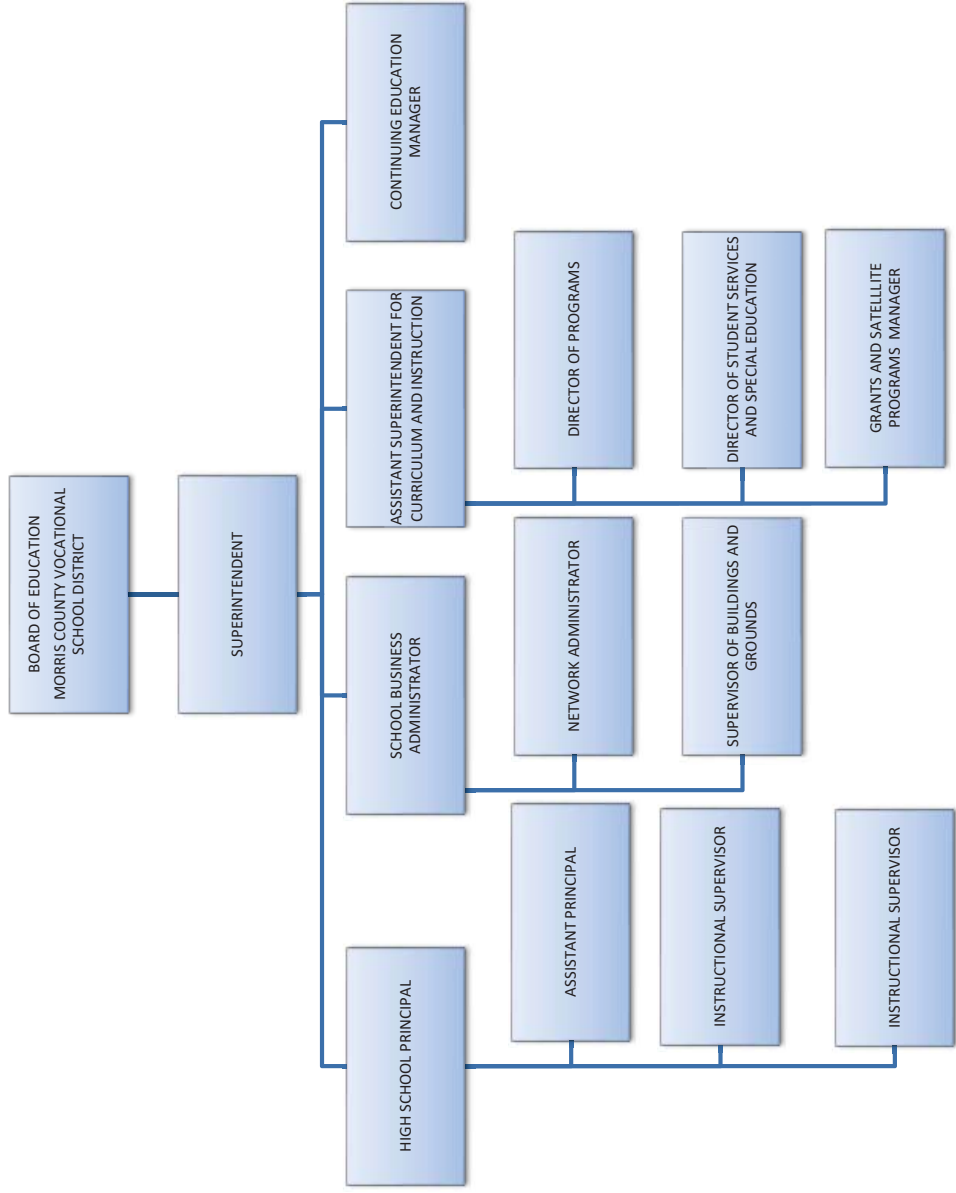
5. **ACCOUNTING SYSTEM AND REPORTS:** The District’s accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in “Notes 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 C. Rollo
Business Administrator/Board Secretary



Board Approved: November 1, 2019

**MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
 ROSTER OF OFFICIALS
 JUNE 30, 2020**

<u>Members of the Board of Education</u>	Title	Term Expires
Barbara Dawson	President	2023
Lawrence J. Colasurdo	Vice President	2020
Hannah Starr	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
James Rollo	Board Secretary/Business Administrator
Alexandra Albert	Treasurer of School Monies
John M. Mills, III	Board Attorney

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

Audit Firm

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

Attorney

Mills & Mills
One Western Avenue
Morristown, NJ 07960

Official Depository

Provident Bank
41 Broadway
Denville, NJ 07834

FINANCIAL SECTION

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, 2020, 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, 2020, 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
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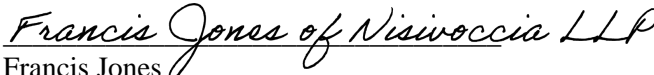
The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2020 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 3, 2020
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

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, 2020. 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

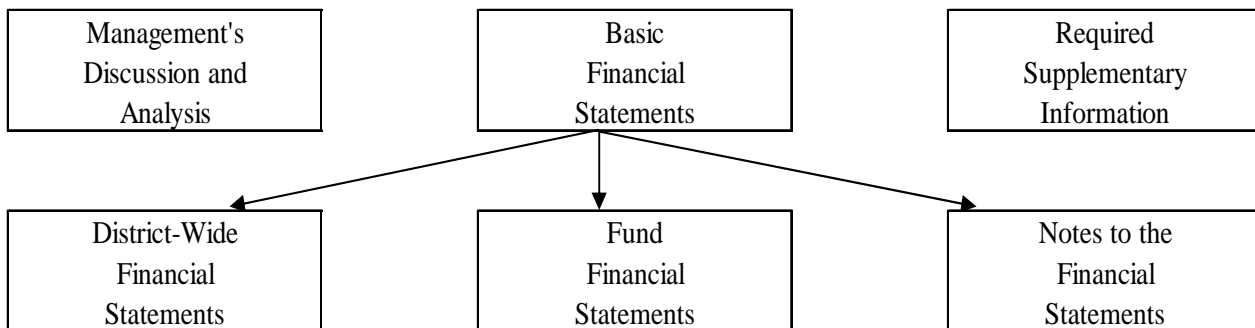


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents 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: Food Service, Cosmetology and Adult Education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies.
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenue, expenses, and changes in net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the 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 \$525,337. Net position from governmental activities increased by \$457,536 and net position from business-type activities increased by \$67,801. Net investment in capital assets increased by \$1,701,226, restricted net position increased by \$472,658, and unrestricted net position decreased by \$1,648,547.

Figure A-3

Condensed Statement of Net Position

	Government Activities		Business-Type Activities		Total School District		Total Percentage Change
	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	
Current and Other Assets	\$ 6,966,974	\$ 5,978,719	\$ 142,822	\$ 125,028	\$ 7,109,796	\$ 6,103,747	
Capital Assets, Net	23,445,147	25,158,619	65,073	52,827	23,510,220	25,211,446	
Total Assets	<u>30,412,121</u>	<u>31,137,338</u>	<u>207,895</u>	<u>177,855</u>	<u>30,620,016</u>	<u>31,315,193</u>	2.27%
Deferred Outflows of Resources	<u>1,686,064</u>	<u>1,096,107</u>	<u>126,908</u>	<u>73,020</u>	<u>1,812,972</u>	<u>1,169,127</u>	-35.51%
Other Liabilities	548,342	878,660	40,420	35,147	588,762	913,807	
Long-Term Liabilities	<u>6,962,530</u>	<u>6,467,742</u>	<u>496,080</u>	<u>390,277</u>	<u>7,458,610</u>	<u>6,858,019</u>	
Total Liabilities	<u>7,510,872</u>	<u>7,346,402</u>	<u>536,500</u>	<u>425,424</u>	<u>8,047,372</u>	<u>7,771,826</u>	-3.42%
Deferred Inflows of Resources	<u>2,673,535</u>	<u>2,515,729</u>	<u>201,233</u>	<u>160,580</u>	<u>2,874,768</u>	<u>2,676,309</u>	-6.90%
Net Position:							
Net Investment in Capital Assets	23,445,147	25,158,619	65,073	52,827	23,510,220	25,211,446	
Restricted	1,756,187	2,228,845			1,756,187	2,228,845	
Unrestricted/(Deficit)	<u>(3,287,556)</u>	<u>(5,016,150)</u>	<u>(468,003)</u>	<u>(387,956)</u>	<u>(3,755,559)</u>	<u>(5,404,106)</u>	
Total Net Position / (Deficit)	<u>\$21,913,778</u>	<u>\$22,371,314</u>	<u>\$(402,930)</u>	<u>\$(335,129)</u>	<u>\$21,510,848</u>	<u>\$22,036,185</u>	2.44%

Figure A-4

Changes in Net Position from Operating Results

	Governmental Activities 2018/19	Governmental Activities 2019/20	Business- Type Activities 2018/19	Business- Type Activities 2019/20	Total School District 2018/19	Total School District 2019/20	Percentage Change
Revenue:							
Program Revenue:							
Charges for Services	\$ 11,084,707	\$ 11,988,514	\$ 748,630	\$ 672,645	\$ 11,833,337	\$ 12,661,159	
Operating Grants and Contributions	7,424,447	7,156,254	32,997	22,743	7,457,444	7,178,997	
General Revenue:							
County Tax Levy	6,351,286	6,351,286			6,351,286	6,351,286	
State and Federal Aid not Restricted	649,307	638,150			649,307	638,150	
County Improvement Authorizations	2,627,440	516,210			2,627,440	516,210	
Other	204,026	169,155	210	5,064	204,236	174,219	
Total Revenue	28,341,213	26,819,569	781,837	700,452	29,123,050	27,520,021	-5.50%
Expenses:							
Instruction	15,141,473	16,020,180			15,141,473	16,020,180	
Pupil and Instruction Services	4,485,157	4,198,979			4,485,157	4,198,979	
Administrative & Business Maintenance and Operations	3,267,028	3,387,238			3,267,028	3,387,238	
Pupil Transportation	2,117,900	2,060,445			2,117,900	2,060,445	
Special Schools	271,074	195,574			271,074	195,574	
Capital Outlay	630,342	464,595			630,342	464,595	
Other	2,193	35,022	761,732	632,651	2,193	35,022	
Total Expenses	25,915,167	26,362,033	761,732	632,651	26,676,899	26,994,684	1.19%
Increase/(Decrease) in Net Position	\$ 2,426,046	\$ 457,536	\$ 20,105	\$ 67,801	\$ 2,446,151	\$ 525,337	-78.52%

Governmental Activities

The net position of the governmental activities increased \$457,536 due to numerous factors. Net Investment in Capital Assets increased \$1,713,472 combining additions, dispositions, and depreciation expense. Restricted Net position increased primarily due to an increase in the Capital Reserve per board resolution of \$458,668, interest earnings of \$9,827 and a return of capital projects of \$3,890. Additionally, the Maintenance Reserve increased by \$273 for interest earnings. Unrestricted Net position decreased by \$1,728,594, primarily due a decrease in committed fund balance related to capital projects of \$1,695,361, a decrease in other purposes of \$48,260, a decrease in unassigned fund balance of \$85,128, offset by an increase of \$91,444 in changes in deferred inflows, outflows and liabilities related to pensions and an increase in assigned fund balance designated for subsequent year's expenditures of \$8,711.

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

	Net Cost of Governmental Activities			
	Total Cost of	Total Cost of	Net Cost of	Net Cost of
	Services	Services	Services	Services
	2018/19	2019/20	2018/19	2019/20
Instruction	\$ 15,141,473	\$ 16,020,180	\$ 3,707,783	\$ 3,952,242
Pupil and Instruction Services	4,485,157	4,198,979	570,872	562,874
Administrative and Business	3,267,028	3,387,238	1,419,942	1,202,619
Maintenance and Operations	2,117,900	2,060,445	940,425	898,198
Pupil Transportation	271,074	195,574	148,496	101,715
Special Schools	630,342	464,595	616,302	464,595
Capital Outlay	2,193	35,022	2,193	35,022
	<u>\$ 25,915,167</u>	<u>\$ 26,362,033</u>	<u>\$ 7,406,013</u>	<u>\$ 7,217,265</u>

Business-Type Activities

Net position from the District's business-type activities increased overall by \$67,801. (Refer to Figure A-4). The most significant factors contributing to these results were:

- The Adult Education and Cosmetology Enterprise Fund both saw an increase of \$67,552 and \$2,261, respectively. The Adult Education Enterprise Fund had a higher decrease in expenses compared to the decrease in revenue caused by the early closure of the school district due to the COVID-19 pandemic. The Cosmetology Enterprise Fund had no operating expenses in the current year.
- The Food Service Enterprise Fund saw a decrease in net position of \$2,012 due to a proportional decreases in revenues and in expenses from 2019 due to the inactivity in the food service program because of the COVID-19 pandemic related closures of the school.

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 made changes in the registration process in its Adult Education proprietary fund operations to reduce expenses. Starting in May of 2020, credit card registrations will pass on credit card processing fees to the registrant going forward. 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
	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	
Sites and Site Improvements	\$ 328,880	\$ 327,273			\$ 328,880	\$ 327,273	
Construction in Progress	4,546,581	6,754,262			4,546,581	6,754,262	
Buildings and Building Improvements	17,251,548	16,766,389			17,251,548	16,766,389	
Furniture, Machinery and Equipment	1,318,138	1,310,695	\$ 65,073	\$ 52,827	1,383,211	1,363,522	
Total	\$ 23,445,147	\$ 25,158,619	\$ 65,073	\$ 52,827	\$ 23,510,220	\$ 25,211,446	7.24%

Long-term Liabilities

At year-end, the District had \$6,859,018 of long term liabilities – a decrease of \$600,591 from last year – as shown in Figure A-7. This decrease was a result of a net increase in compensated absences of \$24,632 and a net decrease of \$625,223 in net pension liability.

Figure A-7

Outstanding Long-Term Liabilities

	Total School District	
	2018/19	2019/20
Other Long-Term Liabilities	\$ 537,808	\$ 562,440
Net Pension Liability	6,920,802	6,295,579
	\$ 7,458,610	\$ 6,858,019

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 District intends to apply for the grant made possible by the passage of the Securing Our Schools bond act to partner with the County College of Morris to expand facilities to address the unserved population of applicants. If the grant is approved, 75% of the cost of the facilities expansion would be reimbursed by the State of New Jersey. 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. However, the unlikely completion of a successor agreement by March 2021 when the budget is due will result in less certain projections for the following year.

- 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.
- The \$330,000 grant for the BioTech Academy expired in June of 2020. Furthermore, the program is moving from the Mountain Lakes Schools District to Denville campus. There will likely be significant investment in supplies and facilities to accommodate the transfer of this program.
- Post-secondary cosmetology and HVAC programs were recently discontinued 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, 2020

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 1,615,282	\$ 117,823	\$ 1,733,105
Interfund Receivable	9,471		9,471
Receivables from State Government	38,014		38,014
Receivables from Federal Government	191,302		191,302
Receivables from Other Governments	2,885,911		2,885,911
Other Receivables	9,894		9,894
Inventories		7,205	7,205
Restricted Assets:			
Capital Reserve Account - Cash and Cash Equivalents	1,113,350		1,113,350
Maintenance Reserve Account - Cash and Cash Equivalents	115,495		115,495
Capital Assets, Net:			
Sites (Land) and Construction in Progress	7,062,862		7,062,862
Depreciable Site Improvements, Buildings and Building Improvements and Furniture, Machinery and Equipment	18,095,757	52,827	18,148,584
Total Assets	<u>31,137,338</u>	<u>177,855</u>	<u>31,315,193</u>
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>			
Deferred Outflows Related to Pensions	1,096,107	73,020	1,169,127
Total Deferred Outflows of Resources	<u>1,096,107</u>	<u>73,020</u>	<u>1,169,127</u>
<u>LIABILITIES</u>			
Accounts Payable	483,094	21,872	504,966
Accounts Payable - State Government	327,974		327,974
Payable to State Government	2,573		2,573
Unearned Revenue	65,019	13,275	78,294
Non-Current Liabilities:			
Due Within One Year			
Due Beyond One Year	6,467,742	390,277	6,858,019
Total Liabilities	<u>7,346,402</u>	<u>425,424</u>	<u>7,771,826</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows Related to Pensions	2,515,729	160,580	2,676,309
Total Deferred Inflows of Resources	<u>2,515,729</u>	<u>160,580</u>	<u>2,676,309</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	25,158,619	52,827	25,211,446
Restricted for:			
Capital Projects	1,113,350		1,113,350
Maintenance	115,495		115,495
Excess Surplus	1,000,000		1,000,000
Unrestricted/(Deficit)	<u>(5,016,150)</u>	<u>(387,956)</u>	<u>(5,404,106)</u>
Total Net Position/(Deficit)	<u>\$ 22,371,314</u>	<u>\$ (335,129)</u>	<u>\$ 22,036,185</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, 2020

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	\$ 9,451,796	\$ 4,536,069	\$ 1,894,162	\$ (3,021,565)		\$ (3,021,565)
Special	1,147,511	127,436	1,575,104	555,029		555,029
Vocational Education	4,968,019	2,384,232	1,333,604	(1,250,183)		(1,250,183)
Other Instruction	452,853	217,331		(235,522)		(235,522)
Support Services:						
Student and Instruction Related Services	4,198,979	2,015,157	1,620,948	(562,874)		(562,874)
General Administrative Services	751,153	360,490	124,574	(266,089)		(266,089)
School Administrative Services	1,530,061	734,301	355,133	(440,627)		(440,627)
Central Services	691,736	331,975	79,322	(280,439)		(280,439)
Administrative Information Technology	414,289	198,824		(215,465)		(215,465)
Plant Operations and Maintenance	2,060,445	988,840	173,407	(898,198)		(898,198)
Pupil Transportation	195,574	93,859		(101,715)		(101,715)
Special Schools	464,595			(464,595)		(464,595)
Capital Outlay	35,022			(35,022)		(35,022)
Total Governmental Activities	26,362,033	11,988,514	7,156,254	(7,217,265)		(7,217,265)
Business-Type Activities:						
Adult Education	482,712	550,264			\$ 67,552	67,552
Food Service	149,939	122,381	22,743		(4,815)	(4,815)
Total Business-Type Activities	632,651	672,645	22,743		62,737	62,737
Total Primary Government	\$ 26,994,684	\$ 672,645	\$ 7,178,997	\$ (7,217,265)	\$ 62,737	\$ (7,154,528)

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	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	638,150		638,150
Interest Earnings	10,100		10,100
Miscellaneous Income	118,619		118,619
County Improvement Authorization	516,210		516,210
Transfers	(5,064)	\$ 5,064	
Other Item:			
Capital Contribution to School District	45,500		45,500
Total General Revenues	7,674,801	5,064	7,679,865
Change in Net Position	457,536	67,801	525,337
Net Position/ (Deficit) - Beginning	21,913,778	(402,930)	21,510,848
Net Position/ (Deficit) - Ending	\$ 22,371,314	\$ (335,129)	\$ 22,036,185

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, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 1,615,282			\$ 1,615,282
Interfund Receivables:				
Special Revenue Fund	44,120			44,120
Capital Projects Fund	359,294			359,294
Fiduciary Fund - Flex Spending Trust Fund	9,471			9,471
Receivables From State Government	27,172	\$ 10,842		38,014
Receivables From Federal Government		191,302		191,302
Receivables From Other Governments	180,777		\$ 2,705,134	2,885,911
Other Accounts Receivables	9,894			9,894
Restricted Cash and Cash Equivalents	1,228,845			1,228,845
Total Assets	\$ 3,474,855	\$ 202,144	\$ 2,705,134	\$ 6,382,133
LIABILITIES AND FUND BALANCES				
Liabilities:				
Interfund Payable - General Fund		44,120	359,294	403,414
Accounts Payable	116,146	50,672	316,276	483,094
Accounts Payable - State Government	950	39,760		40,710
Payable to State Government		2,573		2,573
Unearned Revenue		65,019		65,019
Total Liabilities	117,096	202,144	675,570	994,810
Fund Balances:				
Restricted:				
Capital Reserve Account	1,113,350			1,113,350
Maintenance Reserve	115,495			115,495
Excess Surplus for 2020-2021	500,000			500,000
Excess Surplus for 2021-2022	500,000			500,000
Committed:				
Capital Projects Fund			2,029,564	2,029,564
Assigned:				
Other Purposes	51,740			51,740
Subsequent Year's Expenditures	8,711			8,711
Unassigned	1,068,463			1,068,463
Total Fund Balances	3,357,759		2,029,564	5,387,323
Total Liabilities and Fund Balances	\$ 3,474,855	\$ 202,144	\$ 2,705,134	\$ 6,382,133

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	<u>Total Governmental Funds</u>
Amounts Reported for Governmental Activities in the Statement of Net Position (A-1) are different because:	
Total Fund Balances from previous page	\$ 5,387,323
Capital Assets Used in Governmental Activities are not financial resources and therefore are not reported in the Funds. The cost of the assets is \$38,609,212 and the Accumulated Depreciation is \$13,450,593.	25,158,619
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.	(6,467,742)
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:	808,843
Deferred Inflows:	<u>(2,515,729)</u>
Net Position of Governmental Activities	<u>\$ 22,371,315</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, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
REVENUES:				
Local Sources:				
County Tax Levy	\$ 6,351,286			\$ 6,351,286
Tuition from LEA's	12,072,283			12,072,283
Tuition from Individuals	339,504			339,504
Interest Earned on Capital Reserve Funds	9,827			9,827
Interest Earned on Maintenance Reserve Funds	273			273
Unrestricted Miscellaneous Revenue	118,619			118,619
Total - Local Sources	18,891,792			18,891,792
State Sources	3,943,549	\$ 117,897		4,061,446
Federal Sources		1,603,051		1,603,051
Total Revenues	22,835,341	1,720,948		24,556,289
EXPENDITURES:				
Current:				
Instruction:				
Regular Instruction	6,862,890	385,025		7,247,915
Special Education Instruction	517,263	217,556		734,819
Vocational Education Instruction	2,598,907	116,775		2,715,682
School-Sponsored/Other Instruction	382,861			382,861
Support Services and Undistributed Costs:				
Student and Other Instruction Related Services	2,086,982	828,185		2,915,167
General Administration Services	539,919			539,919
School Administration Services	990,095			990,095
Central Services	482,363			482,363
Administrative Information Technology	315,442			315,442
Plant Operations and Maintenance	1,675,703			1,675,703
Student Transportation Services	107,513			107,513
Unallocated Benefits	5,488,291			5,488,291
Capital Outlay	116,477	173,407	\$ 2,207,681	2,497,565
Special Schools	321,480			321,480
Total Expenditures	22,486,186	1,720,948	2,207,681	26,414,815
Excess/(Deficit) of Revenue Over/(Under) Expenditures	349,155		(2,207,681)	(1,858,526)
Other Financing Sources/(Uses):				
County Improvement Authorization			516,210	516,210
Transfer to Food Service Fund	(5,064)			(5,064)
Capital Reserve - Transfer from Capital Projects Fund	3,890		(3,890)	
Total Other Financing Sources/(Uses)	(1,174)		512,320	511,146
Net Change in Fund Balances	347,981		(1,695,361)	(1,347,380)
Fund Balance - July 1	3,009,778		3,724,925	6,734,703
Fund Balance - June 30	\$ 3,357,759	\$ -0-	\$ 2,029,564	\$ 5,387,323

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, 2020

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ (1,347,380)

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	\$ (737,023)	
Deletions, Net of Related Depreciation Expense	(27,084)	
Capital Outlays	<u>2,477,579</u>	1,713,472

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 (+). (23,714)

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	518,502	
Change in Deferred Outflows:	(561,150)	
Change in Deferred Inflows:	<u>157,806</u>	

Change in Net Position of Governmental Activities (Exhibit A-2) \$ 457,536

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, 2020

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Non-Major Funds</u>	<u>Major Fund Adult Education</u>	<u>Total Enterprise</u>
<u>ASSETS:</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 65,674	\$ 52,149	\$ 117,823
Inventories	7,205		7,205
Total Current Assets	72,879	52,149	125,028
Non-Current Assets:			
Capital Assets	79,844	92,923	172,767
Less: Accumulated Depreciation	(66,213)	(53,727)	(119,940)
Total Non-Current Assets	13,631	39,196	52,827
Total Assets	86,510	91,345	177,855
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>			
Total Deferred Outflows of Resources		73,020	73,020
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts Payable	450	21,422	21,872
Unearned Revenue	13,275		13,275
Total Current Liabilities	13,725	21,422	35,147
Non-Current Liabilities:			
Compensated Absences Payable		12,542	12,542
Net Pension Liability		377,735	377,735
Total Non-Current Liabilities		390,277	390,277
Total Liabilities	13,725	411,699	425,424
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Total Deferred Inflows of Resources		160,580	160,580
<u>NET POSITION:</u>			
Investment in Capital Assets	13,631	39,196	52,827
Unrestricted/(Deficit)	59,154	(447,110)	(387,956)
Total Net Position/(Deficit)	\$ 72,785	\$ (407,914)	\$ (335,129)

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, 2020

	Business-Type Activities - Enterprise Funds		
	Non-Major Funds	Major Fund Adult Education	Total Enterprise
Operating Revenue:			
Daily Sales:			
Reimbursable Programs	\$ 35,311		\$ 35,311
Non-Reimbursable Programs	78,596		78,596
Charges for Services:			
Program Fees	2,261	\$ 550,264	552,525
Miscellaneous Revenue	6,213		6,213
Total Operating Revenue	<u>122,381</u>	<u>550,264</u>	<u>672,645</u>
Operating Expenses:			
Cost of Sales:			
Reimbursable Programs	24,172		24,172
Non-Reimbursable Programs	53,802		53,802
Salaries	37,983		37,983
Employee Benefits	10,516	474,755	485,271
Purchased Professional and Technical Services	10,713		10,713
Supplies and Materials	450		450
Miscellaneous Expense	2,950		2,950
Depreciation Expense	4,289	7,957	12,246
Total Operating Expenses	<u>144,875</u>	<u>482,712</u>	<u>627,587</u>
Operating Income/(Loss)	<u>(22,494)</u>	<u>67,552</u>	<u>45,058</u>
Non-Operating Income:			
State Sources:			
State School Lunch Program	633		633
Federal Sources:			
National School Lunch Program	8,557		8,557
School Breakfast Program	64		64
Food Distribution Program	13,489		13,489
Total Non-Operating Income	<u>22,743</u>		<u>22,743</u>
Non-operating Expenses:			
Reimbursements:			
Board subsidized Free and Reduced Lunches	5,064		5,064
Total Non-Operating Expenses	<u>5,064</u>		<u>5,064</u>
Change in Net Position Before Transfers	<u>(4,815)</u>	<u>67,552</u>	<u>62,737</u>
Transfers:			
Transfer from General Fund	5,064		5,064
Total Transfers	<u>5,064</u>		<u>5,064</u>
Change in Net Position	249	67,552	67,801
Net Position/(Deficit) - Beginning of Year	<u>72,536</u>	<u>(475,466)</u>	<u>(402,930)</u>
Net Position/(Deficit) - End of Year	<u>\$ 72,785</u>	<u>\$ (407,914)</u>	<u>\$ (335,129)</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, 2020

	Business-Type Activities - Enterprise Funds		
	Non-Major Funds	Major Fund Adult Education	Total Enterprise
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 128,580	\$ 551,063	\$ 679,643
Payments to Food Service Contractor	(137,443)		(137,443)
Payments to/for Employees		(569,720)	(569,720)
Payments to Suppliers		(525)	(525)
Net Cash Used for Operating Activities	<u>(8,863)</u>	<u>(19,182)</u>	<u>(28,045)</u>
Cash Flows from Non-Operating Activities:			
Reimbursements:			
Board subsidized Free and Reduced Lunches	(5,064)		(5,064)
Net Cash Used for Non-Operating Activities	<u>(5,064)</u>		<u>(5,064)</u>
Cash Flows from Noncapital Financing Activities:			
Transfer from General Fund	5,064		5,064
State Sources	720		720
Federal Sources	9,839		9,839
Net Cash Provided by Noncapital Financing Activities	<u>15,623</u>		<u>15,623</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	1,696	(19,182)	(17,486)
Cash and Cash Equivalents, July 1	<u>63,978</u>	<u>71,331</u>	<u>135,309</u>
Cash and Cash Equivalents, June 30	<u>\$ 65,674</u>	<u>\$ 52,149</u>	<u>\$ 117,823</u>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Non-Major Funds</u>	<u>Major Fund Adult Education</u>	<u>Total Enterprise</u>
Reconciliation of Operating Income/(Loss) to Net Cash			
Net Cash Provided by/(Used for) Operating Activities:			
Operating Income/(Loss)	\$ (22,494)	\$ 67,552	\$ 45,058
Adjustment to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Depreciation	4,289	7,957	12,246
Food Distribution Program	13,489		13,489
Changes in Assets and Liabilities:			
Decrease in Other Accounts Receivable		799	799
(Increase) in Inventory	(1,795)		(1,795)
(Decrease) in Accounts Payable	(9,308)	(525)	(9,833)
Increase in Unearned Revenue	6,956		6,956
Increase in Compensated Absences Payable		918	918
(Decrease) in Net Pension Liability		(106,721)	(106,721)
Decrease in Changes in Assumptions - Pension		18,321	18,321
Decrease in Difference between Expected and Actual Experience - Pension		1,630	1,630
Decrease in Difference between Projected and Actual Earnings in Investments - Pensions		1,419	1,419
(Decrease) in Changes in Proportions - Pensions		(10,532)	(10,532)
Net Cash Used for Operating Activities	<u>\$ (8,863)</u>	<u>\$ (19,182)</u>	<u>\$ (28,045)</u>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Commodities through the Food Distribution Program valued at \$14,247 and utilized U.S.D.A. Commodities valued at \$13,489.

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, 2020

	<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	\$ 533,970	\$ 115,952	\$ 11,827	\$ 130,221
Interfund Receivable:				
Payroll Agency		3,248		
Total Assets	<u>533,970</u>	<u>119,200</u>	<u>11,827</u>	<u>130,221</u>
<u>LIABILITIES:</u>				
Interfund Payable:				
General Fund			9,471	
Unemployment Compensation Trust	3,248			
Payroll Deductions and Withholdings	109,730			
Accrued Salaries and Wages	294,630			
Due to Student Groups	126,362			
Total Liabilities	<u>533,970</u>		<u>9,471</u>	
<u>NET POSITION:</u>				
Held in Trust for:				
Unemployment Claims		119,200		
Flexible Spending Claims			2,356	
Restricted for Scholarships				130,221
Total Net Position	<u>\$ -0-</u>	<u>\$ 119,200</u>	<u>\$ 2,356</u>	<u>\$ 130,221</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, 2020

	Unemployment Compensation Trust	Flexible Spending Trust	Private Purpose Scholarships Trust
ADDITIONS:			
Contributions:			
Plan Members	\$ 16,674	\$ 19,889	
Donations			\$ 1,930
Total Contributions	<u>16,674</u>	<u>19,889</u>	<u>1,930</u>
Investment Earnings:			
Interest	<u>1,373</u>		<u>199</u>
Total Additions	<u>18,047</u>	<u>19,889</u>	<u>2,129</u>
DEDUCTIONS:			
Unemployment Benefit Claims	9,757		
Flexible Spending Claims		27,001	
Scholarships Awarded			<u>3,500</u>
Total Deductions	<u>9,757</u>	<u>27,001</u>	<u>3,500</u>
Change in Net Position	8,290	(7,112)	(1,371)
Net Position - Beginning of the Year	<u>110,910</u>	<u>9,468</u>	<u>131,592</u>
Net Position - End of the Year	<u>\$ 119,200</u>	<u>\$ 2,356</u>	<u>\$ 130,221</u>

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

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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, 2020
(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, 2020
(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 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, 2020

(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	\$ 22,836,487	\$ 1,787,887
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		(67,485)
Cancellation of Prior Year Encumbrances		(302)
Prior Year Encumbrances		848
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	117,551	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(118,697)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 22,835,341	\$ 1,720,948

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

D. Budgets/Budgetary Control (Cont'd)

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

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 22,486,186	\$ 1,787,887
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		(67,485)
Cancellation of Prior Year Encumbrances		(302)
Prior Year Encumbrances		848
	\$ 22,486,186	\$ 1,720,948
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds		

E. Cash and Cash Equivalents and Investments

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

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, 2020
(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, 2020.

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, 2020
(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 and Building Improvements	50 years
Site Improvements	20 years
Furniture, 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, 2020, the amount earned by these employees but not disbursed was \$294,630.

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, 2020
(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 \$3,357,759 General Fund fund balance at June 30, 2020, \$51,740 is assigned for other purposes and \$8,711 is assigned for subsequent year's expenditures; \$1,113,350 is restricted in the capital reserve account; \$115,495 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, 2021; \$500,000 of current year excess surplus will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2022); and \$1,068,463 is unassigned, which is \$118,697 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, 2021.

Capital Projects Fund: Of the \$2,029,564 Capital Projects Fund committed fund balance at June 30, 2020, \$815,694 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, 2020 as detailed above.

P.L. 2003, C.97 provides that in the event state school aid payments are not made until the following school budget year, districts must record these state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize the last state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the last two state aid payments, and not the fund balance reported on the fund statement which excludes these state aid payments.

Q. Deficit Net Position

The District has a deficit in unrestricted net position of \$5,016,150 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, 2020

(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, 2020 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, 2020.

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, 2020
(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 and amounts assigned for subsequent year's expenditures in the General Fund at June 30, 2020.

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, 2020

(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.

Custodial Credit Risk - The District's policy with respect to custodial credit risk requires that the District ensures that District funds are only deposited in financial institutions in which NJ school districts are permitted to invest their funds.

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;

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

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

Investments: (Cont'd)

- (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.
- (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, 2020
(Continued)

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

Investments: (Cont'd)

As of June 30, 2020, cash and cash equivalents of the District consisted of the following:

	<u>Cash and Cash</u> <u>Equivalents</u>	<u>Restricted Cash & Cash Equivalents</u>		<u>Total</u>
		<u>Capital Reserve</u> <u>Account</u>	<u>Maintenance</u> <u>Reserve Account</u>	
Checking and Savings Accounts	\$ 2,525,075	\$ 1,113,350	\$ 115,495	\$ 3,753,920

During the period ended June 30, 2020, 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, 2020 was \$3,753,920 and the bank balance was \$5,038,099.

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, 2019	\$ 640,965
Add:	
Interest Earnings	9,827
Transfer from Capital Projects Fund	3,890
Transfer from Unassigned Fund Balance as per Board Resolution	<u>458,668</u>
Ending Balance, June 30, 2020	<u>\$ 1,113,350</u>

The June 30, 2020 LRFP balance of local support costs of uncompleted capital projects exceeds the balance in the capital reserve account at June 30, 2020.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 5. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2020 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	4,546,581	\$ 2,207,681		6,754,262
Total Capital Assets Not Being Depreciated	<u>4,855,181</u>	<u>2,207,681</u>		<u>7,062,862</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	3,798,841	269,898	\$ (46,426)	4,022,313
Total Capital Assets Being Depreciated	<u>31,322,878</u>	<u>269,898</u>	<u>(46,426)</u>	<u>31,546,350</u>
Governmental Activities Capital Assets	<u>36,178,059</u>	<u>2,477,579</u>	<u>(46,426)</u>	<u>38,609,212</u>
Less Accumulated Depreciation for:				
Site Improvements	(1,110,424)	(1,607)		(1,112,031)
Buildings and Building Improvements	(9,141,785)	(485,159)		(9,626,944)
Machinery and Equipment	(2,480,703)	(250,257)	19,342	(2,711,618)
	<u>(12,732,912)</u>	<u>(737,023)</u>	<u>19,342</u>	<u>(13,450,593)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$23,445,147</u>	<u>\$ 1,740,556</u>	<u>\$ (27,084)</u>	<u>\$25,158,619</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 172,767			\$ 172,767
Less Accumulated Depreciation	(107,694)	\$ (12,246)		(119,940)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 65,073</u>	<u>\$ (12,246)</u>	<u>\$ -0-</u>	<u>\$ 52,827</u>

The District had active construction projects totaling \$2,029,564 as of June 30, 2020. These projects include renovations of the District's schools and grounds.

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 6,960
Vocational Education	162,507
Other Instruction	655
Student and Instruction Related Services	1,421
General Administration	3,691
School Administration	6,733
Administrative Information Technology	9,272
Plant Operations and Maintenance	28,875
Pupil Transportation	26,451
Special Schools	3,692
Unallocated	486,766
	<u>\$ 737,023</u>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 6. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2020, the following changes occurred in long-term liabilities reported in the district-wide financial statements:

	Balance 6/30/2019	Accrued	Retired	Balance 6/30/2020
Compensated Absences Payable	\$ 537,808	\$ 24,632		\$ 562,440
Net Pension Liability	6,920,802		\$ 625,223	6,295,579
	<u>\$ 7,458,610</u>	<u>\$ 24,632</u>	<u>\$ 625,223</u>	<u>\$ 6,858,019</u>

A. Bonds Payable:

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

B. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The current portion of the compensated absences balance of the governmental funds is \$0 and is separated from the long-term liability balance of compensated absences of \$549,898. 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, 2020, \$12,542 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, 2020 is \$-0- and the long-term portion is \$5,917,844. 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, 2020 is \$-0- and the long-term portion is \$377,735. 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/annual-reports.shtml.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(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. 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 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 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 will be paid by the employer in level annual payments over a period of 15 years, beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$353,637 for fiscal year 2020.

The employee contribution rate was 7.50% effective July 1, 2019.

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

At June 30, 2020, the District reported a liability of \$6,295,579 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. 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, 2019, the District's proportion was 0.034%, which was a decrease of 0.001% from its proportion measured as of June 30, 2018.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(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. 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 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 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 will be paid by the employer in level annual payments over a period of 15 years, beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$353,637 for fiscal year 2020.

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, 2020, the District reported a liability of \$6,295,579 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. 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, 2019, the District's proportion was 0.034%, which was a decrease of 0.001% from its proportion measured as of June 30, 2018.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(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, 2020, the District recognized pension expense of \$130,669. At June 30, 2020, 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	\$ 16,638	
	2015	5.72	102,876	
	2016	5.57	509,123	
	2017	5.48		\$ 903,753
	2018	5.63		730,316
	2019	5.21		551,107
			<u>628,637</u>	<u>2,185,176</u>
Changes in Proportion	2014	6.44		66,538
	2015	5.72	8,217	
	2016	5.57	110,620	
	2017	5.48		103,682
	2018	5.63		155,259
	2019	5.21		38,465
			<u>118,837</u>	<u>363,944</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2016	5.00		(116,199)
	2017	5.00		139,446
	2018	5.00		96,996
	2019	5.00		(20,865)
				<u>99,378</u>
Difference Between Expected and Actual Experience	2015	5.72	28,542	
	2016	5.57	15,450	
	2017	5.48	26,878	
	2018	5.63		27,811
	2019	5.21		42,127
			<u>112,997</u>	<u>27,811</u>
District Contribution Subsequent to the Measurement Date	2019	1.00	<u>308,656</u>	
			<u>\$ 1,169,127</u>	<u>\$ 2,676,309</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts including changes in proportion and the District contribution subsequent to the measurement date) 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, 2020
(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
2020	\$ (181,789)
2021	(589,717)
2022	(526,582)
2023	(247,257)
2024	(25,389)
	\$ (1,570,734)

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25
Salary Increases:	
Through 2026	2.00 – 6.00% based on years of service
Thereafter	3.00 – 7.00% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

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, 2019) 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, 2019 are summarized in the following table.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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 Management Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Market Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

Discount Rate

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. 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 3.50% as of June 30, 2019 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 on 100% of actuarially determined contributions for the local employers. 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 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057, 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, 2019 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, 2020
(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, 2019		
	At 1% Decrease (5.28%)	At Current Discount Rate (6.28%)	At 1% Increase (7.28%)
District's proportionate share of the Net Pension Liability	\$ 8,007,661	\$ 6,295,579	\$ 4,933,608

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

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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. For fiscal year 2020, 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 2020, the State of New Jersey contributed \$1,544,919 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$2,523,413.

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, 2020, the State's proportionate share of the net pension liability associated with the District was \$42,782,280. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. 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, 2019, the District's proportion was 0.070%, which was an increase of 0.002% from its proportion measured as of June 30, 2018.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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		42,782,280
Total	\$	42,782,280

For the fiscal year ended June 30, 2020, the State recognized pension expense on behalf of the District in the amount of \$2,523,413 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2020 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	\$ 768,874,621	
	2015	8.3	2,351,172,865	
	2016	8.3	5,609,216,856	
	2017	8.3		\$ 8,483,527,374
	2018	8.29		5,172,258,445
	2019	8.04		3,507,345,617
				8,729,264,342
Difference Between Expected and Actual Experience	2014	8.5		7,323,009
	2015	8.3	145,211,243	
	2016	8.3		69,755,412
	2017	8.3	150,939,884	
	2018	8.29	907,352,137	
	2019	8.04		136,265,890
			1,203,503,264	213,344,311
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2016	5		(431,855,192)
	2017	5		452,016,524
	2018	5		288,091,115
	2019	5		(144,882,771)
			\$ 9,932,767,606	\$ 17,539,845,423

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, 2020
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2020	\$ (272,405,510)
2021	(704,260,700)
2022	(630,562,767)
2023	(1,216,378,743)
2024	(2,381,316,232)
Thereafter	<u>(2,402,153,865)</u>
	<u>\$ (7,607,077,817)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55 – 4.45% based on years of service
Thereafter	2.75 – 5.65% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and a 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

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, 2019) 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, 2019 are summarized in the following table.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Market Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. 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 3.50% as of June 30, 2019 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 on 70% of the actuarially determined contributions for the State. 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 2054. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2054, 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, 2020
(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, 2019 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, 2019		
	1% Decrease (4.60%)	Current Discount Rate (5.60%)	1% Increase (6.60%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 50,449,777	\$ 42,782,280	\$ 36,420,678

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 \$7,778 for the fiscal year ended June 30, 2020. Employee contributions to DCRP amounted to \$21,162 for the fiscal year ended June 30, 2020.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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, 2020 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, 2019	Morris-Essex Insurance Group June 30, 2019
Total Assets	\$ 10,558,634	\$ 11,171,182
Net Position	\$ 6,924,983	\$ 7,785,886
Total Revenue	\$ 3,643,880	\$ 3,977,325
Total Expenses	\$ 3,855,007	\$ 2,961,545
Change in Net Position	\$ (211,127)	\$ (10,951)
Members Dividends	\$ -0-	\$ 1,026,731

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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>
2019-2020		\$ 1,373	\$ 16,674	\$ 9,757	\$ 119,200
2018-2019		2,473	17,724	45,890	110,910
2017-2018	\$ 110,000	1,539	19,879	23,005	136,603

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 THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 10. INTERFUND RECEIVABLES AND PAYABLES

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 412,885	
Special Revenue Fund		\$ 44,120
Capital Projects Fund		359,294
Fiduciary Fund - Flexible Spending Trust		9,471
Fiduciary Fund - Payroll Agency		3,248
Fiduciary Fund - Unemployment Compensation Trust	<u>3,248</u>	
	<u>\$ 416,133</u>	<u>\$ 416,133</u>

The interfund between the General Fund and the Special Revenue Fund is due to a deficit in cash and cash equivalents in the Special Revenue Fund. The deficit is due to the timing between expenditure and reimbursement of federal grant funds from the State. The interfund between the General Fund and the Capital Projects Fund is due to a deficit in cash and cash equivalents in the Capital Projects Fund. The deficit is due to the timing between expenditure and reimbursement of County improvement authorization funds. 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 2020 unclaimed employee contributions due to the General Fund. The interfund receivable in the Unemployment Compensation Trust Fund is fiscal year 2017, 2018, 2019 and 2020 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 THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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, 2020 were:

	<u>Governmental Funds</u>			<u>District Contribution Subsequent to the Measurement Date</u>	<u>Total Governmental Activities</u>	<u>Enterprise/ Business Type Activities Funds</u>			
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>			<u>District Contribution</u>			<u>Total</u>
						<u>Adult Education</u>	<u>Food Service</u>	<u>Subsequent to the Measurement Date</u>	
Accrued Salaries	\$ 200	\$ 4,643			\$ 4,843				
State of New Jersey	950	39,760		\$ 287,264	327,974			\$ 21,392	\$21,392
Vendors	115,946	46,029	\$ 316,276		478,251	\$ 30	\$ 450		480
	<u>\$ 117,096</u>	<u>\$ 90,432</u>	<u>\$ 316,276</u>	<u>\$ 287,264</u>	<u>\$ 811,068</u>	<u>\$ 30</u>	<u>\$ 450</u>	<u>\$ 21,392</u>	<u>\$21,872</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, 2020, there were encumbrances as detailed below in the governmental funds.

<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<u>\$ 51,740</u>	<u>\$ 67,485</u>	<u>\$ 815,694</u>	<u>\$ 934,919</u>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 14. CONTINGENT LIABILITIES (Cont'd)

Encumbrances (Cont'd)

On the District's Governmental Funds Balance Sheet as of June 30, 2020, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$67,485 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 \$815,694 of year-end encumbrances in the Capital Projects Fund on a budgetary basis are included in the \$2,029,564 committed fund balance on a GAAP basis at June 30, 2020.

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, 2019	\$ 115,222
Add:	
Interest Earnings	273
	273
Ending Balance, June 30, 2020	\$ 115,495

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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 THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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%	2.15 - 4.15%
		based on years of service	based on age
Thereafter		2.00 - 5.45%	3.15 - 5.15%
		based on years of service	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 THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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

		<u>Total OPEB Liability</u>
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
		<hr/>
Net Changes		(3,046,644)
		<hr/>
Balance at June 30, 2018	\$	<u>24,013,395</u>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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		<u>(1,063,447)</u>
			<u>\$ -0-</u>	<u>\$ (8,777,209)</u>

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>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 17: Subsequent Event

The COVID-19 outbreak in the United States and specifically in New Jersey has caused disruption of the District's normal financial operations. Though the impact on the District's operations cannot be reasonably estimated at this date, it is likely that there will be an impact on certain revenue in the General Fund other than state aid and the local tax levy. The District's state aid in the General Fund was reduced after their budget was adopted due to the reduction of state aid provided to certain school districts by the State of New Jersey. Also, there have been additional operating expenses in the General Fund not planned for or expected at the time of the adoption of the District's 2020-21 budget related to COVID-19.

Additionally, the District's cash flow in the Governmental Funds may be affected by the timing of the collection of the District's tax levy as well as certain State aid payments.

The District's Enterprise Funds have been impacted by COVID-19 for the fiscal year ending June 30, 2021. The Adult Education Enterprise Fund had a higher decrease in expenses compared to the decrease in revenue caused by the early closure of the school district due to the COVID-19 pandemic. The Cosmetology Enterprise Fund had no operating expenses in the current year. The Food Service Enterprise Fund saw a decrease in net position of \$2,012 due to a proportional decreases in revenues and in expenses from 2019 due to the inactivity in the food service program because of the COVID-19 pandemic related closures of the school.

REQUIRED SUPPLEMENTARY
INFORMATION

SCHEDULES RELATED TO ACCOUNTING AND
REPORTING FOR PENSIONS AND POSTEMPLOYMENT
BENEFITS OTHER THAN PENSION

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 SIX FISCAL YEARS

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
District's proportion of the net pension liability	0.0349534257%	0.0352924015%	0.0372681588%	0.0362173431%	0.0351497047%	0.0349395601%
District's proportionate share of the net pension liability	\$ 6,544,237	\$ 7,922,437	\$ 11,037,760	\$ 8,430,818	\$ 6,920,802	\$ 6,295,579
District's covered employee payroll	\$ 2,422,162	\$ 2,492,294	\$ 2,425,577	\$ 2,443,819	\$ 2,568,431	\$ 2,652,269
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%	237.37%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%

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 SIX FISCAL YEARS

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
Contractually required contribution	\$ 288,151	\$ 303,420	\$ 331,085	\$ 301,881	\$ 320,506	\$ 353,637
Contributions in relation to the contractually required contribution	(288,151)	(303,420)	(331,085)	(301,881)	(320,506)	(353,637)
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's covered employee payroll	\$ 2,687,142	\$ 2,422,162	\$ 2,492,294	\$ 2,425,577	\$ 2,443,819	\$ 2,568,431
Contributions as a percentage of covered employee payroll	10.72%	12.53%	13.28%	12.45%	13.11%	13.77%

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 SIX FISCAL YEARS

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
State's proportion of the net pension liability attributable to the District	0.0704692184%	0.0717234089%	0.0684626190%	0.0708307882%	0.0684010400%	0.0697109565%
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	\$ 43,515,255	\$ 42,782,280
District's covered employee payroll	\$ 7,023,608	\$ 7,023,608	\$ 7,128,713	\$ 7,083,538	\$ 7,147,295	\$ 7,605,193
State's proportionate share of the net pension liability attributable to the District as a percentage of its covered employee payroll	536.23%	645.43%	755.49%	674.19%	608.84%	562.54%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%

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 SIX FISCAL YEARS

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
Contractually required contribution	\$ 2,026,621	\$ 2,767,942	\$ 4,046,608	\$ 3,308,340	\$ 2,536,787	\$ 2,523,413
Contributions in relation to the contractually required contribution	(387,763)	(548,138)	(768,850)	(1,007,305)	(1,371,046)	(1,544,919)
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>	<u>\$ 978,494</u>
District's covered employee payroll	\$ 7,023,608	\$ 7,128,713	\$ 7,083,538	\$ 7,147,295	\$ 7,605,193	\$ 7,662,496
Contributions as a percentage of covered employee payroll	5.52%	7.69%	10.85%	14.09%	18.03%	20.16%

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 CHANGES IN THE STATE'S PROPORTIONATE SHARE OF THE TOTAL OPEB LIABILITY
ASSOCIATED WITH THE DISTRICT AND RELATED RATIOS
LAST TWO FISCAL YEARS

	<u>Fiscal Years Ending</u> <u>June 30, 2017</u>	<u>Fiscal Years Ending</u> <u>June 30, 2018</u>
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	<u>(626,768)</u>	<u>(642,110)</u>
Net Change in Total OPEB Liability	(1,844,437)	(3,046,644)
Total OPEB Liability - Beginning	<u>28,904,476</u>	<u>27,060,039</u>
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

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 5.66% as of June 30, 2018 to 6.28% as of June 30, 2019. The municipal bond rate changed from 3.87% to 3.50%.

The inflation rate was 2.25% as of June 30, 2018. As of June 30, 2019, the inflation rate was as follows – Price – 2.75% and Wage – 3.25%. The salary increases as of June 30, 2018 were as follows: Through 2026 – 1.65% - 4.15% based on age and Thereafter – 2.65% - 5.15% based on age. The salary increases as of June 30, 2019 are as follows: Through 2026 – 2.00% - 6.00% based on years of service and Thereafter – 3.00% - 7.00% based on years of service.

The July 1, 2017 actuarial valuation utilized the following mortality rate assumptions:

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 plan actuary's modified MP-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 July 1, 2018 actuarial valuation utilized the following mortality rate assumptions:

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

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

B.TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 4.86% as of June 30, 2018 to 5.60% as of June 30, 2019. The municipal bond rate changed from 3.87% to 3.50%. The inflation rate as of June 30, 2018 was 2.25%. The inflation rate as of June 30, 2019 was as follows: Price – 2.75% and Wage – 3.25%.

The salary increases in the July 1, 2018 valuation were as follows: Through 2026 - 1.55 – 4.45% based on years of service and thereafter - 2.75 – 5.65% based on years of service. The salary increases in the July 1, 2017 valuation were as follows: 2011-2026 – 1.55% - 4.55% and thereafter – 2% - 5.45%.

The mortality rates utilized in the July 1, 2018 valuation were as follows: Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and a 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

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.

C. 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.

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

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

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

Changes of Actuarial Assumptions (Cont'd)

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.

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, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
County Tax Levy	\$ 6,351,286		\$ 6,351,286	\$ 6,351,286	
Tuition from LEA's	12,374,890		12,374,890	12,072,283	\$ (302,607)
Tuition from Individuals	499,727		499,727	339,504	(160,223)
Interest Earned on Capital Reserve	5,000		5,000	9,827	4,827
Interest Earned on Maintenance Reserve	100		100	273	173
Unrestricted Miscellaneous Revenues	65,000		65,000	118,619	53,619
Total - Local Sources	19,296,003		19,296,003	18,891,792	(404,211)
State Sources:					
Categorical Special Education Aid	606,331		606,331	606,331	
Equalization Aid	73,419		73,419	73,419	
Categorical Security Aid	90,697		90,697	90,697	
Adjustment Aid	474,062		474,062	474,062	
On-Behalf TPAF Post Retirement Contributions (Non-Budgeted)				583,410	583,410
On-Behalf TPAF Pension Contributions (Non-Budgeted)				1,544,919	1,544,919
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)				27,691	27,691
On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted)				1,629	1,629
TPAF Reimbursed Social Security (Non-Budgeted)				542,537	542,537
Total State Sources	1,244,509		1,244,509	3,944,695	2,700,186
Total Revenues	20,540,512		20,540,512	22,836,487	2,295,975

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Regular Programs - Grade 9-12 - Instruction:					
Salaries of Teachers	\$ 2,814,176	\$ (1,740)	\$ 2,812,436	\$ 2,806,912	\$ 5,524
Purchased Professional-Educational Services	3,768,586	130,075	3,898,661	3,897,786	875
Other Purchased Services (400-500 series)	50,034	(8,525)	41,509	33,870	7,639
General Supplies	101,955	(29,614)	72,341	63,649	8,692
Textbooks	49,783	(6,305)	43,478	43,205	273
Other Objects	550		550	65	485
Total Grade 9-12 - Instruction	6,785,084	83,891	6,868,975	6,845,487	23,488
Regular Programs - Home Instruction:					
Salaries of Teachers	7,000	(4,360)	2,640	2,640	
Purchased Professional-Educational Services	9,000	8,455	17,455	14,763	2,692
Other Purchased Services (400-500 series)	400	(400)			
Total Home Instruction	16,400	3,695	20,095	17,403	2,692
Total Regular Programs - Instruction	6,801,484	87,586	6,889,070	6,862,890	26,180
Special Education Instruction:					
Resource Room/Resource Center:					
Salaries of Teachers	570,415		570,415	514,631	55,784
Other Purchased Services (400-500 series)	3,000		3,000	1,012	1,988
General Supplies	1,100	1,000	2,100	1,620	480
Total Resource Room/Resource Center/Special Education Instruction	574,515	1,000	575,515	517,263	58,252
Regular Vocational Programs:					
Salaries of Teachers	2,156,890	(31,431)	2,125,459	2,021,042	104,417
Other Salaries for Instruction	31,749		31,749	746	31,003
Purchased Professional-Educational Services	36,080	8,072	44,152	31,825	12,327

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Regular Vocational Programs (Cont'd):					
Purchased Technical Services	\$ 8,400	\$ (1,605)	\$ 6,795	\$ 1,341	\$ 5,454
Other Purchased Services (400-500 series)	56,334	18,501	74,835	65,361	9,474
General Supplies	312,318	(30,176)	282,142	244,136	38,006
Textbooks	33,517	(8,055)	25,462	21,480	3,982
Other Objects	1,450	2,210	3,660	2,907	753
Total Regular Vocational Programs	<u>2,636,738</u>	<u>(42,484)</u>	<u>2,594,254</u>	<u>2,388,838</u>	<u>205,416</u>
Special Vocational Programs:					
Salaries of Teachers	197,438		197,438	193,188	4,250
Other Purchased Services (400-500 series)	5,284		5,284	726	4,558
General Supplies	28,175	1,179	29,354	16,155	13,199
Special Vocational Programs	<u>230,897</u>	<u>1,179</u>	<u>232,076</u>	<u>210,069</u>	<u>22,007</u>
School-Sponsored Co-curricular Activities:					
Salaries	112,328	(3,176)	109,152	109,152	
Purchased Services (300-500 series)	6,700		6,700		6,700
Supplies and Materials	650	6,000	6,650	1,394	5,256
Other Objects	40,500	(7,046)	33,454	6,511	26,943
Total School-Sponsored Co-curricular Activities	<u>160,178</u>	<u>(4,222)</u>	<u>155,956</u>	<u>117,057</u>	<u>38,899</u>
School-Sponsored Athletics:					
Salaries	165,230	3,500	168,730	168,730	
Purchased Services (300-500 series)	68,550	12,289	80,839	69,404	11,435
Supplies and Materials	16,250	8,127	24,377	16,434	7,943
Other Objects	15,250		15,250	11,236	4,014
Total School-Sponsored Athletics - Instruction	<u>265,280</u>	<u>23,916</u>	<u>289,196</u>	<u>265,804</u>	<u>23,392</u>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Total Instruction	\$ 10,669,092	\$ 66,975	\$ 10,736,067	\$ 10,361,921	\$ 374,146
Undist. Expend. - Attendance and Social Work Services:					
Salaries	47,786		47,786	47,786	
Supplies and Materials	1,000	(775)	225	205	20
Total Undist. Expend. - Attendance and Social Work Services	48,786	(775)	48,011	47,991	20
Undist. Expend. - Health Services:					
Salaries	139,357	996	140,353	138,778	1,575
Purchased Professional and Technical Services	13,400		13,400	11,434	1,966
Other Purchased Services (400-500 series)	1,200		1,200	632	568
Supplies and Materials	7,656	775	8,431	7,478	953
Total Undist. Expend. - Health Services	161,613	1,771	163,384	158,322	5,062
Undist. Expend. - Guidance:					
Salaries of Other Professional Staff	631,980	(3,227)	628,753	603,684	25,069
Salaries of Secretarial and Clerical Assistants	105,146		105,146	103,732	1,414
Other Salaries	98,495	2,181	100,676	100,676	
Purchased Professional - Educational Services	18,500	(3,061)	15,439	10,429	5,010
Other Purchased Services (400-500 series)	55,477	(4,555)	50,922	41,283	9,639
Supplies and Materials	9,549	(1,437)	8,112	2,167	5,945
Other Objects	8,025	4,685	12,710	7,448	5,262
Total Undist. Expend. - Guidance	927,172	(5,414)	921,758	869,419	52,339
Undist. Expend. - Child Study Teams:					
Salaries of Other Professional Staff	286,036	152	286,188	286,188	
Purchased Professional - Educational Services	6,120	5,150	11,270	5,000	6,270
Other Purchased Services (400-500 series)	1,900		1,900	800	1,100

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undist. Expend. - Child Study Teams (Cont'd):					
Supplies and Materials	\$ 6,000	\$ (2,875)	\$ 3,125	\$ 974	\$ 2,151
Other Objects		31	31	31	
Total Undist. Expend. - Child Study Teams	\$ 300,056	2,458	302,514	292,993	9,521
Undist. Expend. - Improvement of Instruction Services:					
Salaries of Supervisors of Instruction	462,358	(13,993)	448,365	429,897	18,468
Salaries of Secretarial and Clerical Assistants	135,678	306	135,984	135,384	600
Purchased Prof. - Educational Services	5,000	(710)	4,290	3,128	1,162
Other Purchased Services (400-500 series)	39,181	(6,370)	32,811	28,885	3,926
Supplies and Materials	1,281	3,088	4,369	4,369	
Other Objects	2,418	980	3,398	3,375	23
Total Undist. Expend. - Improvement of Instruction Services	645,916	(16,699)	629,217	605,038	24,179
Undist. Expend. - Educational Media Services/School Library:					
Salaries	96,911	84	96,995	96,995	
Other Purchased Services (400-500 series)	15,503		15,503	13,074	2,429
Supplies and Materials	7,073		7,073	3,150	3,923
Total Undist. Expend. - Educational Media Services/School Library	119,487	84	119,571	113,219	6,352
Undist. Expend. - Support Services - General Administration:					
Salaries	306,436	11	306,447	306,447	
Legal Services	84,000		84,000	18,858	65,142
Audit Fees	50,000		50,000	45,390	4,610
Architectural/Engineering Services	63,978	6,800	70,778	58,949	11,829
Other Purchased Professional Services	20,400	(6,800)	13,600	2,013	11,587
Communications/Telephone	32,184	669	32,853	31,148	1,705
Miscellaneous Purchased Services (400-500)	50,684	(505)	50,179	41,471	8,708
General Supplies	4,395		4,395	1,268	3,127

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undist. Expend. - Support Services - General Administration: (Cont'd)					
Miscellaneous Expenditures	\$ 31,905	\$ 4,786	\$ 36,691	\$ 34,375	\$ 2,316.00
Total Undist. Expend. - Support Services - General Administration	<u>643,982</u>	<u>4,961</u>	<u>648,943</u>	<u>539,919</u>	<u>109,024</u>
Undist. Expend. - Support Services - School Administration:					
Salaries of Principals/Assistant Principals	640,480	12,934	653,414	653,414	
Salaries of Secretarial and Clerical Assistants	247,545	555	248,100	248,100	
Other Salaries	2,000		2,000		2,000
Purchased Professional and Technical Services	12,480	(1,966)	10,514	5,925	4,589
Other Purchased Services (400-500 series)	12,203	14,595	26,798	19,769	7,029
Supplies and Materials	63,545	(1,498)	62,047	60,395	1,652
Other Objects	5,130	(2,638)	2,492	2,492	
Total Undist. Expend. - Support Services - School Administration	<u>983,383</u>	<u>21,982</u>	<u>1,005,365</u>	<u>990,095</u>	<u>15,270</u>
Undistributed Expenditures - Central Services:					
Salaries	479,934		479,934	449,691	30,243
Purchased Professional Services	4,000	400	4,400	4,400	
Miscellaneous Purchased Services (400-500)	23,472		23,472	19,882	3,590
Supplies and Materials	9,240	361	9,601	5,966	3,635
Miscellaneous Expenditures	2,235	300	2,535	2,424	111
Total Undistributed Expenditures - Central Services	<u>518,881</u>	<u>1,061</u>	<u>519,942</u>	<u>482,363</u>	<u>37,579</u>
Undistributed Expenditures - Administrative Information Technology:					
Salaries	259,869		259,869	259,869	
Purchased Professional Services	1,699		1,699	1,450	249
Other Purchased Services (400-500 series)	57,917	(2,000)	55,917	42,060	13,857
Supplies and Materials	36,492	(11,666)	24,826	12,063	12,763
Total Undistributed Expenditures - Admin. Info. Technology	<u>355,977</u>	<u>(13,666)</u>	<u>342,311</u>	<u>315,442</u>	<u>26,869</u>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Required Maintenance for School Facilities:					
Salaries	\$ 282,045	\$ (800)	\$ 281,245	\$ 268,322	\$ 12,923
Cleaning, Repair and Maintenance Services	241,537	982	242,519	198,763	43,756
General Supplies	162,576	(15,868)	146,708	75,760	70,948
Other Objects	750	534	1,284	1,160	124
Total Required Maintenance for School Facilities	<u>686,908</u>	<u>(15,152)</u>	<u>671,756</u>	<u>544,005</u>	<u>127,751</u>
Undist. Expend. - Custodial Services:					
Salaries	450,393	(306)	450,087	438,568	11,519
Purchased Professional and Technical Services	28,910	7	28,917	25,962	2,955
Cleaning, Repair and Maintenance Services	49,227	(4,530)	44,697	32,184	12,513
Lease Purchase Pymts- Energy Savings Impr Prog	70,000	(7,200)	62,800	47,388	15,412
Other Purchased Property Services	22,000		22,000	11,268	10,732
Insurance	40,000	10	40,010	37,004	3,006
Miscellaneous Purchased Services	7,160	(10)	7,150	3,717	3,433
General Supplies	35,704	10,955	46,659	45,219	1,440
Energy (Natural Gas)	160,000	704	160,704	111,951	48,753
Energy (Electricity)	190,000		190,000	167,264	22,736
Other Objects	800	558	1,358	1,011	347
Total Undist. Expend. - Custodial Services	<u>1,054,194</u>	<u>188</u>	<u>1,054,382</u>	<u>921,536</u>	<u>132,846</u>
Undist. Expend. - Care and Upkeep of Grounds:					
Salaries	44,525	800	45,325	45,325	
Cleaning, Repair and Maintenance Services	6,475		6,475	4,723	1,752
General Supplies	5,500		5,500	5,379	121
Total Undist. Expend. - Care and Upkeep of Grounds	<u>56,500</u>	<u>800</u>	<u>57,300</u>	<u>55,427</u>	<u>1,873</u>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undist. Expend. - Security:					
Salaries	\$ 63,349	\$ 306	\$ 63,655	\$ 63,655	
Purchased Professional and Technical Services	91,080		91,080	91,080	
Total Undist. Expend. - Security	<u>154,429</u>	<u>306</u>	<u>154,735</u>	<u>154,735</u>	
Undistributed Expenditures - Student Transportation Services					
Salaries for Pupil Transportation:					
Other than Between Home and School	35,000		35,000	24,513	\$ 10,487
Other Purchased Professional & Technical Services	620	(9)	611	191	420
Cleaning, Repair, & Maintenance Services	9,000	3,975	12,975	7,933	5,042
Contracted Services:					
Other than Between Home and School - Vendors		800	800	800	
Contracted Services - Regular Students - ESCs & CTSA's	135,500	(1,816)	133,684	73,040	60,644
Miscellaneous Purchased Services - Transportation	500	1,194	1,694	899	795
General Supplies	1,000	(144)	856	137	719
Total Undistributed Expenditures - Student Transportation Services	<u>181,620</u>	<u>4,000</u>	<u>185,620</u>	<u>107,513</u>	<u>78,107</u>
Unallocated Benefits:					
Social Security Contributions	249,618		249,618	244,383	5,235
Other Retirement Contributions - PERS	305,600		305,600	296,273	9,327
Other Retirement Contributions - Regular	21,000		21,000	7,778	13,222
Unemployment Compensation	25,000	(25,000)			
Workmen's Compensation	124,000	42,601	166,601	166,601	
Health Benefits	2,049,972	(114,960)	1,935,012	1,823,829	111,183
Tuition Reimbursement	79,282	(1)	79,281	57,765	21,516
Other Employee Benefits	182,800	25,000	207,800	191,476	16,324
Unused Sick Payment to Terminated/Retired Staff	30,000		30,000		30,000
Total Unallocated Benefits	<u>3,067,272</u>	<u>(72,360)</u>	<u>2,994,912</u>	<u>2,788,105</u>	<u>206,807</u>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
On-Behalf TPAF Post Retirement Contributions (Non-Budgeted)				\$ 583,410	\$ (583,410)
On-Behalf TPAF Pension Contributions (Non-Budgeted)				1,544,919	(1,544,919)
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)				27,691	(27,691)
On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted)				1,629	(1,629)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				542,537	(542,537)
TOTAL ON-BEHALF CONTRIBUTIONS				<u>2,700,186</u>	<u>(2,700,186)</u>
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	\$ 3,067,272	\$ (72,360)	\$ 2,994,912	5,488,291	(2,493,379)
TOTAL UNDISTRIBUTED EXPENDITURES	6,838,904	(14,095)	6,824,809	6,198,017	626,792
TOTAL GENERAL CURRENT EXPENSE	20,575,268	(19,480)	20,555,788	22,048,229	(1,492,441)
CAPITAL OUTLAY:					
Equipment:					
Vocational Programs:					
Regular Vocational Programs	40,142	2,563	42,705	38,021	4,684
Undistributed Expenditures:					
Administrative Information Technology	2,832	7,942	10,774	10,770	4
Required Maintenance	4,753	3,488	8,241	7,918	323
Custodial Services		2,220	2,220	2,220	
Total Equipment	<u>47,727</u>	<u>16,213</u>	<u>63,940</u>	<u>58,929</u>	<u>5,011</u>
Facilities Acquisition and Construction Services:					
Assessment for Debt Service on SDA Funding	57,548		57,548	57,548	
Total Facilities Acquisition and Construction Services	<u>57,548</u>		<u>57,548</u>	<u>57,548</u>	

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
TOTAL CAPITAL OUTLAY	\$ 105,275	\$ 16,213	\$ 121,488	\$ 116,477	\$ 5,011
SPECIAL SCHOOLS					
Post-Secondary - Instruction:					
Salaries of Teachers	268,537	(1,807)	266,730	174,390	92,340
Purchased Professional and Technical Services	4,441	2	4,443	1,524	2,919
Other Purchased Services (400-500 series)	3,150	1,525	4,675	2,370	2,305
General Supplies	13,109	(1,527)	11,582	3,006	8,576
Other Objects	200		200	135	65
Total Post-Secondary - Instruction	289,437	(1,807)	287,630	181,425	106,205
Post-Secondary - Support Services:					
Salaries	73,851		73,851	73,660	191
Personal Services - Employee Benefits	91,581		91,581	66,395	25,186
Total Post-Secondary - Support Services	165,432		165,432	140,055	25,377
TOTAL SPECIAL SCHOOLS	454,869	(1,807)	453,062	321,480	131,582
TOTAL EXPENDITURES	21,135,412	(5,074)	21,130,338	22,486,186	(1,355,848)
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(594,900)	5,074	(589,826)	350,301	940,127
Other Financing Sources/(Uses):					
Transfer to Food Service Fund to Cover Deficit		(5,074)	(5,074)	(5,064)	10
Capital Reserve - Transfer from Capital Projects Fund				3,890	3,890
Total Other Financing Sources/(Uses)		(5,074)	(5,074)	(1,174)	3,900
Excess/(Deficit) of Revenues and Other Financing Sources Over/ (Under) Expenditures and Other Financing (Uses)	(594,900)		(594,900)	349,127	944,027

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<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	\$ 3,127,329		\$ 3,127,329	\$ 3,127,329	
Fund Balance, June 30	<u>\$ 2,532,429</u>	<u>\$ -0-</u>	<u>\$ 2,532,429</u>	<u>\$ 3,476,456</u>	<u>\$ 944,027</u>
<u>Recapitulation:</u>					
<u>Restricted:</u>					
Excess Surplus to be Utilized for 2020-2021 school year				\$ 500,000	
Excess Surplus to be Utilized for 2021-2022 school year				500,000	
Capital Reserve				1,113,350	
Maintenance Reserve				115,495	
<u>Assigned:</u>					
Designated for Subsequent Year's Expenditures				8,711	
Year End Encumbrances				51,740	
Unassigned				<u>1,187,160</u>	
				<u>3,476,456</u>	
Reconciliation to Governmental Funds Statement (GAAP):					
Last Two State Aid Payments not Recognized on GAAP Basis				<u>(118,697)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 3,357,759</u>	

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
State Sources	\$ 313,880	\$ 151,948	\$ 465,828	\$ 174,915	\$ (290,913)
Federal Sources	1,453,258	159,714	1,612,972	1,612,972	
Total Revenues	1,767,138	311,662	2,078,800	1,787,887	(290,913)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	302,984	16,816	319,800	224,585	95,215
Purchased Professional and Technical Services	149,745	(30,501)	119,244	103,302	15,942
Other Purchased Services	60,882	(8,500)	52,382		52,382
General Supplies	195,459	75,821	271,280	238,252	33,028
Other Objects	5,481	(3,126)	2,355	1,149	1,206
Total Instruction	714,551	50,510	765,061	567,288	197,773
Support Services:					
Salaries of Supervisors of Instruction	18,000		18,000	18,000	
Salaries of Other Professional Staff	72,800		72,800	72,669	131
Salaries of Secretarial and Clerical Assistants	48,955	1,665	50,620	46,846	3,774
Personal Services - Salaries	167,056	601	167,657	158,199	9,458
Personal Services - Employee Benefits	170,709	(3,995)	166,714	124,313	42,401
Purchased Professional-Educational Services	11,600	3,922	15,522	8,277	7,245
Other Purchased Professional Services	322,744	(9,353)	313,391	286,502	26,889
Purchased Professional-Technical Services	55,215	(46,715)	8,500	8,500	
Tuition		286,371	286,371	286,371	
Supplies and Materials	10,600	(1,500)	9,100	8,783	317
Total Support Services	877,679	230,996	1,108,675	1,018,460	90,215
Facilities Acquisition and Construction Services:					
Instructional Equipment	174,908	30,156	205,064	202,139	2,925
Total Facilities Acquisition and Construction Services	174,908	30,156	205,064	202,139	2,925
Total Expenditures	\$ 1,767,138	\$ 311,662	\$ 2,078,800	\$ 1,787,887	\$ 290,913

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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	\$ 22,836,487	\$ 1,787,887
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		(67,485)
Cancellation of Prior Year Encumbrances		(302)
Prior Year Encumbrances		848
Prior Year State Aid Payments not Recognized for Budgetary Purposes, Recognized for GAAP Statements	117,551	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(118,697)</u>	
 Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	 <u><u>\$ 22,835,341</u></u>	 <u><u>\$ 1,720,948</u></u>
 Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 22,486,186	\$ 1,787,887
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		(67,485)
Cancellation of Prior Year Encumbrances		(302)
Prior Year Encumbrances		848
 Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	 <u><u>\$ 22,486,186</u></u>	 <u><u>\$ 1,720,948</u></u>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISION SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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, 2020

	<u>I.D.E.A.</u> <u>Part B, Basic</u>	<u>Carl D.</u> <u>Perkins Act</u> <u>Post</u> <u>Secondary</u>	<u>Carl D.</u> <u>Perkins Act</u> <u>Secondary</u>
REVENUES:			
State Sources	\$ 217,556	\$ 120,086	\$ 336,249
Federal Sources			
Total Revenues	<u>217,556</u>	<u>120,086</u>	<u>336,249</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	53,284		6,251
Purchased Professional and Technical Services		53,325	49,977
General Supplies	2,584	35,017	88,345
Other Objects			555
Total Instruction	<u>55,868</u>	<u>88,342</u>	<u>145,128</u>
Support Services:			
Salaries of Supervisors of Instruction			
Salaries of Other Professional Staff			
Salaries of Secretarial and Clerical Assistants			
Personal Services - Salaries	100,389	8,248	25,169
Personal Services - Employee Benefits	44,239	197	1,622
Purchased Professional - Educational Services	8,277		5,722
Other Purchased Professional Services			8,500
Purchased Professional - Technical Services			
Tuition			
Supplies and Materials	8,783		
Total Support Services	<u>161,688</u>	<u>8,445</u>	<u>41,013</u>
Total Facilities Acquisition and Construction Services			
Instructional Equipment		23,299	150,108
Total Facilities Acquisition and Construction Services		<u>23,299</u>	<u>150,108</u>
Total Expenditures	<u>\$ 217,556</u>	<u>\$ 120,086</u>	<u>\$ 336,249</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, 2020

	<u>4/15/17-6/30/20</u>	<u>4/13/18-6/30/21</u>
REVENUES:		
State Sources	\$ 89,731	\$ 77,415
Federal Sources		
Total Revenues	<u>89,731</u>	<u>77,415</u>
EXPENDITURES:		
Instruction:		
Salaries of Teachers		38,083
Purchased Professional and Technical Services		
General Supplies	60,999	17,693
Other Objects		
Total Instruction	<u>60,999</u>	<u>55,776</u>
Support Services:		
Salaries of Supervisors of Instruction		
Salaries of Other Professional Staff		
Salaries of Secretarial and Clerical Assistants		
Personal Services - Salaries		17,183
Personal Services - Employee Benefits		4,456
Purchased Professional - Educational Services		
Other Purchased Professional Services		
Purchased Professional - Technical Services		
Tuition		
Supplies and Materials		
Total Support Services		<u>21,639</u>
Total Facilities Acquisition and Construction Services		
Instructional Equipment	28,732	
Total Facilities Acquisition and Construction Services	<u>28,732</u>	
Total Expenditures	<u>\$ 89,731</u>	<u>\$ 77,415</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, 2020

	Apprentice Coordinator	Adult Basic Skills	Pell Grant
REVENUES:			
State Sources	\$ 7,769		
Federal Sources		\$ 652,710	\$ 98,013
Total Revenues	7,769	652,710	98,013
EXPENDITURES:			
Instruction:			
Salaries of Teachers		126,967	
Purchased Professional and Technical Services			
General Supplies	499	33,115	
Other Objects		594	
Total Instruction	499	160,676	
Support Services:			
Salaries of Supervisors of Instruction		18,000	
Salaries of Other Professional Staff		72,669	
Salaries of Secretarial and Clerical Assistants		46,846	
Personal Services - Salaries	7,210		
Personal Services - Employee Benefits		73,799	
Purchased Professional - Educational Services			
Other Purchased Professional Services	60	280,720	
Purchased Professional - Technical Services			
Tuition			98,013
Supplies and Materials			
Other Objects			
Total Support Services	7,270	492,034	98,013
Total Facilities Acquisition and Construction Services:			
Instructional Equipment			
Total Facilities Acquisition and Construction Services			
Total Expenditures	\$ 7,769	\$ 652,710	\$ 98,013

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Stafford Loans	Totals
	Subsidized	Unsubsidized
	2020	2020
REVENUES:		
State Sources	\$ 71,008	\$ 174,915
Federal Sources	\$ 117,350	1,612,972
Total Revenues	71,008	1,787,887
EXPENDITURES:		
Instruction:		
Salaries of Teachers		224,585
Purchased Professional and Technical Services		103,302
General Supplies		238,252
Other Objects		1,149
Total Instruction		567,288
Support Services:		
Salaries of Supervisors of Instruction		18,000
Salaries of Other Professional Staff		72,669
Salaries of Secretarial and Clerical Assistants		46,846
Personal Services - Salaries		158,199
Personal Services - Employee Benefits		124,313
Purchased Professional - Educational Services		8,277
Other Purchased Professional Services		286,502
Purchased Professional - Technical Services		8,500
Tuition	71,008	286,371
Supplies and Materials		8,783
Total Support Services	71,008	1,018,460
Total Facilities Acquisition and Construction Services		202,139
Instructional Equipment		202,139
Total Facilities Acquisition and Construction Services		202,139
Total Expenditures	\$ 71,008	\$ 1,787,887

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, 2020

Revenue and Other Financing Sources:	
County Improvement Authorization	\$ 516,210
Total Revenue and Other Financing Sources	<u>516,210</u>
Expenditures and Other Financing Uses:	
Purchased Professional and Technical Services	251,298
Construction Services	<u>1,956,383</u>
Total Expenditures and Other Financing Uses	<u>2,207,681</u>
Excess of Revenue and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(1,691,471)
Other Financing Uses:	
Operating Transfers (Out):	
General Fund - Capital Reserve	<u>(3,890)</u>
Total Other Financing Uses	<u>(3,890)</u>
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing (Uses)	(1,695,361)
Fund Balance - Beginning of Year	<u>3,724,925</u>
Fund Balance - End of Year	<u>\$ 2,029,564</u>
<u>Recapitulation:</u>	
Committed	\$ 1,213,870
Committed - Year End Encumbrances	<u>815,694</u>
Total Fund Balance - Budgetary Basis/GAAP Basis	<u>\$ 2,029,564</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, 2020

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Project</u> <u>Authorization</u>
Revenue and Other Financing Sources:				
County Improvement Authorization	\$ 972,351		\$ 972,351	\$ 972,351
Transfer from Capital Reserve	700,000		700,000	700,000
Total Revenue and Other Financing Sources	<u>1,672,351</u>		<u>1,672,351</u>	<u>1,672,351</u>
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	372,659		372,659	242,500
Construction Services	1,256,644		1,256,644	1,334,821
Other Objects				78,736
Total Expenditures	<u>1,629,303</u>		<u>1,629,303</u>	<u>1,656,057</u>
Transfer to 2017 Bond	(300)		(300)	(300)
Transfer from 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)
Transfer to MultiPurpose		(6,214)	(6,214)	(6,214)
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	<u>\$ 32,668</u>	<u>\$ (5,914)</u>	<u>\$ 26,754</u>	<u>\$ -0-</u>
<u>Additional Project Information:</u>				
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				
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	12/21			

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, 2020

	Prior Periods	Current Year	Totals	Revised Project Authorization
Revenue and Other Financing Sources:				
County Improvement Authorization	\$ 601,000		\$ 601,000	\$ 601,000
Transfer from Capital Reserve	43,200	\$ (1,375)	41,825	41,825
	644,200	(1,375)	642,825	642,825
Total Revenue and Other Financing Sources				
	644,200	(1,375)	642,825	642,825
Expenditures:				
Purchased Professional and Technical Services	64,825		64,825	101,000
Construction Services	578,000		578,000	541,825
	642,825		642,825	642,825
Total Expenditures				
	642,825		642,825	642,825
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures				
	\$ 1,375	\$ (1,375)	\$ -0-	\$ -0-

Additional Project Information:

Project Numbers	3365-050-16-3000
Grant Date	N/A
County Improvement Authorization Date	06/16/16
County Improvement Authorization	\$ 601,000
Original Authorized Cost	\$ 644,200
Additional Authorized Cost	(1,375)
Revised Authorized Cost	\$ 642,825

Percentage Decrease 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, 2020

	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
	118,515	(2,515)	116,000	118,515
Total Revenue and Other Financing Sources				
	118,515	(2,515)	116,000	118,515
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	850	\$ 385	1,235	1,000
Construction Services	114,765		114,765	117,515
	115,615	385	116,000	118,515
Total Expenditures				
	115,615	385	116,000	118,515
Transfer to 2013 Bond		(300)	(300)	(300)
Transfer from 2013 Bond	300		300	300
	300		300	300
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses				
	\$ 3,200	\$ (3,200)	\$ -0-	\$ -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	100%
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, 2020

	<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	 1,048,000		 1,048,000	 1,048,000
Expenditures:				
Purchased Professional and Technical Services	59,344	\$ 109,614	168,958	101,000
Construction Services	340,727	538,315	879,042	495,000
General Supplies				452,000
 Total Expenditures	 400,071	 647,929	 1,048,000	 1,048,000
 Excess of Revenue and Other Financing Sources Over Expenditures	 \$ 647,929	 \$ (647,929)	 \$ -0-	 \$ -0-

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	100%
Original Target Completion Date	N/A
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
DIESEL SHOP
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Project Authorization</u>
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 106,600		\$ 106,600	\$ 106,600
Total Revenue and Other Financing Sources	106,600		106,600	106,600
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	97,325	\$ 3,892	101,217	107,723
Total Expenditures	97,325	3,892	101,217	107,723
Transfer to Multipurpose		(5,757)	(5,757)	(5,757)
Transfer from 2018 Access Gate	7,480		7,480	7,480
Transfer to Turf Field	(600)		(600)	(600)
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	\$ 16,155	\$ (9,649)	\$ 6,506	\$ -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	\$ 106,000
Additional Authorized Cost	1,123
Revised Authorized Cost	<u>\$ 107,123</u>

Percentage Increase over Original	
Authorized Cost	1%
Percentage Completion	94%
Original Target Completion Date	9/19
Revised Target Completion Date	9/21

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, 2020

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Project Authorization</u>
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 193,400		\$ 193,400	\$ 193,400
Total Revenue and Other Financing Sources	193,400		193,400	193,400
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	31,146		31,146	43,400
Construction Services	97,613		97,613	87,500
Total Expenditures	128,759		128,759	130,900
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/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	\$ 2,141	\$ -0-	\$ 2,141	\$ -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	\$ 193,400
Additional Authorized Cost	(62,500)
Revised Authorized Cost	<u>\$ 130,900</u>

Percentage Decrease over Original Authorized Cost	-32%
Percentage Completion	34%
Original Target Completion Date	9/21
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, 2020

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Project Authorization</u>
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 650,000		\$ 650,000	\$ 650,000
 Total Revenue and Other Financing Sources	 650,000		 650,000	 650,000
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	66,885	\$ 3,818	70,703	90,700
Construction Services	468,236	112,025	580,261	625,000
 Total Expenditures	 535,121	 115,843	 650,964	 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/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	 \$ 180,579	 \$ (115,843)	 \$ 64,736	 \$ -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	65,700
Revised Authorized Cost	<u>\$ 715,700</u>

Percentage Increase over Original

Authorized Cost	10%
Percentage Completion	91%
Original Target Completion Date	9/21
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, 2020

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Project Authorization</u>
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 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 and Other Financing Uses:				
Construction Services	991,787	\$ 228,610	1,220,397	1,222,971
 Total Expenditures	 991,787	 228,610	 1,220,397	 1,222,971
 Transfer from 2013 Bond		6,214	6,214	6,214
Transfer from Diesel Shop		5,757	5,757	5,757
 Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	 \$ 219,213	 \$ (216,639)	 \$ 2,574	 \$ -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	11,971
Revised Authorized Cost	<u>\$ 1,222,971</u>

Percentage Increase over Original Authorized Cost	1%
Percentage Completion	99%
Original Target Completion Date	9/21
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, 2020

	<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	\$ 133,289	139,064	97,420
Construction Services		1,077,433	1,077,433	2,530,020
 Total Expenditures	 5,775	 1,210,722	 1,216,497	 2,627,440
 Excess of Revenue and Other Financing Sources Over Expenditures	 \$ 2,621,665	 \$ (1,210,722)	 \$ 1,410,943	 \$ -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	100%
Original Target Completion Date	9/21
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, 2020

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
County Improvement Authorization		\$ 516,210	\$ 516,210	\$ 516,210
 Total Revenue and Other Financing Sources		<u>516,210</u>	<u>516,210</u>	<u>516,210</u>
Expenditures:				
Purchased Professional and Technical Services		\$ 300	300	101,000
Construction Services				<u>415,210</u>
 Total Expenditures		<u>300</u>	<u>300</u>	<u>516,210</u>
 Excess of Revenue and Other Financing Sources Over Expenditures	<u>\$ -0-</u>	<u>\$ 515,910</u>	<u>\$ 515,910</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	\$ 516,210
Additional Authorized Cost	-0-
Revised Authorized Cost	<u>\$ 516,210</u>
 Percentage Increase over Original Authorized Cost	0%
Percentage Completion	0%
Original Target Completion Date	9/21
Revised Target Completion Date	N/A

PROPRIETARY FUNDS

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2020

	Non Major Funds		Major Fund		Total
	Cosmetology	Food Service	Adult Education	Education	Enterprise Funds
Current Assets:					
Cash and Cash Equivalents	\$ 7,336	\$ 58,338	\$ 52,149	\$ 52,149	\$ 117,823
Inventories		7,205			7,205
Total Current Assets	7,336	65,543	52,149	52,149	125,028
Non-Current Assets:					
Capital Assets		79,844	92,923	92,923	172,767
Less: Accumulated Depreciation		(66,213)	(53,727)	(53,727)	(119,940)
Total Non-Current Assets		13,631	39,196	39,196	52,827
Total Assets	7,336	79,174	86,510	91,345	177,855
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>					
Changes in Assumptions - Pension			37,718		37,718
Changes in Proportion - Pensions			7,130		7,130
Difference Between Expected and Actual Experience - Pension			6,780		6,780
District Contribution Subsequent to the Measurement Date - Pension			21,392		21,392
Total Deferred Outflows of Resources			73,020		73,020

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2020

	Non Major Funds		Major Fund		Total
	Cosmetology	Food Service	Adult Education	Education	Enterprise Funds
	Total	Total	Total	Total	Total
<u>LIABILITIES:</u>					
Current Liabilities:					
Accounts Payable	\$	450	\$	21,422	\$ 21,872
Unearned Revenue		13,275			13,275
Total Current Liabilities		13,725		21,422	35,147
Non-Current Liabilities:					
Compensated Absences Payable			12,542		12,542
Net Pension Liability			377,735		377,735
Total Non-Current Liabilities			390,277		390,277
Total Liabilities			13,725	411,699	425,424
<u>DEFERRED INFLOWS OF RESOURCES:</u>					
Changes in Assumptions - Pension			131,111		131,111
Changes in Proportion - Pension			21,837		21,837
Difference Between Expected and Actual Experience - Pension			1,669		1,669
Difference Between Projected and Actual Earnings on Investments - Pension			5,963		5,963
Total Deferred Inflows of Resources			160,580		160,580
<u>NET POSITION:</u>					
Investment in Capital Assets		13,631	39,196		52,827
Unrestricted/(Deficit)	\$	7,336	51,818	(447,110)	(387,956)
Total Net Position/(Deficit)	\$	7,336	\$ 65,449	\$ (407,914)	\$ (335,129)

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, 2020

	Non Major Funds		Total	Major Fund		Total Enterprise Funds
	Cosmetology	Food Service		Adult Education		
Operating Revenue:						
Daily Sales:						
Reimbursable Programs	\$	35,311	\$ 35,311		\$	35,311
Non-Reimbursable Programs		78,596	78,596			78,596
Charges for Services:						
Program Fees	\$	2,261	2,261	\$	550,264	552,525
Miscellaneous Revenue		6,213	6,213			6,213
Total Operating Revenue	2,261	120,120	122,381	550,264		672,645
Operating Expenses:						
Cost of Sales:						
Reimbursable Programs		24,172	24,172			24,172
Non-Reimbursable Programs		53,802	53,802			53,802
Salaries		37,983	37,983			37,983
Employee Benefits		10,516	10,516			10,713
Purchased Professional and Technical Services		10,713	10,713	474,755		485,271
Supplies and Materials		450	450			450
Miscellaneous Expense		2,950	2,950			2,950
Depreciation Expense		4,289	4,289	7,957		12,246
Total Operating Expenses		144,875	144,875	482,712		627,587
Operating Income/(Loss)	2,261	(24,755)	(22,494)	67,552		45,058

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, 2020

	Non Major Funds		Total	Major Fund		Total Enterprise Funds
	Cosmetology	Food Service		Adult Education		
Non-Operating Revenue:						
State Sources:						
State School Lunch Program		\$ 633	\$ 633		\$	633
Federal Sources:						
National School Lunch Program		8,557	8,557			8,557
School Breakfast Program		64	64			64
Food Distribution Program		13,489	13,489			13,489
Total Non-Operating Income		22,743	22,743			22,743
Non-operating Expenses:						
Reimbursements:						
Board subsidized Free and Reduced Lunches		5,064	5,064			5,064
Total Non-Operating Expenses		5,064	5,064			5,064
Change in Net Position Before Transfers	\$ 2,261	(7,076)	(4,815)	\$ 67,552		62,737
Transfers:						
Transfer from General Fund		5,064	5,064			5,064
Total Transfers		5,064	5,064			5,064
Change in Net Position	2,261	(2,012)	249	67,552		67,801
Net Position/(Deficit) - Beginning of Year	5,075	67,461	72,536	(475,466)		(402,930)
Net Position/(Deficit) - End of Year	\$ 7,336	\$ 65,449	\$ 72,785	\$ (407,914)		\$ (335,129)

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Non Major Funds		Major Fund Adult Education	Total Enterprise Funds
	Cosmetology	Food Service		
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 2,261	\$ 126,319	\$ 551,063	\$ 679,643
Payments to Food Service Contractor		(137,443)	(569,720)	(137,443)
Payments to/for Employees			(525)	(569,720)
Payments to Suppliers				(525)
Net Cash Provided by/(Used for) Operating Activities	2,261	(11,124)	(19,182)	(28,045)
Cash Flows from Non-Operating Activities:				
Reimbursements:				
Board subsidized Free and Reduced Lunches		(5,064)		(5,064)
Net Cash Used for Non-Operating Activities		(5,064)		(5,064)
Cash Flows from Noncapital Financing Activities:				
Transfer from General Fund		5,064		5,064
State Sources		720		720
Federal Sources		9,839		9,839
Net Cash Provided by Noncapital Financing Activities		15,623		15,623
Net Increase/(Decrease) in Cash and Cash Equivalents	2,261	(565)	(19,182)	(17,486)
Cash and Cash Equivalents, July 1	5,075	58,903	71,331	135,309
Cash and Cash Equivalents, June 30	\$ 7,336	\$ 58,338	\$ 52,149	\$ 117,823

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Non Major Funds		Major Fund Adult Education	Total Enterprise Funds
	Cosmetology	Food Service		
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:				
Operating Income/(Loss)	\$ 2,261	\$ (24,755)	\$ 67,552	\$ 45,058
Adjustment to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:				
Depreciation		4,289	7,957	12,246
Food Distribution Program		13,489		13,489
Changes in Assets and Liabilities:				
Decrease in Other Accounts Receivable		(1,795)	799	799
(Increase) in Inventory		(9,308)	(525)	(1,795)
(Decrease) in Accounts Payable		6,956		(9,833)
Increase in Unearned Revenue			918	6,956
Increase in Compensated Absences Payable			(106,721)	918
(Decrease) in Net Pension Liability			18,321	(106,721)
Decrease in Changes in Assumptions - Pension				18,321
Decrease in Difference between Expected and Actual Experience - Pension			1,630	1,630
Decrease in Difference between Projected and Actual Earnings in Investments - Pensions			1,419	1,419
(Decrease) in Changes in Proportions - Pensions			(10,532)	(10,532)
Net Cash Provided by/(Used for) Operating Activities	\$ 2,261	\$ (11,124)	\$ (19,182)	\$ (28,045)

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Commodities through the Food Distribution Program valued at \$14,247 and utilized U.S.D.A. Commodities valued at \$13,489.

FIDUCIARY FUNDS

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2020

	<u>Agency</u>	<u>Payroll</u>	<u>Total Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>	<u>Private Purpose Scholarships Trust</u>
<u>ASSETS:</u>	<u>Student Activity</u>					
Cash and Cash Equivalents	\$ 126,362	\$ 407,608	\$ 533,970	\$ 115,952	\$ 11,827	\$ 130,221
Interfund Receivable:						
Payroll Agency				3,248		
Total Assets	<u>126,362</u>	<u>407,608</u>	<u>533,970</u>	<u>119,200</u>	<u>11,827</u>	<u>130,221</u>
<u>LIABILITIES:</u>						
Interfund Payable:						
General Fund					9,471	
Unemployment Compensation Trust		3,248	3,248			
Payroll Deductions and Withholdings		109,730	109,730			
Accrued Salaries and Wages		294,630	294,630			
Due to Student Groups	126,362		126,362			
Total Liabilities	<u>126,362</u>	<u>407,608</u>	<u>533,970</u>		<u>9,471</u>	
<u>NET POSITION:</u>						
Held in Trust for:						
Unemployment Claims				119,200		
Flexible Spending Claims					2,356	
Restricted for Scholarships						130,221
Total Net Position	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 119,200</u>	<u>\$ 2,356</u>	<u>\$ 130,221</u>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
FIDUCIARY FUND
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Unemployment Compensation Trust	Flexible Spending Trust	Private Purpose Scholarships Trust
	<u>Trust</u>	<u>Trust</u>	<u>Trust</u>
ADDITIONS:			
Contributions:			
Plan Members	\$ 16,674	\$ 19,889	
Donations			\$ 1,930
Investment Earnings:			
Interest	1,373		199
Total Additions	<u>18,047</u>	<u>19,889</u>	<u>2,129</u>
DEDUCTIONS:			
Unemployment Benefit Claims	9,757		
Flexible Spending Claims		27,001	
Scholarships Awarded			3,500
Total Deductions	<u>9,757</u>	<u>27,001</u>	<u>3,500</u>
Change in Net Position	8,290	(7,112)	(1,371)
Net Position - Beginning of the Year	<u>110,910</u>	<u>9,468</u>	<u>131,592</u>
Net Position - End of the Year	<u>\$ 119,200</u>	<u>\$ 2,356</u>	<u>\$ 130,221</u>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 143,440	\$ 79,965	\$ 97,043	\$ 126,362
Total Assets	<u>\$ 143,440</u>	<u>\$ 79,965</u>	<u>\$ 97,043</u>	<u>\$ 126,362</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 143,440	\$ 79,965	\$ 97,043	\$ 126,362
Total Liabilities	<u>\$ 143,440</u>	<u>\$ 79,965</u>	<u>\$ 97,043</u>	<u>\$ 126,362</u>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 380,416	\$ 16,045,070	\$ 16,017,878	\$ 407,608
Total Assets	<u>\$ 380,416</u>	<u>\$ 16,045,070</u>	<u>\$ 16,017,878</u>	<u>\$ 407,608</u>
 <u>LIABILITIES:</u>				
Interfund Payable:				
Fiduciary Fund - Unemployment Trust	\$ 3,334	\$ 30,567	\$ 30,653	\$ 3,248
Payroll Deductions and Withholdings	106,412	15,719,873	15,716,555	109,730
Accrued Salaries and Wages	<u>270,670</u>	<u>294,630</u>	<u>270,670</u>	<u>294,630</u>
Total Liabilities	<u>\$ 380,416</u>	<u>\$ 16,045,070</u>	<u>\$ 16,017,878</u>	<u>\$ 407,608</u>

STATISTICAL SECTION

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

	June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities										
Net Investment in Capital Assets	\$ 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	\$ 25,158,619
Restricted	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	2,228,845
Unrestricted/(Deficit)	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)	(5,016,150)
Total Governmental Activities Net Position	\$ 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	\$ 22,371,314
Business-type Activities										
Investment in Capital Assets	\$ 34,104	\$ 32,216	\$ 28,254	\$ 21,889	\$ 59,168	\$ 54,132	\$ 51,626	\$ 78,459	\$ 65,073	\$ 52,827
Unrestricted/(Deficit)	211,506	116,132	121,914	(337,263)	(272,787)	(335,504)	(389,405)	(501,494)	(468,003)	(387,956)
Total Business-type Activities Net Position/(Deficit)	\$ 245,610	\$ 148,348	\$ 150,168	\$ (315,374)	\$ (213,619)	\$ (281,372)	\$ (337,779)	\$ (423,035)	\$ (402,930)	\$ (335,129)
District-wide										
Net Investment in Capital Assets	\$ 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	\$ 25,211,446
Restricted	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	2,228,845
Unrestricted/(Deficit)	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)	(5,404,106)
Total District Net Position	\$ 18,814,828	\$ 20,474,244	\$ 21,773,993	\$ 15,935,071	\$ 18,788,240	\$ 19,198,539	\$ 17,609,889	\$ 19,064,697	\$ 21,510,848	\$ 22,036,185

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

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses:										
Governmental Activities:										
Instruction										
Regular	\$ 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	\$ 9,451,796
Special Education	409,248	450,689	534,556	534,548	943,045	680,667	720,377	994,810	1,044,478	1,147,511
Vocational Education	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	4,968,019
Other Instruction	256,821	233,990	290,081	287,998	359,390	413,282	473,395	433,030	797,806	452,853
Support Services:										
Student and Instruction Related Services	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	4,198,979
General Administrative Services	583,387	607,139	736,765	536,254	679,650	790,458	770,423	802,170	811,153	751,153
School Administrative Services	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	1,530,061
Central Services	671,784	655,869	581,469	570,132	667,080	730,335	852,529	808,387	743,852	691,736
Administrative Information Technology	215,829	244,956	302,753	428,018	297,466	367,155	465,288	411,890	419,941	414,289
Plant Operations and Maintenance	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	2,060,445
Pupil Transportation	108,470	142,824	126,746	152,221	165,439	177,197	225,412	224,611	271,074	195,574
Special Schools	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	464,595
Capital Outlay	78,585	54,775	64,549	62,039	62,289	57,548	4,589	4,589	2,193	35,022
Unallocated Depreciation	435,761	435,762	469,687	469,963	469,963	469,963	469,963	469,963	469,963	469,963
Total Governmental Activities Expenses	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	26,362,033
Business-Type Activities:										
Enterprise Funds	999,329	936,633	811,257	795,080	792,832	835,537	792,011	839,853	761,732	632,651
Total Business-Type Activities Expense	999,329	936,633	811,257	795,080	792,832	835,537	792,011	839,853	761,732	632,651
Total District Expenses	19,104,250	20,012,783	20,363,716	20,207,560	22,278,346	23,860,930	26,167,199	27,124,342	26,676,899	26,994,684
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Tuition	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	11,988,514
Operating Grants and Contributions	2,997,416	3,100,157	3,842,274	3,560,437	5,097,290	6,121,970	7,610,126	8,198,440	7,424,447	7,156,254
Total Governmental Activities Program Revenues	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	19,144,768
Business-Type Activities:										
Charges for Services:										
Enterprise Funds	872,288	781,278	762,613	726,521	845,773	831,756	703,503	752,240	748,630	672,645
Operating Grants and Contributions	25,551	32,379	27,173	21,401	28,556	29,977	32,089	27,555	32,997	22,743
Total Business-Type Activities Program Revenues	897,839	813,657	789,786	747,922	874,329	861,733	735,592	779,595	781,627	695,388

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

UNAUDITED
(Continued)

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total District Program Revenues	\$ 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	\$ 19,840,156
Net (Expense)/Revenue:										
Governmental Activities	(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)	(7,217,265)
Business-Type Activities	(101,490)	(122,976)	(21,471)	(47,158)	81,497	26,196	(56,419)	(60,258)	19,895	62,737
Total District-Wide Net Expense	(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)	(7,154,528)
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	388,508	623,050	695,443	706,862	720,276	718,955	729,129	728,406	649,307	638,150
Tuition	8,232,968									
Interest Earnings	2,461	2,671	5,761	4,687	4,063	11,714	27,608	26,244	26,348	10,100
Transfers	(47,664)	(26,554)	(32,748)	(44,059)	(16,761)	94,798	115	25,012	(5,064)	45,500
Capital Contribution to School District										
Contributed Capital					(3,258)					
County Improvement Authorization		1,963,892	972,351	1,292,220	2,061,000	601,000	116,000	1,048,000	2,627,440	516,210
County Improvement Authorization Cancelled	(246,200)					(23,694)	(923,134)			
Debt Service Contribution to County of Morris										
Miscellaneous Income	124,341	43,625	91,177	47,972	72,190	97,722	118,024	152,354	177,678	118,619
Total Governmental Activities	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	7,674,801
Business-Type Activities:										
Transfers	47,664	27,702	33,325	44,142	17,000	(93,949)		(25,012)		5,064
Contributed Capital					3,258				210	
Miscellaneous Income	(2,680)	(1,988)	(10,034)	(3,283)			12	14		
Receivable/Payable	44,984	25,714	23,291	40,859	20,258	(93,949)	12	(24,998)	210	5,064
Total Business-Type Activities	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	7,679,865
Total District-Wide										
Change in Net Position:										
Governmental Activities	(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	457,536
Business-Type Activities	(56,506)	(97,262)	1,820	(6,299)	101,755	(67,753)	(56,407)	(85,256)	20,105	67,801
Total District	\$ (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	\$ 525,337

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,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Restricted	\$ 719,472	\$ 878,633	\$ 773,349	\$ 1,809,685	\$ 2,766,786	\$ 3,122,283	\$ 3,109,566	\$ 3,402,751	\$ 1,756,187	\$ 2,228,845
Assigned	191,506	506,184	365,812	300,573	280,788	108,958	288,294	574,490	100,000	60,451
Unassigned	731,133	613,948	877,946	848,989	887,036	909,928	926,482	982,584	1,153,591	1,068,463
Total General Fund	\$ 1,642,111	\$ 1,998,765	\$ 2,017,107	\$ 2,959,247	\$ 3,934,610	\$ 4,141,169	\$ 4,324,342	\$ 4,959,825	\$ 3,009,778	\$ 3,357,759
All Other Governmental Funds										
Committed	\$ -0-	\$ 1,963,892	\$ 1,846,257	\$ 1,871,012	\$ 2,200,313	\$ 1,636,014	\$ 740,104	\$ 1,209,857	\$ 3,724,925	\$ 2,029,564
Total All Other Governmental Funds	\$ -0-	\$ 1,963,892	\$ 1,846,257	\$ 1,871,012	\$ 2,200,313	\$ 1,636,014	\$ 740,104	\$ 1,209,857	\$ 3,724,925	\$ 2,029,564
Total All Governmental Funds	\$ 719,472	\$ 878,633	\$ 773,349	\$ 1,809,685	\$ 2,766,786	\$ 3,122,283	\$ 3,109,566	\$ 3,402,751	\$ 1,756,187	\$ 2,228,845
Restricted	191,506	506,184	365,812	300,573	280,788	108,958	288,294	574,490	100,000	60,451
Assigned	731,133	613,948	877,946	848,989	887,036	909,928	926,482	982,584	1,153,591	1,068,463
Total All Governmental Funds	\$ 1,642,111	\$ 3,962,657	\$ 3,863,364	\$ 4,850,259	\$ 6,134,923	\$ 5,777,183	\$ 5,064,446	\$ 6,169,682	\$ 6,734,703	\$ 5,387,323

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,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues:										
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 LEAs	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	12,072,283
Other Tuition	317,488	335,521	479,058	458,157	487,861	492,339	438,808	449,416	468,861	339,504
Interest Earned on Capital Reserve Funds	514	1,094	1,226	768	1,475	4,161	10,778	26,185	26,185	9,827
Interest Earned on Maintenance Reserve Funds	126,288	45,202	95,712	53,422	75,528	107,154	134,854	152,678	179,710	273
Unrestricted Miscellaneous Revenue	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	4,061,446
State Sources	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	1,603,051
Federal Sources	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	24,556,289
Total Revenue	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	7,247,915
Expenditures:										
Instruction:										
Regular Instruction	301,950	321,444	385,919	389,739	432,043	411,301	403,777	577,264	653,895	734,819
Special Education Instruction	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	2,715,682
Vocational Education Instruction	238,683	219,463	272,978	266,705	307,298	344,322	361,942	350,488	724,596	382,861
School-Sponsored/Other Instruction	3,255,060	3,278,070	3,568,600	3,549,312	3,777,948	3,769,802	3,786,439	3,775,589	3,959,598	4,433,362
Support Services:										
Student and Instruction Related Services	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	2,915,167
General Administrative Services	483,439	497,829	616,342	452,648	527,100	608,332	522,608	549,049	586,471	539,919
School Administrative Services	931,067	929,527	892,389	946,985	791,065	762,568	698,542	751,852	947,878	990,095
Central Services	504,745	476,847	459,217	459,317	495,682	513,617	546,588	526,759	501,805	482,363
Administrative Information Technology	144,417	162,096	229,006	286,859	221,550	262,562	320,193	302,009	316,529	315,442
Plant Operations and Maintenance	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	1,675,703
Pupil Transportation	108,470	146,113	129,593	155,760	154,556	164,468	153,635	162,343	172,764	107,513
Allocated Benefits	2,278,270	2,414,478	1,807,979	5,251						
Unallocated Benefits	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	5,488,291
Special Schools	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	321,480
Capital Outlay	180,360	177,994	2,172,326	1,469,290	2,007,714	1,667,704	556,741	1,260,246	2,567,845	2,497,565
Total Expenditures	17,670,258	18,536,916	21,029,874	20,267,019	21,293,406	21,641,381	21,277,924	23,254,079	25,933,822	26,414,815
Excess (Deficiency) of Revenues Over (Under) Expenditures	426,722	338,574	(1,119,089)	(281,266)	(736,317)	(1,029,844)	94,282	33,821	(2,062,419)	(1,858,526)

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,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
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	\$ 516,210
Transfers	\$ (47,664)	(26,554)	(32,748)	(44,059)	(16,761)	94,798	115	23,415		(5,064)
Capital Contribution to Food Service Fund	(246,200)	44,634	80,193		(3,258)					
Debt Service Contribution to County of Morris		1,981,972	1,019,796	1,248,161	2,040,981	672,104	(807,019)	1,071,415	2,627,440	511,146
Capital Leases (Non-budgeted)										
Total Other Financing Sources (Uses)	\$ 132,858	\$ 2,320,546	\$ (99,293)	\$ 966,895	\$ 1,304,664	\$ (357,740)	\$ (712,737)	\$ 1,105,236	\$ 565,021	\$ (1,347,380)
Net Change in Fund Balances	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Debt Service as a Percentage of Noncapital Expenditures										
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
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
2020	12,411,787	10,100		118,619	12,540,506

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.	QIarm	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate	Estimated Actual (County Equalized Value)
2010	\$ 1,218,511,450	\$ 58,195,366,425	\$ 652,147,200	\$ 12,013,308	\$ 11,275,927,757	\$ 2,690,796,500	\$ 2,071,807,000	\$ 76,116,569,640	\$ 7,395,815,300	\$ 148,405,358	\$ 76,264,974,998	N/A	\$ 102,332,070,127
2011	1,150,385,750	57,863,255,210	667,820,200	12,177,178	11,088,116,597	2,626,022,625	2,119,407,700	75,527,185,260	7,393,879,200	128,034,958	75,655,220,218	N/A	98,052,992,752
2012	1,172,274,150	59,774,842,190	690,767,100	12,282,578	11,568,762,422	2,980,678,200	2,191,170,400	78,390,777,040	7,061,681,200	125,183,300	78,515,960,340	N/A	94,996,537,642
2013	1,121,535,950	60,489,876,715	685,237,400	11,944,478	11,513,732,422	2,917,649,400	2,286,186,900	79,026,163,265	7,277,468,700	61,429,260	79,087,592,525	N/A	90,780,233,689
2014	1,040,064,650	60,385,164,210	690,643,400	12,057,978	11,666,955,422	2,923,186,200	2,295,606,200	79,013,678,060	7,293,537,400	45,147,771	79,058,825,831	N/A	89,368,907,348
2015	1,006,685,850	60,605,580,547	693,260,300	11,915,400	11,629,578,222	2,887,476,900	2,323,159,100	79,157,656,319	7,346,524,200	33,841,181	79,191,497,500	N/A	90,711,159,054
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	84,360,342,250	7,676,242,500	35,471,441	84,360,342,250	N/A	93,601,899,566
2018	1,005,122,600	65,323,458,030	725,499,400	11,723,198	12,561,614,852	2,902,959,800	2,601,846,400	85,132,224,280	7,821,158,050	33,523,397	85,165,747,677	N/A	94,755,062,034
2019	1,075,773,100	66,810,471,500	727,015,200	11,136,698	12,841,876,677	2,917,800,600	2,714,949,000	87,099,022,775	814,273,600	33,831,715	87,132,854,490	N/A	96,090,769,477

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

^a 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
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
(RATE PER \$100 OF ASSESSED VALUE)
UNAUDITED

NOT APPLICABLE

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

Taxpayer	2019		
	Taxable Assessed Value	Rank	% of Total County Net Valuation Taxable
Novartis Corporation	\$ 415,030,700	1	0.48%
Point View Campus, LLC	241,500,000	2	0.28%
Rockaway Center Associates	209,868,700	3	0.24%
Bayer Healthcare, LLC	155,670,300	4	0.18%
Oakwood Garden Associates, LLC	120,000,000	5	0.14%
Sun Valley Plaza, LLC	104,515,500	6	0.12%
US Real Estate Holdings	102,459,700	7	0.12%
SDK Village Green, LLC	98,000,000	8	0.11%
KBS II 300-600 Campus Drive, LLC	93,517,700	9	0.11%
Saint Clare's	83,552,300	10	0.10%
Total	<u>\$ 1,624,114,900</u>		<u>1.66%</u>

Taxpayer	2010		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Point View Campus LLC	\$ 327,873,800	1	0.43%
Novartis Corporation	321,530,700	2	0.42%
MC NEIL-PPC Inc.	172,500,000	3	0.23%
Rockaway Center Associates	145,000,000	4	0.19%
KBS II 300-600 Campus Drive, LLC	108,017,200	5	0.14%
Oakwood Garden Associates, LLC	99,500,000	6	0.13%
Segal Realty Associates	78,700,000	7	0.10%
KBS II 100-200 Campus Drive, LLC	73,000,900	8	0.10%
Pfizer	72,000,000	9	0.09%
Wells REIT	69,600,000	10	0.09%
	<u>\$ 1,467,722,600</u>		<u>1.92%</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 ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
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-
2020	6,351,286	6,351,286	100.00%	-0-

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

Source: District records.

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

Fiscal Year Ended June 30,	Governmental Activities							Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Business-Type Activities		Total District			
					Capital Leases	Capital Leases				
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		
2020	-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.

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

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

<u>Year</u>	<u>Population^a</u>	<u>Morris County Per Capital Personal Income^b</u>	<u>Total Morris County Personal Income</u>	<u>Unemployment Rate^c</u>
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	98,842	48,850,483,976	3.30%
2019	491,845	98,842 **	48,614,943,490 ***	2.80%
2020	491,845 *	98,842 **	48,614,943,490 ***	N/A

* - Latest population data available (2019) was used for calculation purposes.

** - Latest Morris County per capita personal income available (2018) was used for calculation purposes.

*** - Latest available population data (2019) and latest available Morris County per capita personal income (2018) was used for calculation purposes.

N/A - Information not available

Source:

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

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

^c Per capita personal income by county estimated based upon the 2010 Census published by the US Bureau of Economic Analysis.

^d 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	2019		
	Employees	Rank (Optional)	Percentage of Total Employment
Atlantic Health Systems	6,140	1	2.45%
U.S. Army Armament Research and Development	6,000	2	2.40%
Novartis Corporation	4,900	3	1.96%
ADP	2,690	4	1.07%
Bayer Healthcare, LLC	2,400	5	0.96%
Accenture	1,865	6	0.74%
Barclays	1,800	7	0.72%
Honeywell	1,704	8	0.68%
Allergan	1,627	9	0.65%
St. Clare's	1,565	10	0.63%
	30,691		12.26%
Total Employment	249,463		
Employer	2010		
	Employees	Rank (Optional)	Percentage of Total Employment
Novartis Corporation	4,990	1	1.99%
Atlantic Health System	4,933	2	1.97%
U.S. Army Armament Research and Development	4,442	3	1.77%
United Parcel Service	2,332	4	0.93%
County of Morris	1,959	5	0.78%
ADP	1,924	6	0.77%
AT&T Corporation	1,550	7	0.62%
Saint Clare's	1,531	8	0.61%
BASF Corporation	1,400	9	0.56%
Avis Budget Group, Inc.	1,378	10	0.55%
	26,439		10.55%
Total Employment	250,640		

Source: County of Morris

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

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Instruction:										
Regular	32.0	33.0	33.0	33.0	35.0	36.0	37.0	37.0	37.0	37.0
Special Education	5.0	5.0	6.0	6.0	6.0	5.0	3.0	3.0	3.0	2.0
Vocational	23.0	22.5	22.5	23.5	24.5	24.0	27.0	27.0	28.5	26.0
Other Instruction	4.5	5.0	5.0	5.0	5.0	5.0	5.0	6.0	6.0	7.0
Adult/Continuing Education Programs	70.0	71.0	74.0	91.0	76.0	52.0	67.0	69.0	59.0	45.0
Support Services:										
Student & Instruction Related Services	10.0	10.0	10.0	10.0	10.0	10.5	12.0	13.0	13.0	12.5
School Administrative Services	22.0	22.0	20.0	21.0	21.0	20.0	18.0	20.0	19.0	19.0
General Administrative Services	3.0	3.0	3.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Central Services	7.0	7.0	5.0	5.0	6.0	6.0	6.0	6.0	5.0	5.0
Administrative Information Technology	1.5	1.5	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Plant Operations and Maintenance	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0
Total	192.0	194.0	194.5	212.5	201.5	176.5	193.0	199.0	188.5	171.5

Source: District Personnel Records

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

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio School of Technology	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
2011	939.3	\$ 16,295,702	\$ 17,349	-15.67%	64.5	1:14.56	939.3	893.2	27.81%	95.09%
2012	942.6	17,306,753	18,361	5.83%	68.0	1:13.86	942.6	887.2	0.35%	94.12%
2013	946.5	17,739,017	18,742	2.08%	66.5	1:14.23	946.5	905.6	0.41%	95.68%
2014	971.7	17,505,289	18,015	-3.88%	67.5	1:14.40	971.7	923.5	2.66%	95.04%
2015	975.1	18,206,879	18,672	3.65%	70.5	1:13.80	975.1	933.1	0.35%	95.69%
2016	996.0	18,783,782	18,859	1.00%	70.0	1:13.80	996.0	955.0	2.14%	95.88%
2017	1,035.5	19,559,825	18,889	0.16%	72.0	1:14.30	1,035.6	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	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	10.14%	96.49%
2020	1,358.3	23,595,770	17,372	3.23%	73.0	1:14.30	1,358.3	1,319.9	11.52%	97.17%

Note: Enrollment based on annual October district count.

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

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

^c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

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

Sources: School District records

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<u>District Buildings</u>										
School of Technology (1969)	165,011	165,011	165,011	165,011	165,011	187,911	187,911	187,911	187,911	187,911
Square Feet	934	934	934	934	934	934	934	934	934	934
Capacity (students)	939.3	942.6	946.5	971.7	975.1	996.0	1,035.6	1,105.9	1,218.0	1,358.3
Enrollment										

Number of Schools at June 30, 2020
 School of Technology = 1
 Off-site Academies = 5

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,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Morris County Vocational School*	\$ 544,005	\$ 597,387	\$ 728,711	\$ 695,927	\$ 447,707	\$ 589,085	\$ 373,338	\$ 370,050	\$ 384,072	\$ 329,790
Total School Facilities*	\$ 544,005	\$ 597,387	\$ 728,711	\$ 695,927	\$ 447,707	\$ 589,085	\$ 373,338	\$ 370,050	\$ 384,072	\$ 329,790

* 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
6/30/2020
UNAUDITED**

**Exhibit J-20
1 of 4**

Morris County Insurance Fund		
Chubb Insurance Company of New Jersey	Coverage	Deductible
Commercial Property		
Building/Personal Property	\$250,000,000 Building	\$50,000 Deductible
Business Income with Extra Expense	\$5,000,000	48 Hours Waiting Period
Accounts Receivable	\$1,000,000	Extended Period - Unlimited
Valuable Papers	\$1,000,000	
Fine Arts		
Street Signs	\$120,400	
Traffic Lights	\$100,000	
Bi-Lou Overhead Lines	\$250,000	
Blanket Limits - Covered Premises	\$500,000	
Accounts Receivable		
Electronic Data Processing Property		
Fine Arts		
Leasehold Interest		
Tenants Lease Interest		
Leasehold Interest - Undamaged		
Tenants Improvements & Betterments		
Non-Owned Detached Trailers		
Outdoor Trees, shrubs, Plants or Lawns		
Pair and Set		
Personal Property of Employees		
Public Safety Services Charges		
Research and Development Property		
Valuable Papers		
Newly Acquired		
Newly Acquired Premises or Newly Acquired or Constructed Property		
Building	\$5,000,000	
Personal Property	\$2,500,000	
Personal Property at Existing Premises	\$100,000	
Electronic Data Processing Equipment	\$2,500,000	
Electronic Data	\$250,000	
Communication Property	\$250,000	
Fine Arts	\$50,000	
Business Income Coverage		
Any Other Location	\$50,000	
Contractual Penalties	\$25,000	
Dependent Business Premises	\$250,000	
Exhibition, Fair or Trade Show	\$25,000	
Preparation of Loss Fees	\$25,000	
Loss of Utilities	\$25,000	
Pollutant Clean Up or Removal	\$25,000	
Ingress & Egress	\$50,000	
Newly Acquired Premises – Business Income	\$250,000	

**MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
INSURANCE SCHEDULE
6/30/2020
UNAUDITED**

**Exhibit J-20
2 of 4**

Ocean Cargo Coverage

Goods in Transit	\$50,000	\$5,000
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Live Animals Additional Coverage

Live Animals per Occurrence Limit of Insurance	\$200,000	\$25,000
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Earthquake

Policy Annual Aggregate Limit of Insurance	\$10,000,000	\$50,000
Premises Annual Aggregate Limit of Insurance	\$10,000,000	Waiting Period 48 Hours
Per Occurrence Limit of Insurance	\$10,000,000	

Flood

Policy Annual Aggregate Limit of Insurance	\$10,000,000	
Premises Annual Aggregate Limit of Insurance	\$10,000,000	
Per Occurrence Limit of Insurance	\$10,000,000	
\$50,000 Property Damage Dollar Deductible		
Waiting Period 48 Hours		

Safety National Casualty Corporation

Commercial General Liability

General Aggregate Limit	\$4,000,000	CGL - Each Occurrence \$500,000
Products/Completed Operations Aggregate Limit	\$4,000,000	Personal & Advertising Injury \$500,000
Each Occurrence Limit	\$2,000,000	Damages to Premises Rented to You \$500,
Personal & Advertising Injury Limit	\$2,000,000	Employee Benefits Liability \$500,000
Damages to Premises Rented to You Limit	\$500,000	

Employee Benefits Liability

Aggregate Limit	\$4,000,000	
Each Employee Limit	\$2,000,000	
Retroactive Date: 1/1/2009		

Sexual Abuse and/or Molestation Coverage

Commercial Automobile

Combined Single Limit BI & PD	\$2,000,000	SIR - Auto Liability - Any One Accident \$
-------------------------------	-------------	--

Personal Injury Protection (or Equivalent No-Fault Coverage)

Minimum Statutory Limits

Uninsured Motorists/Underinsured Motorists

(Reject Where Allowed/Minimum Statutory Limits Where Required)

Hired & Non-Owned Auto

Schedule of Covered Auto - On File with Carrier

Excess Liability

General Aggregate Limit	\$8,000,000	
Each Occurrence Limit	\$8,000,000	

**MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
INSURANCE SCHEDULE
6/30/2020
UNAUDITED**

**Exhibit J-20
3 of 4**

Underlying Insurance

General Liability	\$2,000,000/\$4,000,000
Commercial Automobile Liability	\$2,000,000 CSL
Public Officials Liability	\$2,000,000/\$2,000,000
Law Enforcement Liability Coverage	\$2,000,000/\$2,000,000
Educators Legal Liability	\$2,000,000/\$2,000,000
Employers Liability	\$2,000,000/\$2,000,000/\$2,000,000

Educators Legal Liability & Employment Practices

Annual Aggregate Limit	\$2,000,000	Each Wrongful Act (including LAE) - \$50
Each Wrongful Act	\$2,000,000	Retroactive Date: 1/1/2009

Law Enforcement Legal

Each Wrongful Act	\$2,000,000	Each Occurrence (including LAE) - \$500,000
Policy Aggregate	\$2,000,000	

Public Officials / EPL Liability

Annual Aggregate Limit	\$2,000,000	
Each Wrongful Act	\$2,000,000	Each Wrongful Act (including LAE) \$500,000 Retroactive Date: 1/1/2009

Ironshore Specialty Insurance Co.

Site Pollution Incident Legal Liability

Policy Aggregate Limit	\$5,000,000
------------------------	-------------

Coverage A. Third Party Claims for BI, PD or Remediation Expenses:

Each Incident Limit \$5,000,000 & \$5,000,000	
Coverage Aggregate Limit	\$100,000 Deductible Each Incident

Coverage B. First Party Remediation Expenses: \$5,000,000

Each Incident Limit - \$5,000,000 Coverage Aggregate Limit	\$100,000 Deductible Each Incident
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Coverage C. emergency Response Expenses: \$5,000,000

Each Incident Limit - \$5,000,000 Coverage Aggregate Limit	\$100,000 Deductible Each Incident
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Business Interruption: 365 BI (Days)

Limit - Business Interruption Limit \$5,000,000	Deductible Days (3)
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Some Policy Endorsements:

Defense Costs - 25% Outside the Limits Endorsement

Mold Matter Limits & Deductible Amendatory Endt

Site Specific Legionella Exclusion - Schedule of Covered Property

340,400,460,540 West Hanover Avenue, Morris Township, NJ

Underground Storage Tanks - On file with carrier

**MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
INSURANCE SCHEDULE
6/30/2020
UNAUDITED**

**Exhibit J-20
4 of 4**

Great American Insurance Company

Crime

Employee Dishonesty	\$5,000,000	Ded. \$50,000
Forgery or Alteration	\$5,000,000	Ded. \$50,000
Inside the Premises	\$10,000	Ded. \$2,500
Outside the Premises	\$10,000	Ded. \$2,500
Computer Fraud	\$5,000,000	Ded. \$50,000
Money Orders & Counterfeit Paper Currency	\$5,000,000	Ded. \$50,000
Funds Transfer Fraud	\$5,000,000	Ded. \$50,000
Fraudulently Induced Transfers	\$250,000	Ded. \$50,000

National Union Fire Ins. Co.

Cyber

Media Content	\$5,000,000	\$50,000 Retention
Security and Privacy	\$5,000,000	\$50,000 Retention
Network Interruption	\$5,000,000	\$50,000 Retention
Event Management	\$5,000,000	\$50,000 Retention
Cyber Extortion	\$5,000,000	\$50,000 Retention
Reputation Guard	\$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, 2020, 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 3, 2020.

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) as a basis for designing 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 financial statements. 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 3, 2020
Mount Arlington, New Jersey

NISIVOCCIA LLP

Francis Jones of Nisivoccia LLP
Francis Jones
Licensed Public School Accountant #1154
Certified Public Accountant

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, 2020. 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.

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

Opinion on Each Major Federal and State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2020.

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 3, 2020
Mount Arlington, New Jersey

NISIVOCCIA LLP

Francis Jones of 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, 2020

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, 2019			Balance at June 30, 2020		
					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor	Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor
U.S. Department of Education:										
Passed-through State Department of Education:										
Special Revenue Fund:										
Student Financial Aid Cluster:										
Federal Pell Grant	84.063	P063P064434	9/1/19-8/31/20	\$ 98,013	\$		\$ 98,013	\$	(98,013)	
Federal Direct Student Loans (Direct Loan):	84.268	N/A	9/1/19-8/31/20	71,008			71,008		(71,008)	
Stafford Loans - Subsidized	84.268	N/A	9/1/19-8/31/20	117,350			117,350		(117,350)	
Total Student Financial Aid Cluster							286,371		(286,371)	
Special Education Cluster:										
I.D.E.A. Part B, Basic	84.027	IDEA336519	7/1/18-9/30/19	240,349	\$ (43,747)		43,747			
I.D.E.A. Part B, Basic	84.027	IDEA336520	7/1/19-9/30/20	236,211			174,544		(217,556)	\$ (1) \$ (43,013)
Total Special Education Cluster							218,291		(217,556)	(1) (43,013)
Carl D. Perkins Secondary	84.048	PERK336519	7/1/18-6/30/19	340,460	(30,417)		30,417		(336,249)	67 (36,878)
Carl D. Perkins Secondary	84.048	PERK336520	7/1/19-6/30/20	366,567			299,304			(192)
Carl D. Perkins Post Secondary	84.048	PERK336518	7/1/17-6/30/18	118,128	(192)				(120,086)	
Carl D. Perkins Post Secondary	84.048	PERK336520	7/1/19-6/30/20	123,000	(30,609)		449,807		(456,335)	67 (37,070)
Subtotal Carl D. Perkins										
Total U.S. Department of Education					(74,356)		954,469		(960,262)	66 (80,083)
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-19-07-31	7/1/18-6/30/19	797,360	(179,448)		179,448			
Subtotal Consolidated Adult Basic Skills	84.002	ABS-20-07-31	7/1/19-6/30/20	751,924			538,033		(652,710)	(114,677)
							717,481		(652,710)	(114,677)

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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, 2019			Balance at June 30, 2020			Amount Provided to Subrecipients
					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor	Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor	
U.S. Department of Agriculture:											
Passed-through State Department of Agriculture:											
Child Nutrition Cluster:											
Food Distribution Program	10.555	N/A	7/1/19-6/30/20	\$ 14,341			\$ 14,247	\$ (12,557)	\$ 1,690		
Food Distribution Program	10.555	N/A	7/1/18-6/30/19	13,840				(932)			
National School Lunch Program	10.555	N/A	7/1/19-6/30/20	8,557			8,557	(8,557)			
National School Lunch Program	10.555	N/A	7/1/18-6/30/19	16,331			1,180				
School Breakfast Program	10.553	N/A	7/1/19-6/30/20	64			64	(64)			
School Breakfast Program	10.553	N/A	7/1/18-6/30/19	723			38				
Total Child Nutrition Cluster							24,086	(22,110)	1,690		
Total Federal Awards							\$ 1,696,036	\$ (1,635,082)	\$ 66	\$ (194,760)	\$ -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, 2020

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2019		Cash Received	Budgetary Expenditures	Cancellation of Prior Year Encumbrance	Adjustments	Balance at June 30, 2020		Cumulative Total Expenditures
				Budgetary Accounts Receivable	Due to Grantor					Budgetary Unearned Revenue	Budgetary Accounts Receivable	
NJ Department of Education:												
General Fund State Aid:												
Equalization Aid												
Special Education Categorical Aid												
Security Aid												
Adjustment Aid												
Reimbursed TPAF Social Security Contributions												
Reimbursed TPAF Social Security Contributions												
On-Behalf TPAF Post Retirement Contributions												
On-Behalf TPAF Pension Contributions												
On-Behalf TPAF Non-Contributory Insurance												
On-Behalf TPAF Long-Term Disability Insurance												
Equalization Aid												
Special Education Categorical Aid												
Security Aid												
Adjustment Aid												
Total General Fund State Aid												
Enterprise Fund:												
State School Lunch Program												
State School Lunch Program												
Total Enterprise Fund State Aid												
Special Revenue Fund:												
County Vocational School District Partnership Grant, C3 Comp												
County Vocational School District Partnership Grant, Cohort 2												
County Vocational School District Partnership Grant, C4 Comp												
County Vocational School District Subtotal												
Total NJ Department of Education												

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2019		Cash Received	Budgetary Expenditures	Cancellation of Prior Year Encumbrance	Adjustments	Balance at June 30, 2020		Cumulative Total Expenditures
				Budgetary Accounts Receivable	Due to Grantor					Budgetary Unearned Revenue	Budgetary Accounts Receivable	
Special Revenue Fund State Aid (Cont'd)												
NJ Department of Labor and Workforce Development												
Workforce Development												
Special Revenue Fund:												
Apprenticeship Coordinator	N/A	7/1/18-6/30/19	\$ 15,900	\$ (3,924)		\$ 3,924	\$ (7,769)				\$ (2,880)	\$ 11,891
Apprenticeship Coordinator	N/A	7/1/19-6/30/20	15,900	(3,924)		4,889	(7,769)				(2,880)	7,769
Total NJ Department of Labor and Workforce Development						8,813	(7,769)				(2,880)	19,660
Total Special Revenue Fund State Aid						295,853	(174,915)	\$ (302)			(10,842)	982,575
Total State Awards Subject to Single Audit Determination						\$ 4,228,405	\$ (4,120,243)	\$ (302)	\$ -0-		\$ (156,711)	\$ 6,695,497
Less: State Awards Not Subject to Single Audit Major Program Determination												
On-Behalf TPAF Pension System Contributions:												
On-Behalf TPAF Post Retirement Contributions	20-495-034-5094-001	7/1/19-6/30/20	(583,410)			\$ (583,410)	\$ 583,410					
On-Behalf TPAF Pension Contributions	20-495-034-5094-002	7/1/19-6/30/20	(1,544,919)			(1,544,919)	1,544,919					
On-Behalf TPAF Non-Contributory Insurance	20-495-034-5094-004	7/1/19-6/30/20	(27,691)			(27,691)	27,691					
On-Behalf TPAF Long-Term Disability Insurance	20-495-034-5094-004	7/1/19-6/30/20	(1,629)			(1,629)	1,629					
Subtotal - On-Behalf TPAF Pension System Contributions						(2,157,649)	2,157,649					
Total State Awards Subject to Single Audit Major Program Determination						\$ 2,080,756	\$ (1,962,594)					

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, 2020

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, 2020. 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 (\$1,146) for the General Fund and (\$66,939) 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, 2020

(Continued)

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

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 3,943,549	\$ 3,943,549
Special Revenue Fund	\$ 1,603,051	117,897	1,720,948
Enterprise Funds (Food Service Fund)	22,110	633	22,743
Total Federal and State Awards	<u>\$ 1,625,161</u>	<u>\$ 4,062,079</u>	<u>\$ 5,687,240</u>

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 6. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the year ended June 30, 2020. 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, 2020

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>				
Consolidated Adult Basic Skills and and Integrated English Literacy and Civics Education	84.002	7/1/19-6/30/20	\$ 751,924	\$ 652,710
<u>State:</u>				
<u>General Fund State Aid:</u>				
Equalization Aid	20-495-034-5120-078	7/1/19-6/30/20	73,419	73,419
Special Education Categorical Aid	20-495-034-5120-089	7/1/19-6/30/20	606,331	606,331
Security Aid	20-495-034-5120-084	7/1/19-6/30/20	90,697	90,697
Adjustment Aid	20-495-034-5120-085	7/1/19-6/30/20	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, 2020

(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, 2020

Status of Prior Year Findings:

There were no prior year audit findings.