

**MORRIS COUNTY
VOCATIONAL SCHOOL DISTRICT**

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

**Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2022**

**Annual Comprehensive
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, 2022

Prepared by

**Morris County Vocational School District
Business Office**

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INTRODUCTORY SECTION
(UNAUDITED)



December 9, 2022

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 annual comprehensive financial report of the Morris County Vocational School District for the fiscal year ended June 30, 2022 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 annual comprehensive 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 47 part time Adult Evening classes where enrollment averages around 704 students per year.

The Honorable President and Members
of the Board of Education
Morris County Vocational School District
December 9, 2022

The District completed the 2021-2022 school year with a full time equivalent enrollment of 1,500.7. The District's secondary enrollment increased at a rate of 3.06% during the year.

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

- a. Major renovation of autobody shop into a \$1.2 million biotechnology laboratory and classroom space.
- b. Began design work for the construction of a new building on the campus of the County College of Morris.
- c. Additional classes for the Biotech, Global, and Athletic Training Academies.
- d. Opened admissions for the two new Academies: Early College at Randolph and Government Learning at Madison.
- e. Renovated the Education and Learning Academy space.
- f. Continued ongoing maintenance projects to address emergent building needs, including using Schools Development Authority/Department of Education and ESSER grants to upgrade HVAC units. Continual upgrading of security infrastructure, including addition of decorative security bollards between parking lot at outdoor patio and front entrance, additional security cameras, etc.

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.

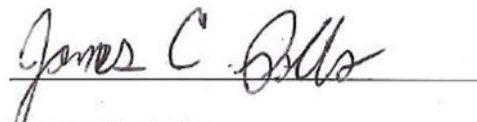
Capital Improvements are funded by the County of Morris, which pays the resulting debt service. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open 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, 2022.

The Honorable President and Members
of the Board of Education
Morris County Vocational School District
December 9, 2022

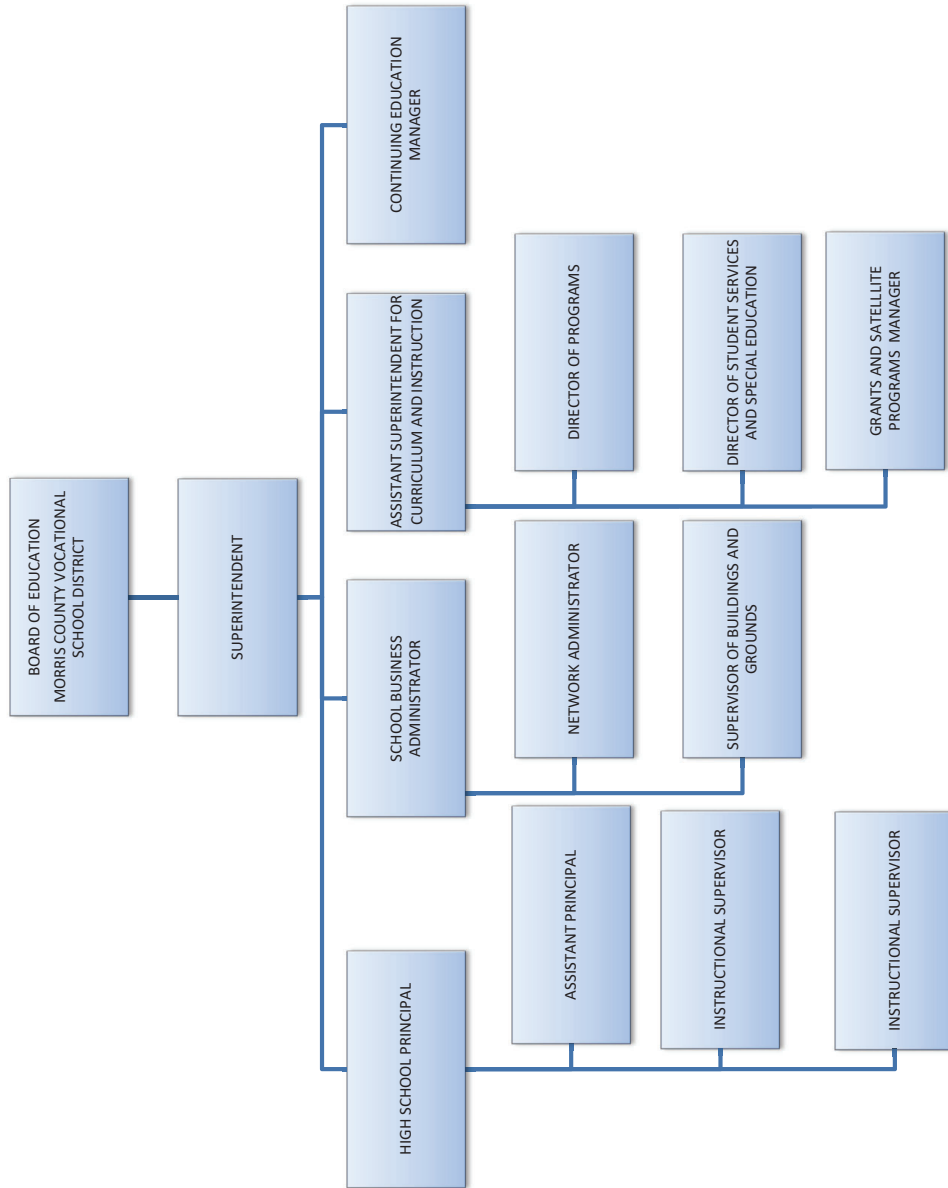
5. **ACCOUNTING SYSTEM AND REPORTS:** The District’s accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in “Notes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



**MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
 ROSTER OF OFFICIALS
 JUNE 30, 2022**

<u>Members of the Board of Education</u>	Title	Term Expires
Barbara Dawson	President	2023
Lawrence J. Colasurdo	Vice President	2024
Hannah Starr	Member	2022
John P. Hyland	Member	2025
Roger A. Jinks, Sr.	Member 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 Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Morris County Vocational School District (the "District"), in the County of Morris, as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the District, as of June 30, 2022, *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.

Basis for Qualified Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Office") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Matter Giving Rise to Qualified Opinion

The District's note disclosure on postemployment benefits other than pensions (OPEB) (Note 16) contains the June 30, 2020 information and not the June 30, 2021 information as the report for Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the State of New Jersey State Health Benefits Local Education Retired Employees Plan ("SHBP") has not been released by the Division of Pensions and Benefits, Department of the Treasury, State of New Jersey (the "Division"), as of the date of this report. The District is in a "special funding situation" in that the OPEB contributions, expenses and related liability are the sole responsibility of the State of New Jersey, not the District and therefore does not affect the District's net position. An estimated release date for the June 30, 2021 OPEB information has not been announced by the Division. In our opinion, disclosure of this information is required by accounting principles generally accepted in the United States of America.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Office will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Office, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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-retirement 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 is the responsibility of management and, although not a part of the basic financial statements, are 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.

The Schedule of Changes in the State's Proportionate Share of the Total OPEB Liability Associated with the District and Related Ratios (Exhibit L-5) do not contain the June 30, 2021 OPEB information as the related GASB No. 75 report for SHBP has not been released by the State as of the date of this report. The District is in a "special funding situation" in that the OPEB contributions, expenses and related liability are the sole responsibility of the State of New Jersey, not the District and therefore does not affect the District's net position. An estimated release date for the June 30, 2021 OPEB information has not been announced by the Division. This required supplementary information is required to be presented to supplement the basic financial statements in accordance with accounting principles generally accepted in the United States of America. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information schedules and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information 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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Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2022 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 District's internal control over financial reporting and compliance.

December 9, 2022
Mount Arlington, New Jersey

NISIVOCCIA LLP

Francis Jones of Nisivoccia LLP
Francis J. 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, 2022. 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, cosmetology, and adult education.
- *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

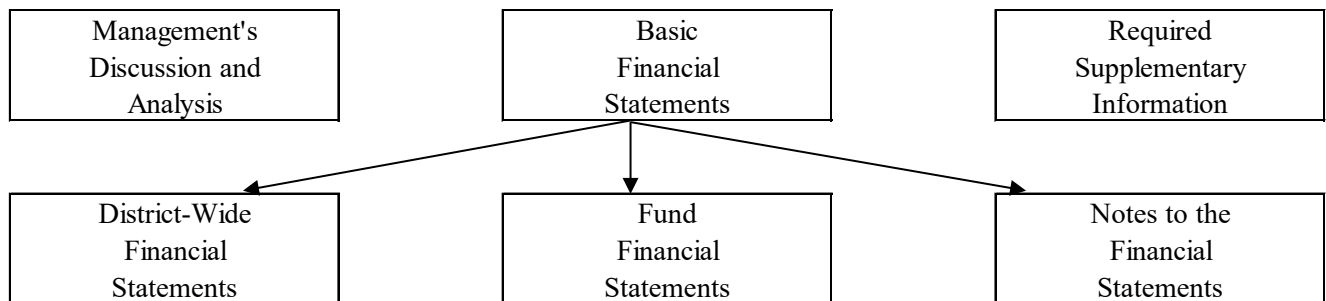


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents 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
Scope	Entire District	The activities of the District that are not proprietary, such as special education and building maintenance	Activities the District operates similar to private businesses including: Food Service, Cosmetology and Adult Education
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
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
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, lease assets, or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term
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

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 two 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.

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

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 \$26,156,986. Net position from governmental activities increased by \$26,192,168 and net position from business-type activities decreased by \$35,182. Net investment in capital assets increased by \$2,041,046 restricted net position decreased by \$740,920, and unrestricted net position increased by \$24,856,860.

Figure A-3

Condensed Statement of Net Position

	Government Activities		Business-Type Activities		Total School District		Total Percentage Change
	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	
Current and Other Assets	\$ 7,013,283	\$ 30,603,730	\$ 124,115	\$ 214,489	\$ 7,137,398	\$ 30,818,219	
Capital Assets, Net	25,293,603	27,312,046	43,277	65,880	25,336,880	27,377,926	
Total Assets	<u>32,306,886</u>	<u>57,915,776</u>	<u>167,392</u>	<u>280,369</u>	<u>32,474,278</u>	<u>58,196,145</u>	79.21%
Deferred Outflows of Resources	<u>1,012,387</u>	<u>617,352</u>	<u>76,202</u>	<u>105,883</u>	<u>1,088,589</u>	<u>723,235</u>	-33.56%
Other Liabilities	1,039,116	1,638,781	47,660	116,881	1,086,776	1,755,662	
Long-Term Liabilities	5,951,854	4,353,893	421,945	439,654	6,373,799	4,793,547	
Total Liabilities	<u>6,990,970</u>	<u>5,992,674</u>	<u>469,605</u>	<u>556,535</u>	<u>7,460,575</u>	<u>6,549,209</u>	-12.22%
Deferred Inflows of Resources	<u>2,474,452</u>	<u>2,494,435</u>	<u>186,249</u>	<u>277,159</u>	<u>2,660,701</u>	<u>2,771,594</u>	4.17%
Net Position:							
Net Investment in Capital Assets	25,293,603	27,312,046	43,277	65,880	25,336,880	27,377,926	
Restricted	3,772,859	3,031,939			3,772,859	3,031,939	
Unrestricted/(Deficit)	<u>(5,212,611)</u>	<u>19,702,034</u>	<u>(455,537)</u>	<u>(513,322)</u>	<u>(5,668,148)</u>	<u>19,188,712</u>	
Total Net Position / (Deficit)	<u>\$ 23,853,851</u>	<u>\$ 50,046,019</u>	<u>\$ (412,260)</u>	<u>\$ (447,442)</u>	<u>\$ 23,441,591</u>	<u>\$ 49,598,577</u>	111.58%

Figure A-4

Changes in Net Position from Operating Results

	Governmental Activities 2020/21	Governmental Activities 2021/22	Business- Type Activities 2020/21	Business- Type Activities 2021/22	Total School District 2020/21	Total School District 2021/22	Percentage Change
Revenue:							
Program Revenue:							
Charges for Services	\$ 13,834,346	\$ 14,564,413	\$ 560,563	\$ 664,582	\$ 14,394,909	\$ 15,228,995	
Operating Grants and Contributions	8,004,250	6,036,172	71,938	334,391	8,076,188	6,370,563	
General Revenue:							
County Tax Levy	6,351,286	6,351,286			6,351,286	6,351,286	
State and Federal Aid not Restricted	638,128	637,858			638,128	637,858	
County Improvement Authorizations		25,445,995				25,445,995	
Other	265,962	236,555	9,120		275,082	236,555	
Total Revenue	<u>29,093,972</u>	<u>53,272,279</u>	<u>641,621</u>	<u>998,973</u>	<u>29,735,593</u>	<u>54,271,252</u>	82.51%
Expenses:							
Instruction	17,574,107	17,017,647			17,574,107	17,017,647	
Pupil and Instruction Services	4,024,093	3,776,337			4,024,093	3,776,337	
Administrative & Business Maintenance and Operations	3,837,819	3,397,498			3,837,819	3,397,498	
Pupil Transportation	1,861,493	2,042,929			1,861,493	2,042,929	
Special Schools	195,000	259,195			195,000	259,195	
Capital Outlay	353,634	299,879			353,634	299,879	
Other	3,485	286,626	718,753	1,034,155	3,485	286,626	
Total Expenses	<u>27,849,631</u>	<u>27,080,111</u>	<u>718,753</u>	<u>1,034,155</u>	<u>28,568,384</u>	<u>28,114,266</u>	-1.59%
Change in Net Position	<u>\$ 1,244,341</u>	<u>\$ 26,192,168</u>	<u>\$ (77,132)</u>	<u>\$ (35,182)</u>	<u>\$ 1,167,209</u>	<u>\$ 26,156,986</u>	2140.99%

Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District improved significantly. The District will continue sound fiscal management in order to maintain its existing programs, provide programs and services for students with special needs and meet the rising costs of fixed obligations.

Careful management of expenses remains essential for the District to maintain its financial health.

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, and capital outlay. 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
	<u>2020/21</u>	<u>2021/22</u>	<u>2020/21</u>	<u>2021/22</u>
Instruction	\$ 17,574,107	\$ 17,017,647	\$ 3,507,308	\$ 3,827,927
Pupil and Instruction Services	4,024,093	3,776,337	489,154	453,643
Administrative and Business	3,837,819	3,397,498	902,864	976,715
Maintenance and Operations	1,861,493	2,042,929	660,130	516,795
Pupil Transportation	195,000	259,195	94,460	117,941
Special Schools	353,634	299,879	353,634	299,879
Capital Outlay	3,485	286,626	3,485	286,626
	<u>\$ 27,849,631</u>	<u>\$ 27,080,111</u>	<u>\$ 6,011,035</u>	<u>\$ 6,479,526</u>

Business-Type Activities

Net position from the District’s business-type activities decreased overall by \$35,182. (Refer to Figure A-4). The most significant factors contributing to these results were:

- The Adult Education Fund saw a decrease in net position of \$126,778 due to the increase in employee benefits and other operational expenditures.
- The Cosmetology Enterprise Fund saw a decrease in net position of \$807 as this program was inactive in the prior year due to being closed to the public as a result of the COVID-19 pandemic and reopening in the current year leading to an increase in supplies purchases to run the program.
- The Food Service Enterprise Fund saw an increase in net position of \$92,403 due to the increase in the COVID-19 grant monies of \$282,600 and the increase in program revenue of \$61,619 due to offering snack options since the COVID-19 pandemic, offset by the increase in operating expenditures of \$237,934.

Financial Analysis of the District’s Funds

The District’s overall Financial position improved. Overall the district performed well within its authorized governmental budget. However, the District’s Proprietary Funds Financial position decreased due to inactivity and the additional expenses needed to operate. During the year, 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. Additionally, the District had a decrease in enrollment in the Adult Education program and an increase in expenses in order for the classes to be operational. 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)						Total Percentage Change
	Government Activities		Business-Type Activities		Total School District		
	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	
Sites and Site							
Improvements	\$ 325,666	\$ 324,059			\$ 325,666	\$ 324,059	
Construction in							
Progress	7,373,662	3,650,060			7,373,662	3,650,060	
Buildings and							
Building Improvements	16,231,484	22,018,424			16,231,484	22,018,424	
Furniture, Machinery							
and Equipment	1,362,791	1,319,503	\$ 43,277	\$ 65,880	1,406,068	1,385,383	
Total	<u>\$ 25,293,603</u>	<u>\$ 27,312,046</u>	<u>\$ 43,277</u>	<u>\$ 65,880</u>	<u>\$ 25,336,880</u>	<u>\$ 27,377,926</u>	8.06%

Long-term Liabilities

At year-end, the District had \$4,793,547 of long term liabilities – a decrease of \$1,580,252 from last year – as shown in Figure A-7. This decrease was a result of a net decrease in compensated absences of \$9,100 and a net decrease of \$1,571,152 in net pension liability.

Figure A-7

Outstanding Long-Term Liabilities

	Total School District	
	2020/21	2021/22
Other Long-Term Liabilities	\$ 554,880	\$ 545,780
Net Pension Liability	5,818,919	4,247,767
	<u>\$ 6,373,799</u>	<u>\$ 4,793,547</u>

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:

- The district received its first county tax levy increase funding since the 2007-2008 fiscal year. Without future increases, increased enrollment due to new program offerings will exert budget pressure. Additionally, capital project funding from the County is uncertain from year to year.
- The District applied for and was awarded 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. The grant funded new building will have the capacity to house an additional 500 shared-time students, which will have a major impact on the district's operating budget.
- All bargaining units settled their contracts for the 2021-2024 contract period with 3.1% annual salary increases. These settlements will assist with long term financial projections for the District as salary and benefit cost centers comprise the majority of the expenditures budget. However, as more employees switch to the New Jersey Educators Health Plan under Chapter 44, the board liability for health benefits will likely increase.
- 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.

Figure A-7 (cont'd)

- The second cohort of the BioTech Academy program has moved from the Mountain Lakes Schools District to Denville campus. Each year for the next 2 years, another cohort of up to 20 students will be added to the Denville campus.
- Post-secondary cosmetology and HVAC programs were discontinued due to declining enrollment. While the remaining post-secondary LPN program enrollment remains robust, post-secondary enrollment trends need to continue to be monitored closely.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Education Office, 400 East Main Street, Denville, New Jersey 07834.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 2,931,734	\$ 171,865	\$ 3,103,599
Receivables from State Government	72,408	552	72,960
Receivables from Federal Government	389,417	26,935	416,352
Receivables from Other Governments	25,749,788		25,749,788
Other Receivables	28,319	5,005	33,324
Inventories		10,132	10,132
Restricted Cash and Cash Equivalents	1,432,064		1,432,064
Capital Assets, Net:			
Sites (Land) and Construction in Progress	3,958,660		3,958,660
Depreciable Site Improvements, Buildings and Building Improvements and Furniture, Machinery and Equipment	23,353,386	65,880	23,419,266
Total Assets	<u>57,915,776</u>	<u>280,369</u>	<u>58,196,145</u>
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>			
Deferred Outflows Related to Pensions	617,352	105,883	723,235
Total Deferred Outflows of Resources	<u>617,352</u>	<u>105,883</u>	<u>723,235</u>
<u>LIABILITIES</u>			
Accounts Payable	1,584,431	107,644	1,692,075
Payable to State Government	9,800		9,800
Payable to Federal Government	4,025		4,025
Unearned Revenue	40,525	9,237	49,762
Non-Current Liabilities:			
Due Beyond One Year	4,353,893	439,654	4,793,547
Total Liabilities	<u>5,992,674</u>	<u>556,535</u>	<u>6,549,209</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows Related to Pensions	2,494,435	277,159	2,771,594
Total Deferred Inflows of Resources	<u>2,494,435</u>	<u>277,159</u>	<u>2,771,594</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	27,312,046	65,880	27,377,926
Restricted for:			
Capital Projects	793,728		793,728
Unemployment Compensation	145,383		145,383
Scholarships	124,532		124,532
Student Activities	127,527		127,527
Excess Surplus	1,840,769		1,840,769
Unrestricted/(Deficit)	19,702,034	(513,322)	19,188,712
Total Net Position/(Deficit)	<u>\$ 50,046,019</u>	<u>\$ (447,442)</u>	<u>\$ 49,598,577</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, 2022

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	\$ 10,509,787	\$ 5,727,549	\$ 1,798,948	\$ (2,983,290)		\$ (2,983,290)
Special	889,988	485,019	977,512	572,543		572,543
Vocational Education	5,167,289	2,816,032	1,139,104	(1,212,153)		(1,212,153)
Other Instruction	450,583	245,556		(205,027)		(205,027)
Support Services:						
Student and Instruction Related Services	3,776,337	2,184,117	1,138,577	(453,643)		(453,643)
General Administrative Services	748,505	407,915	121,095	(219,495)		(219,495)
School Administrative Services	1,490,700	812,391	270,656	(407,653)		(407,653)
Central Services	779,818	424,980	177,487	(177,351)		(177,351)
Administrative Information Technology	378,475	206,259		(172,216)		(172,216)
Plant Operations and Maintenance	2,042,929	1,113,341	412,793	(516,795)		(516,795)
Pupil Transportation	259,195	141,254		(117,941)		(117,941)
Special Schools	299,879			(299,879)		(299,879)
Capital Outlay	286,626			(286,626)		(286,626)
Total Governmental Activities	27,080,111	14,564,413	6,036,172	(6,479,526)		(6,479,526)
Business-Type Activities:						
Adult Education	720,963	594,185			\$ (126,778)	(126,778)
Cosmetology	3,198	2,391			(807)	(807)
Food Service	309,994	68,006	334,391		92,403	92,403
Total Business-Type Activities	1,034,155	664,582	334,391		(35,182)	(35,182)
Total Primary Government	\$ 28,114,266	\$ 15,228,995	\$ 6,370,563	\$ (6,479,526)	\$ (35,182)	\$ (6,514,708)

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenues and Transfers:			
General Revenues:			
County Tax Levy	\$ 6,351,286		\$ 6,351,286
Federal and State Aid not Restricted	637,858		637,858
Interest Earnings	2,909		2,909
Miscellaneous Income	232,826		232,826
County Improvement Authorization	25,445,995		25,445,995
Transfers	820		820
	32,671,694		32,671,694
Total General Revenues and Transfers			
Change in Net Position	26,192,168	\$ (35,182)	26,156,986
Net Position/ (Deficit) - Beginning	23,853,851	(412,260)	23,441,591
Net Position/ (Deficit) - Ending	\$ 50,046,019	\$ (447,442)	\$ 49,598,577

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, 2022

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 2,931,734			\$ 2,931,734
Interfund Receivables	312,043			312,043
Receivables From State Government	29,599	\$ 42,809		72,408
Receivables From Federal Government		389,417		389,417
Receivables From Other Governments	300,879		\$ 25,448,909	25,749,788
Other Accounts Receivables	28,319			28,319
Restricted Cash and Cash Equivalents	1,180,005	252,059		1,432,064
Total Assets	<u>\$ 4,782,579</u>	<u>\$ 684,285</u>	<u>\$ 25,448,909</u>	<u>\$ 30,915,773</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Interfund Payable		154,601	157,442	312,043
Accounts Payable	659,050	233,410	274,539	1,166,999
Payable to State Government		9,800		9,800
Payable to Federal Government		4,025		4,025
Unearned Revenue	10,135	30,390		40,525
Total Liabilities	<u>669,185</u>	<u>432,226</u>	<u>431,981</u>	<u>1,533,392</u>
Fund Balances:				
Restricted:				
Capital Reserve Account	793,728			793,728
Maintenance Reserve	240,894			240,894
Excess Surplus for 2022-2023	709,806			709,806
Excess Surplus for 2023-2024	890,069			890,069
Unemployment Compensation	145,383			145,383
Scholarships		124,532		124,532
Student Activities		127,527		127,527
Committed:				
Capital Projects Fund			25,016,928	25,016,928
Assigned:				
Year End Encumbrances	87,065			87,065
Unassigned	1,246,449			1,246,449
Total Fund Balances	<u>4,113,394</u>	<u>252,059</u>	<u>25,016,928</u>	<u>29,382,381</u>
Total Liabilities and Fund Balances	<u>\$ 4,782,579</u>	<u>\$ 684,285</u>	<u>\$ 25,448,909</u>	<u>\$ 30,915,773</u>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

Total
Governmental
Funds

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

Total Fund Balances from previous page	\$ 29,382,381
Capital Assets Used in Governmental Activities are not financial resources and therefore are not reported in the Funds.	27,312,046
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.	(4,353,893)
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	199,920
Deferred Inflows	(2,494,435)
	<hr style="width: 100%;"/>
Net Position of Governmental Activities	<u>\$ 50,046,019</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, 2022

	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	14,028,978			14,028,978
Tuition from Individuals	409,319			409,319
Interest Earned on Capital Reserve Funds	2,683			2,683
Interest Earned on Maintenance Reserve Funds	226			226
Restricted Miscellaneous Revenue		\$ 126,116		126,116
Unrestricted Miscellaneous Revenue	232,826	5,000		237,826
Total - Local Sources	21,025,318	131,116		21,156,434
State Sources	5,555,106	94,269		5,649,375
Federal Sources		2,143,709		2,143,709
Total Revenues	26,580,424	2,369,094		28,949,518
EXPENDITURES:				
Current:				
Instruction:				
Regular Instruction	8,110,729	685,175		8,795,904
Special Education Instruction	572,735			572,735
Vocational Education Instruction	3,004,050	215,339		3,219,389
School-Sponsored/Other Instruction	455,599			455,599
Support Services and Undistributed Costs:				
Student and Other Instruction Related Services	2,452,863	1,053,874		3,506,737
General Administration Services	558,618			558,618
School Administration Services	1,059,232			1,059,232
Central Services	511,705			511,705
Administrative Information Technology	329,441			329,441
Plant Operations and Maintenance	1,946,780			1,946,780
Student Transportation Services	201,477			201,477
Unallocated Benefits	6,786,853			6,786,853
Capital Outlay	901,997	412,793	\$ 1,813,864	3,128,654
Special Schools	305,524			305,524
Total Expenditures	27,197,603	2,367,181	1,813,864	31,378,648
Excess/(Deficit) of Revenue Over/(Under) Expenditures	(617,179)	1,913	(1,813,864)	(2,429,130)
Other Financing Sources/(Uses):				
County Improvement Authorization			25,445,995	25,445,995
Transfer from Flex Spending Account	820			820
Capital Reserve - Transfer to Capital Projects Fund	(109,019)		109,019	
Capital Reserve - Transfer from Capital Projects Fund	31,676		(31,676)	
Total Other Financing Sources/(Uses)	(76,523)		25,523,338	25,446,815
Net Change in Fund Balances	(693,702)	1,913	23,709,474	23,017,685
Fund Balance - July 1	4,807,096	250,146	1,307,454	6,364,696
Fund Balance - June 30	\$ 4,113,394	\$ 252,059	\$ 25,016,928	\$ 29,382,381

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, 2022

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ 23,017,685

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 differ from depreciation in the period.

Depreciation Expense	\$ (766,037)	
Capital Outlays	<u>2,784,480</u>	2,018,443

In the statement of activities, certain operating expenses, e.g., compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

9,356

The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:

Change in Net Pension Liability	1,588,605	
Change in Deferred Outflows	(421,938)	
Change in Deferred Inflows	<u>(19,983)</u>	

Change in Net Position of Governmental Activities (Exhibit A-2) \$ 26,192,168

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, 2022

	<u>Business-Type Activities - Enterprise Funds</u>	
	<u>Non-Major Funds</u>	<u>Total Enterprise</u>
<u>ASSETS:</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 171,865	\$ 171,865
Intergovernmental Accounts Receivable:		
State	552	552
Federal	26,935	26,935
Other Accounts Receivable	5,005	5,005
Inventories	10,132	10,132
Total Current Assets	<u>214,489</u>	<u>214,489</u>
Non-Current Assets:		
Capital Assets	206,704	206,704
Less: Accumulated Depreciation	<u>(140,824)</u>	<u>(140,824)</u>
Total Non-Current Assets	<u>65,880</u>	<u>65,880</u>
Total Assets	<u>280,369</u>	<u>280,369</u>
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>		
Deferred Outflows of Resources Related to Pensions	<u>64,205</u>	<u>64,205</u>
<u>LIABILITIES:</u>		
Current Liabilities:		
Accounts Payable	65,966	65,966
Unearned Revenue - Donated Commodities	1,225	1,225
Unearned Revenue - Prepaid Sales	8,012	8,012
Total Current Liabilities	<u>75,203</u>	<u>75,203</u>
Non-Current Liabilities:		
Compensated Absences Payable	14,877	14,877
Net Pension Liability	424,777	424,777
Total Non-Current Liabilities	<u>439,654</u>	<u>439,654</u>
Total Liabilities	<u>514,857</u>	<u>514,857</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>		
Deferred Inflows of Resources Related to Pensions	<u>277,159</u>	<u>277,159</u>
<u>NET POSITION:</u>		
Investment in Capital Assets	65,880	65,880
Unrestricted/(Deficit)	<u>(513,322)</u>	<u>(513,322)</u>
Total Net Position/(Deficit)	<u>\$ (447,442)</u>	<u>\$ (447,442)</u>

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, 2022

	<u>Business-Type Activities - Enterprise Funds</u>	
	<u>Non-Major Funds</u>	<u>Total Enterprise</u>
Operating Revenue:		
Daily Sales:		
Non-Reimbursable Programs	\$ 63,001	\$ 63,001
Charges for Services:		
Program Fees	601,581	601,581
Total Operating Revenue	<u>664,582</u>	<u>664,582</u>
Operating Expenses:		
Cost of Sales:		
Reimbursable Programs	136,277	136,277
Non-Reimbursable Programs	39,740	39,740
Salaries	439,280	439,280
Employee Benefits	279,630	279,630
Purchased Professional and Technical Services	23,325	23,325
Communications/Telephone	25,242	25,242
Travel	14	14
Miscellaneous Purchased Services	32,170	32,170
Supplies and Materials	28,743	28,743
Textbooks	15,328	15,328
Miscellaneous Expense	3,075	3,075
Depreciation Expense	11,331	11,331
Total Operating Expenses	<u>1,034,155</u>	<u>1,034,155</u>
Operating Loss	<u>(369,573)</u>	<u>(369,573)</u>
Non-Operating Income:		
State Sources:		
State School Lunch Program	6,852	6,852
Federal Sources:		
COVID 19 - Seamless Summer Option	309,387	309,387
COVID 19 - P-EBT Reimbursement	614	614
COVID 19 - Emergency Operational Cost Reimbursement Program	2,968	2,968
Food Distribution Program	14,570	14,570
Total Non-Operating Income	<u>334,391</u>	<u>334,391</u>
Change in Net Position	(35,182)	(35,182)
Net Position/(Deficit) - Beginning of Year	<u>(412,260)</u>	<u>(412,260)</u>
Net Position/(Deficit) - End of Year	<u>\$ (447,442)</u>	<u>\$ (447,442)</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, 2022

	Business-Type Activities - Enterprise Funds	
	Non-Major Funds	Total Enterprise
Cash Flows from Operating Activities:		
Receipts from Customers	\$ 657,193	\$ 657,193
Payments to Food Service Contractor	(279,160)	(279,160)
Payments to/for Employees	(478,139)	(478,139)
Payments to Suppliers	(105,986)	(105,986)
Net Cash Used for Operating Activities	<u>(206,092)</u>	<u>(206,092)</u>
Cash Flows Used for Capital and Related Financing Activities:		
Purchases of Capital Assets	<u>(33,935)</u>	<u>(33,935)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(33,935)</u>	<u>(33,935)</u>
Cash Flows from Noncapital Financing Activities:		
State Sources	10,089	10,089
Federal Sources	<u>290,442</u>	<u>290,442</u>
Net Cash Provided by Noncapital Financing Activities	<u>300,531</u>	<u>300,531</u>
Net Increase in Cash and Cash Equivalents	60,504	60,504
Cash and Cash Equivalents, July 1	<u>111,361</u>	<u>111,361</u>
Cash and Cash Equivalents, June 30	<u>\$ 171,865</u>	<u>\$ 171,865</u>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Business-Type Activities - Enterprise Funds</u>	
	<u>Non-Major Funds</u>	<u>Total Enterprise</u>
Reconciliation of Operating Loss to Net Cash		
Net Cash Provided by/(Used for) Operating Activities:		
Operating Loss	\$ (369,573)	\$ (369,573)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:		
Depreciation	11,331	11,331
Food Distribution Program	14,570	14,570
Changes in Assets and Liabilities:		
(Increase) in Other Accounts Receivable	(5,005)	(5,005)
(Increase) in Inventory	(5,573)	(5,573)
Increase/(Decrease) in Accounts Payable	17,779	17,779
(Decrease) in Unearned Revenue	(2,834)	(2,834)
Increase in Compensated Absences Payable	256	256
Increase in Net Pension Liability	17,453	17,453
Decrease in Deferred Outflows of Resources Related to Pensions	24,594	24,594
Increase in Deferred Inflows of Resources Related to Pensions	90,910	90,910
Net Cash Used for Operating Activities	<u>\$ (206,092)</u>	<u>\$ (206,092)</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 \$14,120 and utilized U.S.D.A. Commodities valued at \$14,570.

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, 2022

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 Commissioners 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. 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, 2022
(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. Separate statements for each fund category – governmental and proprietary - 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 or lease 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, 2022
(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 Commissioners 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.

C. Measurement Focus and Basis of Accounting:

The district-wide financial statements and the proprietary 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 or lease asset acquisitions are reported as expenditures in governmental funds. Proceeds of County bond ordinances and acquisitions under financed purchases 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, 2022

(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 commissioners 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 except for student activities and scholarships. 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	\$ 26,596,112	\$ 2,385,461
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		(30,707)
Cancellation of Prior Year Encumbrances		(2,239)
Prior Year Encumbrances		16,579
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	120,843	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(136,531)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 26,580,424	\$ 2,369,094

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(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	\$ 27,197,603	\$ 2,383,548
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		(30,707)
Cancellation of Prior Year Encumbrances		(2,239)
Prior Year Encumbrances		16,579
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 27,197,603	\$ 2,367,181

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, 2022
(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, 2022.

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, 2022
(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. Lease Assets:

Intangible right-to-use lease assets are assets which the District leases for a term of more than one year. The value of leases are determined by the net present value of the leases are the District's incremental borrowing rate at the time of the lease agreement, amortized over the term of the agreement.

M. Lease Payable:

In the district-wide financial statements, leases payable are reported as liabilities in the Statement of Net Position. In the governmental fund financial statements, the present value of lease payments is reported as other financing sources.

N. 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.

O. 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, 2022, the amount earned by these employees but not disbursed was \$313,771.

P. 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.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

P. Compensated Absences: (Cont'd)

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.

Q. Unearned Revenue:

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

R. Fund Balance Appropriated:

General Fund: Of the \$4,113,394 General Fund fund balance at June 30, 2022, \$87,065 is assigned for year-end encumbrances; \$793,728 is restricted in the capital reserve account; \$240,894 is restricted in the maintenance reserve account; \$1,599,875 is restricted for excess surplus in accordance with N.J.S.A.18A:17F-7 as amended by P.L. 2004, C.73 (S1701) (\$709,806 of prior year excess surplus has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2023; \$890,069 of current year excess surplus will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2024); and \$1,246,449 is unassigned, which is \$136,531 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, 2023.

Special Revenue Fund: The Special Revenue Fund fund balance at June 30, 2022 is \$252,059 and is restricted in scholarships and student activities.

Capital Projects Fund: Of the \$25,016,928 Capital Projects Fund committed fund balance at June 30, 2022, \$1,423,014 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, 2022 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.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

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

S. Deficit Net Position:

The District has a \$612,932 deficit in unrestricted net position, a deficit in total net position in the Adult Education Enterprise Fund primarily due to the net pension liability and related deferred outflows and inflows. The District also has a deficit in Total Enterprise Funds and Business-Type Activities of \$447,442 and a deficit in Total Unrestricted Net Position of \$513,322. These deficits do not indicate the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

T. 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, 2022 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, lease assets, net of accumulated amortization 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.

U. 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, student activities, scholarships, excess surplus, and for unemployment compensation.

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, 2022.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

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

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

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

The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances in the General Fund at June 30, 2022.

V. 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.

W. 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.

X. 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.

Y. 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, 2022
(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, 2022

(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, 2022
(Continued)

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

Investments: (Cont'd)

As of June 30, 2022, cash and cash equivalents of the District consisted of the following:

Cash and Cash Equivalents	Restricted Cash & Cash Equivalents					Unemployment Compensation	Total
	Capital Reserve	Maintenance Reserve	Student Activities	Private Purpose Scholarship	Unemployment Compensation		
Checking and Savings Accounts	\$ 3,103,599	\$ 793,728	\$ 240,894	\$ 127,527	\$ 124,532	\$ 145,383	\$4,535,663

During the period ended June 30, 2022, 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, 2022 was \$4,535,663 and the bank balance was \$4,930,955.

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, 2021	\$ 1,968,389
Add:	
Interest Earnings	2,682
Transfer from Capital Projects Fund	31,676
Transfer from Unassigned Fund Balance as per Board Resolution	250,000
Less:	
Budgeted Withdrawal from Capital Reserve	(1,350,000)
Transfer to Capital Projects Fund as per Board Resolution	(109,019)
Ending Balance, June 30, 2022	\$ 793,728

The June 30, 2022 LRFP balance of local support costs of uncompleted capital projects exceeds the balance in the capital reserve account at June 30, 2022. The withdrawals from the capital reserve were for use in DOE approved facilities projects consistent with the District's LRFP.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

NOTE 5. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2022 were as follows:

	Restated Beginning Balance	Increases	Decreases/ Adjustments	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 308,600			\$ 308,600
Construction in Progress	7,373,662	\$ 1,813,864	\$ (5,537,466)	3,650,060
Total Capital Assets Not Being Depreciated	<u>7,682,262</u>	<u>1,813,864</u>	<u>(5,537,466)</u>	<u>3,958,660</u>
Capital Assets Being Depreciated:				
Site Improvements	1,130,704			1,130,704
Buildings and Building Improvements	26,393,333	724,340	5,537,466	32,655,139
Machinery and Equipment	4,324,095	246,276		4,570,371
Total Capital Assets Being Depreciated	<u>31,848,132</u>	<u>970,616</u>	<u>5,537,466</u>	<u>38,356,214</u>
Governmental Activities Capital Assets	<u>39,530,394</u>	<u>2,784,480</u>		<u>42,314,874</u>
Less Accumulated Depreciation for:				
Site Improvements	(1,113,638)	(1,607)		(1,115,245)
Buildings and Building Improvements	(10,161,849)	(474,866)		(10,636,715)
Machinery and Equipment	(2,961,304)	(289,564)		(3,250,868)
	<u>(14,236,791)</u>	<u>(766,037)</u>		<u>(15,002,828)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$25,293,603</u>	<u>\$ 2,018,443</u>	<u>\$ -0-</u>	<u>\$27,312,046</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 172,768	\$ 33,935		\$ 206,703
Less Accumulated Depreciation	(129,493)	(11,330)		(140,823)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 43,275</u>	<u>\$ 22,605</u>	<u>\$ -0-</u>	<u>\$ 65,880</u>

The District had active construction projects totaling \$3,650,060 as of June 30, 2022. These projects include renovations of the District's schools and grounds.

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 28,539
Vocational Education	538,529
Other Instruction	2,368
Student and Instruction Related Services	3,767
General Administration	5,365
School Administration	16,511
Administrative Information Technology	55,060
Plant Operations and Maintenance	57,198
Pupil Transportation	58,294
Special Schools	406
	<u>\$ 766,037</u>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 6. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2022, the following changes occurred in long-term liabilities reported in the district-wide financial statements:

	Balance 6/30/2021	Accrued	Retired	Balance 6/30/2022
Governmental Activities:				
Compensated Absences Payable	\$ 540,259		\$ 9,356	\$ 530,903
Net Pension Liability	5,411,595		1,588,605	3,822,990
	\$ 5,951,854	\$ -0-	\$ 1,597,961	\$ 4,353,893
Business Type Activities:				
Compensated Absences Payable	\$ 14,621	\$ 256		\$ 14,877
Net Pension Liability	407,324	17,453		424,777
	\$ 421,945	\$ 17,709	\$ -0-	\$ 439,654

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 as either current or long-term portions. The current portion of the compensated absences balance of the governmental funds is \$0 and is separated from the long-term portion of compensated absences of \$530,903. 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, 2022, the long-term portion of \$14,877 is recorded for compensated absences in the Adult Education Enterprise Fund and this fund will be used to liquidate this liability.

C. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded as a current and/or long-term portion and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2022 is \$-0- and the long-term portion is \$3,822,990. The Public Employees' Retirement System's (PERS) net pension liability of the proprietary fund types is recorded as a current and/or long-term portion and will be liquidated by the Adult Education Enterprise Fund. The current portion of the net pension liability at June 30, 2022 is \$-0- and the long-term portion is \$424,777. 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).

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

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 annual financial statements 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. 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 \$419,924, of which \$364,520 was paid out of the General Fund and \$41,678 was paid out of Enterprise Funds. \$13,726 was contributed for Consolidated Adult Basic Skills and Integrated English Literacy and Civics Education out of Special Revenue Fund for fiscal year 2022.

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

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

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

At June 30, 2022, the District reported a liability of \$4,247,767 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021. 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, 2021, the District's proportion was 0.0359%, which was an increase of 0.0002% from its proportion measured as of June 30, 2020.

For the fiscal year ended June 30, 2022, the District recognized pension benefit of \$554,190. At June 30, 2022, 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	2017	5.48		\$ 179,512
	2018	5.63		336,546
	2019	5.21		296,892
	2020	5.16		699,283
	2021	5.13	\$ 22,122	
			22,122	1,512,233
Changes in Proportion	2017	5.48		20,067
	2018	5.63		69,719
	2019	5.21		20,192
	2020	5.16	102,465	
	2021	5.13	30,553	
			133,018	109,978
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2018	5.00		33,181
	2019	5.00		(10,706)
	2020	5.00		(241,290)
	2021	5.00		1,337,789
				1,118,974
Difference Between Expected and Actual Experience	2017	5.48	5,339	
	2018	5.63		12,816
	2019	5.21	22,695	
	2020	5.16	38,959	
	2021	5.13		17,593
			66,993	30,409
District Contribution Subsequent to the Measurement Date	2021	1.00	459,110	
			\$ 681,243	\$ 2,771,594

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(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)

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 the pension benefit as follows:

Fiscal Year Ending June 30,	Total
2022	\$ (1,002,288)
2023	(715,631)
2024	(487,939)
2025	(366,785)
2026	143
	\$ (2,572,500)

Actuarial Assumptions

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021. 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-2021.

The actuarial assumptions used in the July 1, 2020 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, 2021) 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, 2021 are summarized in the following table:

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(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>
U.S. Equity	27.00%	8.09%
Non-U.S. Developed Market Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Assets	3.00%	7.40%
Real Estate	8.00%	9.15%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Management Strategies	3.00%	3.35%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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 and the nonemployer contributing entity will be based upon 100% of the actuarially determined contributions for the State employer and 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 ALL projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments 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, 2021 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, 2022
(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, 2021		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 5,787,799	\$ 4,247,767	\$ 2,945,178

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 annual financial statements 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, 2022
(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 2021, 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. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer. During the fiscal year ended 2022, the State of New Jersey contributed \$2,829,524 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required contribution of \$779,801.

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, 2022, the State's proportionate share of the net pension liability associated with the District was \$33,140,102. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021. 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, 2021, the District's proportion was 0.069%, which was a decrease of 0.0015% from its proportion measured as of June 30, 2020.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(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		33,140,102
Total	\$	33,140,102

For the fiscal year ended June 30, 2021, the State recognized pension expense on behalf of the District in the amount of \$779,801 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2022 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	8.50	\$ 153,774,925	
	2015	8.30	926,219,611	
	2016	8.30	3,000,278,784	
	2017	8.30		\$ 5,282,196,290
	2018	8.29		3,527,661,165
	2019	8.04		2,510,940,613
	2020	7.99	1,209,286,241	
	2021	7.93		12,903,483,645
			5,289,559,561	24,224,281,713
Difference Between Expected and Actual Experience	2014	8.50		1,464,605.00
	2015	8.30	57,204,429	
	2016	8.30		37,311,034
	2017	8.30	93,981,436	
	2018	8.29	618,845,893	
	2019	8.04		97,553,990
	2020	7.99		6,444,940
	2021	7.93	171,234,070	
			941,265,828	142,774,569
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2018	5.00		96,030,373
	2019	5.00		(72,441,385)
	2020	5.00		(724,186,621)
	2021	5.00		3,554,633,811
			941,265,828	142,774,569
			\$ 6,230,825,389	\$ 27,221,092,460

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(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)

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.

Fiscal Year Ending June 30,	Total
2022	\$ (2,914,282,899)
2023	(3,500,098,875)
2024	(4,665,036,366)
2025	(4,192,375,542)
2026	(2,350,648,872)
Thereafter	(3,367,824,517)
	\$ (20,990,267,071)

Actuarial Assumptions

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021. 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-2021.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

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, 2021) 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, 2021 are summarized in the following table.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	27.00%	8.09%
Non-U.S. Developed Market Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Estate	8.00%	9.15%
Real Assets	3.00%	7.40%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Management Strategies	3.00%	3.35%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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 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 all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all projected benefit payments in determining the total pension liability.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(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, 2021 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, 2021		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 39,210,276	\$ 33,140,102	\$ 28,041,537

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 \$10,064 of which \$6,835 was paid out of governmental funds and and \$3,229 was paid out of Enterprise Funds for the fiscal year ended June 30, 2022. Employee contributions to DCRP amounted to \$18,243.36 for the fiscal year ended June 30, 2022.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(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, 2022 audit report for the Group is not available as of the date of this report. Selected, summarized financial information for the Fund and the Group are detailed below:

	Morris County Insurance Fund Dec. 31, 2021	Morris-Essex Insurance Group June 30, 2021
Total Assets	\$ 9,885,790	\$ 12,024,566
Net Position	\$ 5,896,360	\$ 8,609,634
Total Revenue	\$ 4,602,464	\$ 3,815,160
Total Expenses	\$ 3,841,285	\$ 2,603,753
Change in Net Position	\$ 761,179	\$ 129,659
Members Dividends	\$ -0-	\$ 1,081,748

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(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 Unemployment Compensation Restricted Fund Balance in the General Fund for the current and previous two years.

<u>Fiscal Year</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2021-2022	\$ 398	\$ 36,694	\$ 20,559	\$ 145,383
2020-2021	239	28,525	19,114	128,850
2019-2020	1,373	16,674	9,757	119,200

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, 2022
(Continued)

NOTE 10. INTERFUND RECEIVABLES AND PAYABLES

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 312,043	
Special Revenue Fund		\$ 154,601
Capital Projects Fund		157,442
	<u>\$ 312,043</u>	<u>\$ 312,043</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 improvement authorizations from the County.

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. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10. Taxes are collected by the constituent municipalities and are remitted to the County who then disburses those funds to the School District on a predetermined mutually agreed-upon schedule.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 13. ACCOUNTS PAYABLE

Payables as of June 30, 2022 were:

	<u>Governmental Funds</u>			<u>District Contribution Subsequent to the Measurement Date</u>	<u>Total Governmental Activities</u>	<u>Enterprise Funds/ Business Type Activities</u>		<u>District Contribution Subsequent to the Measurement Date</u>	<u>Total</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>			<u>Adult Education</u>	<u>Food Service</u>		
	Accrued Salaries	\$ 313,771							
State of New Jersey	2,703	\$ 94,334		\$ 417,432	514,469			\$ 41,678	\$ 41,678
Vendors	220,722	139,076	\$ 274,539		634,337	\$ 44,003	\$ 21,963		65,966
Payroll Deductions and Withholdings	121,854				121,854				
	<u>\$ 659,050</u>	<u>\$ 233,410</u>	<u>\$ 274,539</u>	<u>\$ 417,432</u>	<u>\$ 1,584,431</u>	<u>\$ 44,003</u>	<u>\$ 21,963</u>	<u>\$ 41,678</u>	<u>\$ 107,644</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, 2022, 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>\$ 87,065</u>	<u>\$ 30,707</u>	<u>\$ 1,423,015</u>	<u>\$ 1,540,787</u>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 14. CONTINGENT LIABILITIES (Cont'd)

Encumbrances (Cont'd)

On the District's Governmental Funds Balance Sheet as of June 30, 2022, \$30,707 is assigned for year-end encumbrances in the Special Revenue Fund, which is \$30,707 more than the actual year-end encumbrances on a budgetary basis. Encumbrances are not recognized on a GAAP basis and are reflected as either a reduction in grants receivables or an increase in unearned revenue. The \$1,540,787 of year-end encumbrances in the Capital Projects Fund on a budgetary basis are included in the \$25,016,928 committed fund balance on a GAAP basis at June 30, 2022.

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, 2021	\$ 215,668
Add:	
Interest Earnings	226
Transfer from Unassigned Fund Balance as per Board Resolution	25,000
Ending Balance, June 30, 2022	\$ 240,894

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(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, 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 annual financial statements which can be found at <https://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>.

Employees Covered by Benefit Terms

At June 30, 2019, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	149,304
Active Plan Members	<u>216,804</u>
Total	<u><u>366,108</u></u>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(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, 2020 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020.

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.

	TPAF/ABP	PERS
Inflation Rate	2.50%	2.50%
Salary Increases:		
Through 2026	1.55 - 4.45%	2.00 - 6.00%
	based on service years	based on service years
Thereafter	1.55 - 4.45%	3.00 - 7.00%
	based on service years	based on service years

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018 and July 1, 2014 – June 30, 2018 for TPAF and PERS, respectively.

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP) and “General” (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Post-retirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(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 medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2021 through 2022 are reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount Rate

The discount rate for June 30, 2020 was 2.21%. 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

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

	Total OPEB Liability
Balance at June 30, 2019	\$ 22,571,670
Changes for Year:	
Service Cost	1,116,554
Interest on the Total OPEB Liability	818,688
Changes of Assumptions	6,486,014
Differences between Expected and Actual Experience	5,114,072
Gross Benefit Payments by the State	(618,158)
Contributions from Members	18,736
Net Changes	12,935,906
Balance at June 30, 2020	\$ 35,507,576

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(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, 2020, 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, 2020		
	At 1% Decrease (1.21%)	At Discount Rate (2.21%)	At 1% Increase (3.21%)
Total OPEB Liability Attributable to the District	\$ 42,806,216	\$ 35,507,576	\$ 29,800,743

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, 2020, 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, 2020		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 28,662,913	\$ 35,507,576	\$ 43,658,049

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

For the fiscal year ended June 30, 2022 the District recognized OPEB expense of \$2,073,481 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, 2022
(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, 2020 the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources:

	Year of Deferral	Original Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ 2,154,898
	2018	9.51		1,896,717
	2019	9.29	\$ 255,657	
	2020	9.24	5,784,064	
			<u>6,039,722</u>	<u>4,051,616</u>
Differences Between Expected and Actual Experience	2018	9.51		1,792,988
	2019	9.29		3,009,101
	2020	9.24	5,390,975	
			<u>5,390,975</u>	<u>4,802,089</u>
Changes in Proportion	N/A	N/A	<u>1,770,377</u>	<u>935,717</u>
			<u>\$ 12,552,327</u>	<u>\$ 8,853,704</u>

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

Fiscal Year Ending June 30,	Total
2021	\$ 22,747
2022	22,747
2023	22,747
2024	22,747
2025	22,747
Thereafter	<u>2,463,258</u>
	<u>\$ 2,576,992</u>

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 EIGHT FISCAL YEARS

	Fiscal Year Ending June 30,							
	2015	2016	2017	2018	2019	2020	2021	2022
District's proportion of the net pension liability	0.0349534257%	0.0352924015%	0.0372681588%	0.0362173431%	0.0351497047%	0.0349395601%	0.0356827237%	0.0358567315%
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	\$ 5,818,919	\$ 4,247,767
District's covered employee payroll	\$ 2,179,946	\$ 2,422,162	\$ 2,492,294	\$ 2,425,577	\$ 2,443,819	\$ 2,568,431	\$ 2,652,269	\$ 2,649,136
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	300.20%	327.08%	442.88%	347.58%	283.20%	245.11%	219.39%	160.35%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%	70.33%

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 EIGHT FISCAL YEARS

	Fiscal Year Ending June 30,							
	2015	2016	2017	2018	2019	2020	2021	2022
Contractually required contribution	\$ 288,151	\$ 303,420	\$ 331,085	\$ 301,881	\$ 320,506	\$ 353,637	\$ 390,351	\$ 419,924
Contributions in relation to the contractually required contribution	(288,151)	(303,420)	(331,085)	(301,881)	(320,506)	(353,637)	(390,351)	(419,924)
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's covered employee payroll	\$ 2,687,142	\$ 2,492,294	\$ 2,425,577	\$ 2,443,819	\$ 2,568,431	\$ 2,652,269	\$ 2,649,136	\$ 2,719,818
Contributions as a percentage of covered employee payroll	10.72%	12.17%	13.65%	12.35%	12.48%	13.33%	14.74%	15.44%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2014

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 EIGHT FISCAL YEARS

	Fiscal Year Ending June 30,							
	2015	2016	2017	2018	2019	2020	2021	2022
State's proportion of the net pension liability attributable to the District	0.0704692184%	0.0717234089%	0.0684626190%	0.0708307882%	0.0684010400%	0.0697109565%	0.0704354387%	0.0689338982%
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	\$ 46,380,889	\$ 33,140,102
District's covered employee payroll	\$ 6,321,247	\$ 7,023,608	\$ 7,128,713	\$ 7,083,538	\$ 7,147,295	\$ 7,605,193	\$ 7,662,496	\$ 8,119,139
State's proportionate share of the net pension liability attributable to the District as a percentage of its covered employee payroll	595.82%	645.43%	755.49%	674.19%	608.84%	562.54%	605.30%	408.17%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%	24.60%	35.52%

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 EIGHT FISCAL YEARS

	Fiscal Year Ending June 30,							
	2015	2016	2017	2018	2019	2020	2021	2022
Contractually required contribution	\$ 2,026,621	\$ 2,767,942	\$ 4,046,608	\$ 3,308,340	\$ 2,536,787	\$ 2,523,413	\$ 2,884,161	\$ 2,020,117
Contributions in relation to the contractually required contribution	(387,763)	(548,138)	(768,850)	(1,007,305)	(1,371,046)	(1,544,919)	(2,003,825)	(2,020,117)
Contribution deficiency/(excess)	\$ 1,638,858	\$ 2,219,804	\$ 3,277,758	\$ 2,301,035	\$ 1,165,741	\$ 978,494	\$ 880,336	\$ -0-
District's covered employee payroll	\$ 7,023,608	\$ 7,128,713	\$ 7,083,538	\$ 7,147,295	\$ 7,605,193	\$ 7,662,496	\$ 8,119,139	\$ 8,422,225
Contributions as a percentage of covered employee payroll	5.52%	7.69%	10.85%	14.09%	18.03%	20.16%	24.68%	23.99%

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 FOUR FISCAL YEARS

	<u>Fiscal Year Ending</u> <u>June 30, 2017</u>	<u>Fiscal Year Ending</u> <u>June 30, 2018</u>	<u>Fiscal Year Ending</u> <u>June 30, 2019</u>	<u>Fiscal Year Ending</u> <u>June 30, 2020</u>
Total OPEB Liability				
Service Cost	\$ 1,321,392	\$ 1,108,213	\$ 1,018,681	\$ 1,116,554
Interest Cost	852,895	997,424	955,855	818,688
Changes in Assumptions	(3,415,035)	(2,755,657)	336,545	6,486,014
Differences between Expected and Actual Experience		(1,776,706)	(3,080,462)	5,114,072
Member Contributions	23,079	22,192	20,539	18,736
Gross Benefit Payments	<u>(626,768)</u>	<u>(642,110)</u>	<u>(692,883)</u>	<u>(618,158)</u>
Net Change in Total OPEB Liability	(1,844,437)	(3,046,644)	(1,441,725)	12,935,906
Total OPEB Liability - Beginning	<u>28,904,476</u>	<u>27,060,039</u>	<u>24,013,395</u>	<u>22,571,670</u>
Total OPEB Liability - Ending	<u><u>27,060,039</u></u>	<u><u>24,013,395</u></u>	<u><u>22,571,670</u></u>	<u><u>35,507,576</u></u>
State's Covered Employee Payroll *	\$ 9,621,007	\$ 9,509,115	\$ 9,591,114	\$ 10,173,624
Total OPEB Liability as a Percentage of Covered Employee Payroll	35.55%	39.60%	42.49%	28.65%

* Covered payroll for the fiscal years ending June 30, 2017, 2018, 2019, and 2020 are based on the payroll on the June 30, 2016, 2017, 2018, and 2019 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, 2022

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

In the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-2020 while in the July 1, 2020 actuarial valuation the mortality improvement was based on Scale MP-2021.

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 5.40% as of June 30, 2020 to 7.00% as of June 30, 2021.

In the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-2020 while in the July 1, 2020 actuarial valuation the mortality improvement was based on Scale MP-2021.

C. State Health Benefit Local Education Retired Employees OPEB Plan

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate for June 30, 2020 was 2.21%. The discount rate for June 30, 2019 was 3.50%, a change of -1.29%.

The mortality rates in the valuation as of June 30, 2020 were based on the following:

Pre-retirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP) and "General" (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Post-retirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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)

The mortality rates in the valuation as of June 30, 2019 were based on the following:

Pre-retirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Post-retirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

The health care trend rates in the valuation as of June 30, 2020 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2021 through 2022 are reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

The health care trend rates in the valuation as of June 30, 2019 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 is reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

BUDGETARY COMPARISON SCHEDULES

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues from Local Sources:					
County Tax Levy	\$ 6,351,286		\$ 6,351,286	6,351,286	
Tuition From Individuals	410,725		410,725	409,319	\$ (1,406)
Tuition From LEAs	14,172,980		14,172,980	14,028,978	(144,002)
Unrestricted Miscellaneous Revenues	181,399		181,399	232,826	51,427
Interest Earned on Maintenance Reserve	100		100	226	126
Interest Earned on Capital Reserve Funds	5,000		5,000	2,683	(2,317)
Total Revenues from Local Sources	21,121,490		21,121,490	21,025,318	(96,172)
Revenues from State Sources:					
Categorical Special Education Aid	784,680		784,680	784,680	
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)				670,418	670,418
On-Behalf TPAF Pension Contributions (Non-Budgeted)				2,829,524	2,829,524
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)				39,921	39,921
On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted)				1,228	1,228
Reimbursed TPAF Social Security Contributions	1,422,858		1,422,858	606,845	606,845
Total Revenues from State Sources	22,544,348		22,544,348	26,596,112	4,051,764
TOTAL REVENUE					

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
GENERAL CURRENT EXPENSE					
Regular Programs - Instruction:					
Grades 9-12 - Salaries of Teachers	\$ 2,948,116	\$ 83,353	\$ 3,031,469	\$ 2,991,986	\$ 39,483
Purchased Professional-Educational Services	4,890,309	122,626	5,012,935	4,994,786	18,149
Other Purchased Services (400-500 series)	79,958	(21,023)	58,935	51,778	7,157
General Supplies	56,662	6,475	63,137	51,673	11,464
Textbooks	1,500		1,500		1,500
Other Objects	170	530	700	500	200
Regular Programs - Home Instruction:					
Salaries of Teachers	7,000	95	7,095	7,095	
Purchased Professional-Educational Services	1,000	11,911	12,911	12,911	
Other Purchased Services (400-500 series)	10,500	(9,787)	713		713
Total Regular Programs - Instruction	<u>7,995,215</u>	<u>194,180</u>	<u>8,189,395</u>	<u>8,110,729</u>	<u>78,666</u>
Special Education - Instruction:					
Resource Room/Resource Center:					
Salaries of Teachers	608,510	(21,674)	586,836	560,625	26,211
Other Salaries for Instruction		11,358	11,358	11,358	
Other Purchased Services (400-500 series)	3,200		3,200	605	2,595
General Supplies	2,000		2,000	147	1,853
Total Resource Room/Resource Center	<u>613,710</u>	<u>(10,316)</u>	<u>603,394</u>	<u>572,735</u>	<u>30,659</u>
TOTAL SPECIAL EDUCATION - INSTRUCTION	<u>613,710</u>	<u>(10,316)</u>	<u>603,394</u>	<u>572,735</u>	<u>30,659</u>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
VOCATIONAL PROGRAMS					
Regular Vocational Programs - Instruction:					
Salaries of Teachers	\$ 2,413,656	\$ (105,524)	\$ 2,308,132	\$ 2,296,194	\$ 11,938
Other Salaries for Instruction	39,177	665	39,842	39,842	
Purchased Professional-Educational Services	28,250	(9,780)	18,470	18,314	156
Purchased Technical Services	19,406	(3,896)	15,510	12,149	3,361
Other Purchased Services (400-500 series)	101,220	(18,953)	82,267	66,687	15,580
General Supplies	408,351	(55,157)	353,194	321,357	31,837
Textbooks	11,437	34,898	46,335	39,087	7,248
Other Objects	4,710	364	5,074	1,314	3,760
Total Regular Vocational Programs - Instruction	3,026,207	(157,383)	2,868,824	2,794,944	73,880
Special Vocational Programs - Instruction:					
Salaries of Teachers	206,228		206,228	191,249	14,979
Other Purchased Services (400-500 series)	6,630	(473)	6,157	2,816	3,341
General Supplies	19,860	(86)	19,774	15,041	4,733
Total Spl. Vocational Prog. - Instruction	232,718	(559)	232,159	209,106	23,053
Total Vocational Programs	3,258,925	(157,942)	3,100,983	3,004,050	96,933
School-Spon. Cocurricular & Extracurricular Actvts. - Inst.:					
Salaries	124,248	(1,618)	122,630	116,558	6,072
Purchased Services (300-500 series)	6,700	(5,181)	1,519		1,519
Supplies and Materials	770		770		770
Other Objects	40,500	(319)	40,181	39,330	851
Total School-Spon. Cocurricular & Extracurricular Actvts. - Inst.	172,218	(7,118)	165,100	155,888	9,212

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
School-Sponsored Athletics - Instruction:					
Salaries	\$ 180,180	\$ 1,618	\$ 181,798	\$ 181,798	
Unused Vacation Payment to Terminated/Retired Staff					
Purchased Services (300-500 series)	92,168	(10,435)	81,733	80,545	\$ 1,188
Supplies and Materials	20,296	4,596	24,892	20,225	4,667
Other Objects	16,475	2,713	19,188	17,143	2,045
Total School-Sponsored Athletics - Instruction	<u>309,119</u>	<u>(1,508)</u>	<u>307,611</u>	<u>299,711</u>	<u>7,900</u>
TOTAL INSTRUCTION	<u>12,349,187</u>	<u>17,296</u>	<u>12,366,483</u>	<u>12,143,113</u>	<u>223,370</u>
Undistributed Expend. - Attend. & Social Work:					
Salaries	49,842	21	49,863	49,863	
Supplies and Materials	1,000	(1,000)			
Total Undist. Expend. - Attendance and Social Work	<u>50,842</u>	<u>(979)</u>	<u>49,863</u>	<u>49,863</u>	
Undistributed Expenditures - Health Services:					
Salaries	145,008	14,031	159,039	153,369	5,670
Purchased Professional and Technical Services	18,400	9,068	27,468	23,283	4,185
Other Purchased Services (400-500 series)	1,200	(63)	1,137	380	757
Supplies and Materials	8,000	(35)	7,965	7,121	844
Total Undist. Expenditures - Health Services	<u>172,608</u>	<u>23,001</u>	<u>195,609</u>	<u>184,153</u>	<u>11,456</u>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Guidance:					
Salaries of Other Professional Staff	\$ 799,812	\$ 32,702	\$ 832,514	\$ 832,514	
Salaries of Secretarial and Clerical Assistants	111,534	1,425	112,959	112,959	
Other Salaries	103,493	3,031	106,524	105,758	\$ 766
Purchased Professional - Educational Services	4,500	4,500	9,000	2,690	1,810
Other Purchased Services (400-500 series)	84,026	(4,500)	79,526	62,599	16,927
Supplies and Materials	19,425	3,587	23,012	18,990	4,022
Other Objects	11,280	2,000	13,280	9,261	4,019
Total Undist Expend. - Guidance	<u>1,134,070</u>	<u>38,245</u>	<u>1,172,315</u>	<u>1,144,771</u>	<u>27,544</u>
Undist. Expend.-Child Study Team:					
Salaries of Other Professional Staff	346,722	(31,359)	315,363	287,930	27,433
Purchased Professional - Educational Services	1,000	5,350	6,350	4,060	2,290
Other Purchased Services (400-500 series)	1,900	(1,262)	638	553	85
Supplies and Materials	2,000	(1,088)	912	346	566
Total Undist Expend. - Child Study Team	<u>351,622</u>	<u>(28,359)</u>	<u>323,263</u>	<u>292,889</u>	<u>30,374</u>
Undist. Expend.-Improv. of Inst. Serv.:					
Salaries of Supervisors of Instruction	493,322	(22,711)	470,611	459,704	10,907
Salaries of Secretarial and Clerical Assistants	143,386	5,425	148,811	145,093	3,718
Purchased Professional - Educational Services	31,149	1,060	32,209	1,060	
Other Purchased Services (400-500 series)	16,248	5,942	22,190	35,067	2,024
Supplies and Materials	2,714	(560)	2,154	9,331	6,357
Other Objects	2,714	(10,844)	(8,130)	2,374	340
Total Undist. Expend.-Improv. of Inst. Serv.	<u>686,819</u>	<u>(10,844)</u>	<u>675,975</u>	<u>652,629</u>	<u>23,346</u>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Edu. Media Serv./Sch. Library:					
Salaries	\$ 104,168		\$ 104,168	\$ 102,824	\$ 1,344
Other Purchased Services (400-500 series)	18,485	\$ 2,000	20,485	19,868	617
Supplies and Materials	9,572	(2,000)	7,572	5,866	1,706
Total Undist Expend-Edu. Media Serv./Sch. Library	132,225		132,225	128,558	3,667
Undist. Expend.-Support Serv.-Gen. Admin.:					
Salaries	331,302		331,302	326,074	5,228
Legal Services	67,800		67,800	26,066	41,734
Audit Fees	47,500		47,500	47,200	300
Architectural/Engineering Services	55,385	35,366	90,751	50,317	40,434
Other Purchased Professional Services	1,800	5,700	7,500	6,000	1,500
Communications / Telephone	32,424		32,424	32,237	187
Other Purch. Serv. (400-500 series other than 530 & 585)	46,900	(3,252)	43,648	39,455	4,193
General Supplies	2,820	(470)	2,350	2,283	67
Miscellaneous Expenditures	32,310	(3,076)	29,234	28,986	248
Total Undist. Expend.-Support Serv.-Gen. Admin.	618,241	34,268	652,509	558,618	93,891
Undist. Expend.-Support Serv.-School Admin.:					
Salaries of Principals/Assistant Principals/Prog Director	694,264	34,540	728,804	728,803	1
Salaries of Secretarial and Clerical Assistants	262,021	13,294	275,315	274,832	483
Other Salaries	2,000	(2,000)			
Purchased Professional and Technical Services	12,650	(5,063)	7,587	7,515	72
Other Purchased Services (400-500 series)	13,800	8,952	22,752	19,597	3,155
Supplies and Materials	22,450	6,768	29,218	27,147	2,071
Other Objects	5,700	(4,244)	1,456	1,338	118
Total Undist. Expend.-Support Serv.-School Adm.	1,012,885	52,247	1,065,132	1,059,232	5,900

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Central Services:					
Salaries	\$ 495,616	\$ (16,669)	\$ 478,947	\$ 477,925	\$ 1,022
Purchased Professional Services	4,000	5,550	9,550	8,850	700
Miscellaneous Purchased Services (400-500 series other than 594)	26,280	(2,855)	23,425	18,618	4,807
Supplies and Materials	7,210		7,210	4,618	2,592
Other Objects	5,170	(2,695)	2,475	1,694	781
Total Undist. Expend. - Central Services	<u>538,276</u>	<u>(16,669)</u>	<u>521,607</u>	<u>511,705</u>	<u>9,902</u>
Undist. Expend. - Admin. Info. Technology:					
Salaries	276,283	292	276,575	276,574	1
Purchased Professional Services	7,000	3,586	10,586	4,561	6,025
Other Purchased Services (400-500 series)	55,991	(12,245)	43,746	32,070	11,676
Supplies and Materials	16,000	522	16,522	16,236	286
Total Undist. Expend. - Admin. Info. Technology	<u>355,274</u>	<u>(7,845)</u>	<u>347,429</u>	<u>329,441</u>	<u>17,988</u>
Undist. Expend.-Required Maintenance for School Facilities:					
Salaries	301,606	(1,543)	300,063	283,455	16,608
Cleaning, Repair, and Maintenance Services	186,740	165,047	351,787	301,386	50,401
General Supplies	87,157	14,420	101,577	100,035	1,542
Other Objects	1,800	205	2,005	1,979	26
Total Undist. Expend.- Required Maint. for School Facilities	<u>577,303</u>	<u>178,129</u>	<u>755,432</u>	<u>686,855</u>	<u>68,577</u>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Custodial Services:					
Salaries	\$ 474,903	\$ (1,307)	\$ 473,596	\$ 463,605	\$ 9,991
Purchased Professional and Technical Services	27,850	2,810	30,660	30,290	370
Cleaning, Repair, and Maintenance Services	43,250	(3,857)	39,393	39,393	
Lease Purchase Pymts - Energy Savings Impr Prog	94,414	(42,798)	51,616	51,616	
Other Purchased Property Services	15,000	(300)	14,700	10,722	3,978
Insurance	41,530	1,644	43,174	43,174	
Miscellaneous Purchased Services	6,210		6,210	4,724	1,486
General Supplies	45,250	4,927	50,177	48,178	1,999
Energy (Natural Gas)	175,000	21,337	196,337	184,445	11,892
Energy (Electricity)	219,000	(51,307)	167,693	167,693	
Other Objects	4,000		4,000	3,610	390
Total Undist. Expend.-Custodial Services	<u>1,146,407</u>	<u>(68,851)</u>	<u>1,077,556</u>	<u>1,047,450</u>	<u>30,106</u>
Care and Upkeep of Grounds:					
Salaries	46,958	1,307	48,265	48,265	
Cleaning, Repair, and Maintenance Services	10,375	(5,521)	4,854	1,391	3,463
General Supplies	5,700	(34)	5,666	5,666	
Total Care And Upkeep Of Grounds	<u>63,033</u>	<u>(4,248)</u>	<u>58,785</u>	<u>55,322</u>	<u>3,463</u>
Security:					
Salaries	67,047		67,047	62,726	4,321
Purchased Professional and Technical Services	93,813	(2,733)	91,080	91,080	
General Supplies	200	892	1,092	723	369
Other Objects		2,624	2,624	2,624	
Total Security	<u>161,060</u>	<u>783</u>	<u>161,843</u>	<u>157,153</u>	<u>4,690</u>
Total Undist. Expend.-oper. And Maint. Of Plant Serv.	<u>1,947,803</u>	<u>105,813</u>	<u>2,053,616</u>	<u>1,946,780</u>	<u>106,836</u>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undist. Expend.-Student Transportation Serv.:					
Sal. for Pupil Trans. (Oth. than Bet. Home & Sch)	\$ 35,000		\$ 35,000	23,271	\$ 11,729
Other Purchased Professional and Technical Services	620	2,305	2,925	2,355	570
Cleaning, Repair, and Maint. Services	7,500	1,814	9,314	8,870	444
Rental Payments - School Buses		680	680	85	595
Contract. Serv.(Oth. than Bet. Home & Sch.)-Vend.		1,560	1,560	1,555	5
Contract. Serv.(Reg. Students)-ESCs & CTSA's	157,000	18,910	175,910	164,564	11,346
Misc. Purchased Serv. - Transportation	550	276	826	777	49
General Supplies	1,000	(1,000)			
Total Undist. Expend.-Student Trans. Serv.	<u>201,670</u>	<u>24,545</u>	<u>226,215</u>	<u>201,477</u>	<u>24,738</u>
UNALLOCATED BENEFITS					
Social Security Contributions	231,261	41,998	273,259	271,293	1,966
Other Retirement Contributions - PERS	380,000	(24,115)	355,885	355,885	
Other Retirement Contributions - Regular	19,678	(12,000)	7,678	6,835	843
Unemployment Compensation	25,000	(25,000)			
Workers Compensation	130,000	5,074	135,074	135,074	
Health Benefits	1,880,952	(154,621)	1,726,331	1,642,135	84,196
Tuition Reimbursement	92,365	(20,744)	71,621	46,454	25,167
Other Employee Benefits	219,049	(22,270)	196,779	181,241	15,538
TOTAL UNALLOCATED BENEFITS	<u>2,978,305</u>	<u>(211,678)</u>	<u>2,766,627</u>	<u>2,638,917</u>	<u>127,710</u>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)					
On-Behalf TPAF Post Retirement Contributions (Non-Budgeted)			\$ 670,418	\$ 670,418	\$ (670,418)
On-Behalf TPAF Pension Contributions (Non-Budgeted)			2,829,524	2,829,524	(2,829,524)
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)			39,921	39,921	(39,921)
On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted)			1,228	1,228	(1,228)
Reimbursed TPAF Social Security Contributions			606,845	606,845	(606,845)
TOTAL ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)			<u>4,147,936</u>	<u>4,147,936</u>	<u>(4,147,936)</u>
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	\$ 2,978,305	\$ (211,678)	\$ 2,766,627	6,786,853	(4,020,226)
TOTAL UNDISTRIBUTED EXPENDITURES	<u>10,180,640</u>	<u>1,745</u>	<u>10,182,385</u>	<u>13,846,969</u>	<u>(3,664,584)</u>
TOTAL GENERAL CURRENT EXPENSE	<u>22,529,827</u>	<u>19,041</u>	<u>22,548,868</u>	<u>25,990,082</u>	<u>(3,441,214)</u>
CAPITAL OUTLAY					
Equipment				19,020	11,485
Grades 9-12	33,200	(2,695)	30,505		
Vocational Programs:					
Vocational Programs - Regular Programs	75,819	(14,191)	61,628	22,329	39,299
Vocational Programs - Special Programs	7,415		7,415	4,915	2,500
Undistributed:					
Undistributed Expenditures - School Admin.	2,000	(2,000)			
Undistributed Expenditures - Admin. Info. Tech.	51,771	(13,813)	37,958	37,958	
Undist. Expend. - Care and Upkeep of Grounds	2,269		2,269	2,269	
Total Equipment	<u>172,474</u>	<u>(32,699)</u>	<u>139,775</u>	<u>86,491</u>	<u>53,284</u>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Facilities Acquisition and Construction Serv.:					
Architectural/Engineering Services	\$ 63,800		\$ 63,800	\$ 33,617	\$ 30,183
Construction Services	733,702		733,702	724,341	9,361
Assessment for Debt Service on SDA Funding	57,548		57,548	57,548	
Total Facilities Acquisition and Const. Serv.	855,050		855,050	815,506	39,544
TOTAL CAPITAL OUTLAY	1,027,524	\$ (32,699)	994,825	901,997	92,828
SPECIAL SCHOOLS					
Post-Secondary Programs - Instruction:					
Salaries of Teachers	195,475		195,475	186,820	8,655
Purchased Professional and Technical Services	3,200	(1,843)	1,357	396	961
Other Purchased Services (400-500 series)	5,700	2,550	8,250	6,438	1,812
General Supplies	6,000	(950)	5,050	3,774	1,276
Other Objects	300		300		300
Total Post-Secondary Programs - Instruction	210,675	(243)	210,432	197,428	13,004
Post-Secondary Programs - Support Services:					
Salaries	66,150	(2,434)	63,716	57,745	5,971
Personal Services - Employee Benefits	35,546	16,335	51,881	50,351	1,530
Total Post-Secondary Programs - Support Services	101,696	13,901	115,597	108,096	7,501
Total Post-secondary Programs	312,371	13,658	326,029	305,524	20,505
TOTAL SPECIAL SCHOOLS	312,371	13,658	326,029	305,524	20,505
TOTAL EXPENDITURES	23,869,722		23,869,722	27,197,603	(3,327,881)
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(1,325,374)		(1,325,374)	(601,491)	(723,883)

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other Financing Sources/(Uses):					
Transfers from Flexible Spending Account				\$ 820	\$ (820)
Capital Reserve - Transfer from Capital Projects Fund				31,676	(31,676)
Capital Reserve - Transfer to Capital Projects Fund		\$ (109,019)	\$ (109,019)	(109,019)	
		(109,019)	(109,019)	(76,523)	(32,496)
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	\$ (1,325,374)		(1,325,374)	(678,014)	647,360
Fund Balance, July 1	4,927,939		4,927,939	4,927,939	
Fund Balance, June 30	<u>3,602,565</u>	<u>(109,019)</u>	<u>3,602,565</u>	<u>4,249,925</u>	<u>647,360</u>
<u>Recapitulation:</u>					
Restricted Fund Balance:				\$ 890,069	
Excess Surplus - Restricted For 2023-2024				709,806	
Excess Surplus - Restricted For 2022-2023				793,728	
Capital Reserve				240,894	
Maintenance Reserve				145,383	
Unemployment Compensation					
Assigned Fund Balance:				87,065	
Year End Encumbrances				1,382,980	
Unassigned Fund Balance				<u>4,249,925</u>	
Reconciliation to Governmental Funds Statement (GAAP):				<u>(136,531)</u>	
Last State Aid Payments not Recognized on GAAP basis					
Fund Balance per Governmental Funds (GAAP)				<u>\$ 4,113,394</u>	

MORRIS COUNTY VO TECH
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources	\$ 127,990	\$ 3,126	\$ 131,116	\$ 131,116	
State Sources		136,486	136,486	124,659	\$ (11,827)
Federal Sources	1,281,797	1,602,569	2,884,366	2,129,686	(754,680)
Total Revenues	1,409,787	1,742,181	3,151,968	2,385,461	(766,507)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	220,622	75,936	296,558	253,212	43,346
Purchased Professional and Technical Services	65,296	4,394	69,690	65,846	3,844
Other Purchased Professional Services	138,177	111,823	250,000	187,882	62,118
Rental	1,800		1,800	342	1,458
Other Purchased Services	1,520	(912)	608	592	16
General Supplies	137,510	282,775	420,285	175,661	244,624
Other Objects	7,530	(6,630)	900	900	
Total Instruction	572,455	467,386	1,039,841	684,435	355,406
Support Services:					
Salaries of Other Professional Staff	87,179	123,119	210,298	155,550	54,748
Other Salaries	52,910	132,819	185,729	151,580	34,149
Personal Services - Employee Benefits	107,039	113,844	220,883	179,307	41,576
Purchased Professional and Technical Services	13,125	20,575	33,700	1,000	32,700
Other Purchased Professional Services	99,661	20,031	119,692	88,056	31,636
Other Purchased Services	108,372	397,657	506,029	253,864	252,165
Supplies and Materials	95,919	120,297	216,216	91,661	124,555
Student Activities		120,203	120,203	120,203	
Scholarship		4,000	4,000	4,000	
Total Support Services	564,205	1,052,545	1,616,750	1,260,560	356,190
Facilities Acquisition and Construction Services:					
Building	98,976	86,805	185,781	185,575	206
Instructional Equipment	121,061	83,532	204,593	159,688	44,905
Non-Instructional Equipment	53,090	50,000	103,090	93,290	9,800
Total Facilities Acquisition and Construction Services	273,127	220,337	493,464	438,553	54,911
Total Expenditures	1,409,787	1,740,268	3,150,055	2,383,548	766,507
Excess of Revenue Over Expenditures	\$ -0-	\$ 1,913	\$ 1,913	\$ 1,913	\$ -0-

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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	\$ 26,596,112	\$ 2,385,461
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		(30,707)
Cancellation of Prior Year Encumbrances		(2,239)
Prior Year Encumbrances		16,579
Prior Year State Aid Payments not Recognized for Budgetary Purposes, Recognized for GAAP Statements	120,843	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(136,531)</u>	
 Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	 <u>\$ 26,580,424</u>	 <u>\$ 2,369,094</u>
 Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 27,197,603	\$ 2,383,548
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		(30,707)
Cancellation of Prior Year Encumbrances		(2,239)
Prior Year Encumbrances		<u>16,579</u>
 Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	 <u>\$ 27,197,603</u>	 <u>\$ 2,367,181</u>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISION SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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 Commissioners 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 except for student activities and scholarships. 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 VO TECH
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	IDEA PART B, BASIC		CRRSA		
	FY22 - ARP	FY22	ESSER II	Learning Acceleration	Mental Health
REVENUES:					
Local Sources					
State Sources					
Federal Sources	\$ 52,315	\$ 285,813	\$ 211,876	\$ 10,691	\$ 45,000
Total Revenues	<u>52,315</u>	<u>285,813</u>	<u>211,876</u>	<u>10,691</u>	<u>45,000</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	31,130	56,945		2,404	
Purchased Professional and Technical Services					
Other Purchased Professional Services	7,177	33,323			45,000
Rental					
General Supplies		1,563		4,845	
Other Objects					
Total Instruction	<u>38,307</u>	<u>91,831</u>		<u>7,249</u>	<u>45,000</u>
Support Services:					
Salaries of Other Professional Staff		105,881		1,990	
Other Salaries					
Personal Services - Employee Benefits	14,008	58,704		1,452	
Purchased Professional and Technical Services					
Other Purchased Professional Services		15,456			
Other Purchased Services					
Supplies and Materials		5,943			
Student Activities					
Scholarship					
Total Support Services	<u>14,008</u>	<u>185,984</u>		<u>3,442</u>	
Facilities Acquisition and Construction Services:					
Building			148,976		
Instructional Equipment		7,998			
Non-Instructional Equipment			62,900		
Total Facilities Acquisition and Construction Services		<u>7,998</u>	<u>211,876</u>		
Total Expenditures	<u>\$ 52,315</u>	<u>\$ 285,813</u>	<u>\$ 211,876</u>	<u>\$ 10,691</u>	<u>\$ 45,000</u>

MORRIS COUNTY VO TECH
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	ARP				
	ESSER III	Accelerated Learning Coach and Educator Support	Evidence Based Summer Learning and Enrichment	Evidence Based Comprehensive Beyond the School Day	Adult Basic Skills
REVENUES:					
Local Sources					
State Sources	\$ 75,190	\$ 65,100	\$ 39,121	\$ 9,975	\$ 571,744
Federal Sources					
Total Revenues	75,190	65,100	39,121	9,975	571,744
EXPENDITURES:					
Instruction:					
Salaries of Teachers	2,260		20,058		115,448
Purchased Professional and Technical Services				9,975	
Other Purchased Professional Services	18,525				342
Rental					14,633
General Supplies	1,346		6,874		
Other Objects					
Total Instruction	22,131		26,932	9,975	130,423
Support Services:					
Salaries of Other Professional Staff	29,999				124,871
Other Salaries					75,641
Personal Services - Employee Benefits	3,406		12,189		
Purchased Professional and Technical Services					
Other Purchased Professional Services		65,100			240,809
Other Purchased Services					
Supplies and Materials	19,654				
Student Activities					
Scholarship					
Total Support Services	53,059	65,100	12,189		441,321
Facilities Acquisition and Construction Services:					
Building					
Instructional Equipment					
Non-Instructional Equipment					
Total Facilities Acquisition and Construction Services					
Total Expenditures	\$ 75,190	\$ 65,100	\$ 39,121	\$ 9,975	\$ 571,744

MORRIS COUNTY VO TECH
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Carl D. Perkins Act Post Secondary	Carl D. Perkins Act Secondary	Carl D. Perkins Act Secondary - Reserve	Student Activities	Scholarships
REVENUES:					
Local Sources					
State Sources					
Federal Sources	\$ 114,572	\$ 375,355	\$ 57,595	\$ 125,324	\$ 792
Total Revenues	114,572	375,355	57,595	125,324	792
EXPENDITURES:					
Instruction:					
Salaries of Teachers	6,180		18,181		
Purchased Professional and Technical Services	73,882		65,846		
Other Purchased Professional Services			592		
Rental					
General Supplies	14,192		127,208		
Other Objects	900				
Total Instruction	95,154	211,827			
Support Services:					
Salaries of Other Professional Staff	2,775		14,905		
Other Salaries	5,369		18,459		
Personal Services - Employee Benefits	679		13,228		
Purchased Professional and Technical Services	1,000		7,500		
Other Purchased Professional Services					
Other Purchased Services			13,055		
Supplies and Materials			9,000		
Student Activities				120,203	
Scholarship					4,000
Total Support Services	9,823	76,147	2,881	120,203	4,000
Facilities Acquisition and Construction Services:					
Building					
Instructional Equipment	9,595		87,381		
Non-Instructional Equipment					
Total Facilities Acquisition and Construction Services	9,595	87,381	54,714		
Total Expenditures	114,572	\$ 375,355	\$ 57,595	\$ 120,203	\$ 4,000

MORRIS COUNTY VO TECH
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Stafford Loans		PLUS	Pell Grant
	Subsidized	Unsubsidized		
REVENUES:				
Local Sources				
State Sources				
Federal Sources	\$ 54,880	\$ 65,811	\$ 11,257	\$ 83,391
Total Revenues	54,880	65,811	11,257	83,391
EXPENDITURES:				
Instruction:				
Salaries of Teachers				
Purchased Professional and Technical Services				
Other Purchased Professional Services				
Rental				
General Supplies				
Other Objects				
Total Instruction				
Support Services:				
Salaries of Other Professional Staff				
Other Salaries				
Personal Services - Employee Benefits				
Purchased Professional and Technical Services				
Other Purchased Professional Services				
Other Purchased Services				
Tuition	54,880	65,811	11,257	83,391
Supplies and Materials				
Total Support Services	54,880	65,811	11,257	83,391
Facilities Acquisition and Construction Services:				
Building				
Instructional Equipment				
Non-Instructional Equipment				
Total Facilities Acquisition and Construction Services				
Total Expenditures	\$ 54,880	\$ 65,811	\$ 11,257	\$ 83,391

MORRIS COUNTY VO TECH
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Nonpublic Teacher STEM	School Security Grant	SDA Emergent and Capital Maintenance Needs	Local Donations	Totals
REVENUES:					
Local Sources			\$	5,000	\$ 131,116
State Sources	606	93,663	\$ 30,390		124,659
Federal Sources					2,129,686
Total Revenues	606	93,663	30,390	5,000	2,385,461
EXPENDITURES:					
Instruction:					
Salaries of Teachers	606				253,212
Purchased Professional and Technical Services					139,728
Other Purchased Professional Services					114,592
Rental					342
General Supplies				5,000	175,661
Other Objects					900
Total Instruction	606			5,000	684,435
Support Services:					
Salaries of Other Professional Staff					155,550
Other Salaries					151,580
Personal Services - Employee Benefits					179,307
Purchased Professional and Technical Services					8,500
Other Purchased Professional Services					80,556
Other Purchased Services					253,864
Supplies and Materials		57,064			91,661
Student Activities					120,203
Scholarship					4,000
Total Support Services		57,064			1,260,560
Facilities Acquisition and Construction Services:					
Building		36,599			185,575
Instructional Equipment					159,688
Non-Instructional Equipment			30,390		93,290
Total Facilities Acquisition and Construction Services		36,599	30,390		438,553
Total Expenditures	606	93,663	30,390	5,000	2,383,548

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, 2022

Revenue and Other Financing Sources:	
County Improvement Authorization	\$ 25,445,995
Transfer from Capital Reserve	<u>109,019</u>
Total Revenue and Other Financing Sources	<u>25,555,014</u>
Expenditures:	
Purchased Professional and Technical Services	515,838
Construction Services	<u>1,298,026</u>
Total Expenditures	<u>1,813,864</u>
Other Financing Uses:	
Operating Transfers (Out):	
General Fund - Capital Reserve - Unexpended Project Balances	<u>(31,676)</u>
Total Other Financing Uses	<u>(31,676)</u>
Excess/(Deficiency) of Revenues and Other Financing Sources	
Over/(Under) Expenditures and Other Financing (Uses)	23,709,474
Fund Balance - Beginning of Year	<u>1,307,454</u>
Fund Balance - End of Year	<u>\$ 25,016,928</u>
<u>Recapitulation:</u>	
Committed	\$ 23,593,914
Committed - Year End Encumbrances	<u>1,423,014</u>
Total Fund Balance - Budgetary Basis/GAAP Basis	<u>\$ 25,016,928</u>

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, 2022

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Cost</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	177,916	\$ 2,674	180,590	523,440
Construction Services	1,567,849	304,975	1,872,824	1,949,210
 Total Expenditures	 1,745,765	 307,649	 2,053,414	 2,472,650
 Transfer to 2020 Various Building Projects	 (154,790)		 (154,790)	 (154,790)
 Excess of Revenue and Other Financing Sources Over Expenditures and Other Financing Uses	 \$ 726,885	 \$ (307,649)	 \$ 419,236	 \$ -0-

Analysis of Balance

Unreserved Fund Balance	\$ 419,236
	<u>\$ 419,236</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	\$ 2,627,440
Additional Authorized Cost	(154,790)
Revised Authorized Cost	<u>\$ 2,472,650</u>

Percentage Increase over Original Authorized Cost	0%
Percentage Completion	83%
Original Target Completion Date	6/22
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, 2022

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Cost</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	20,431		20,431	31,000
Construction Services	70,000	\$ 510,923	580,923	640,000
Total Expenditures	<u>90,431</u>	<u>510,923</u>	<u>601,354</u>	<u>671,000</u>
Transfer from 2019 Various Building Projects	<u>154,790</u>		<u>154,790</u>	<u>154,790</u>
Excess of Revenue and Other Financing Sources Over Expenditures	<u>\$ 580,569</u>	<u>\$ (510,923)</u>	<u>\$ 69,646</u>	<u>\$ -0-</u>

Analysis of Balance

Committed Fund Balance	\$ 37,819
Committed Fund Balance Encumbrances	<u>31,827</u>
	<u>\$ 69,646</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	<u>154,790</u>
Revised Authorized Cost	<u>\$ 671,000</u>

Percentage Increase over Original Authorized Cost	0%
Percentage Completion	90%
Original Target Completion Date	6/23
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
BIOTECHNOLOGY LAB PROJECT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenue and Other Financing Sources:				
County Improvement Authorization		\$ 125,000	\$ 125,000	\$ 125,000
Transfer from Capital Reserve		109,019	109,019	109,019
Total Revenue and Other Financing Sources		234,019	234,019	234,019
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services		\$ 19,750	19,750	19,750
Construction Services		182,593	182,593	214,269
Total Expenditures		202,343	202,343	234,019
Transfer to Capital Reserve		(31,676)	(31,676)	
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	\$ -0-	\$ -0-	\$ -0-	\$ -0-
<u>Additional Project Information:</u>				
Project Numbers		N/A		
Grant Date		N/A		
County Improvement Authorization Date		N/A		
County Improvement Authorization	\$	125,000		
Original Authorized Cost		125,000		
Additional Authorized Cost		109,019		
Revised Authorized Cost	\$	234,019		
Percentage Increase over Original Authorized Cost		0%		
Percentage Completion		100%		
Original Target Completion Date		6/22		
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
BIOTECHNOLOGY LAB PROJECT 2
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Prior Periods	Current Year	Totals	Authorized Cost
Revenue and Other Financing Sources:				
County Improvement Authorization		\$ 526,000	\$ 526,000	\$ 526,000
Total Revenue and Other Financing Sources		526,000	526,000	526,000
Expenditures:				
Purchased Professional and Technical Services		67,478	67,478	78,900
Construction Services		299,535	299,535	447,100
Total Expenditures		367,013	367,013	526,000
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ -0-	\$ 158,987	\$ 158,987	\$ -0-

<u>Analysis of Balance</u>			
Committed Fund Balance		\$ 1,843	
Committed Fund Balance Encumbrances		157,144	
		\$ 158,987	

<u>Additional Project Information:</u>	
Project Numbers	N/A
Grant Date	N/A
County Improvement Authorization Date	N/A
County Improvement Authorization	\$ 526,000
Original Authorized Cost	\$ 526,000
Percentage Decrease over Original Authorized Cost	0%
Percentage Completion	70%
Original Target Completion Date	6/23
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
COUNTY COLLEGE OF MORRIS RENOVATIONS TO BUILDING #4 AND CONSTRUCTION OF NEW EDUCATIONAL FACILITY
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Prior Periods	Current Year	Totals	Project Authorization
Revenue and Other Financing Sources:				
County Improvement Authorization		\$ 24,794,995	\$ 24,794,995	\$ 24,794,995
Total Revenue and Other Financing Sources		24,794,995	24,794,995	24,794,995
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services		\$ 425,936	425,936	2,884,995
Construction Services				21,910,000
Total Expenditures and Other Financing Uses		425,936	425,936	24,794,995
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	\$ -0-	\$ 24,369,059	\$ 24,369,059	\$ -0-

Analysis of Balance

Committed Fund Balance	\$ 23,135,016
Committed Fund Balance Encumbrances	1,234,043
	\$ 24,369,059

Additional Project Information:

Project Numbers	N/A
Grant Date	N/A
County Improvement Authorization Date	N/A
County Improvement Authorization	\$ 24,794,995
Original Authorized Cost	\$ 24,794,995
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	2%
Original Target Completion Date	6/25
Revised Target Completion Date	N/A

PROPRIETARY FUNDS

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2022

	Non-Major Funds			Total
	Food Service	Adult Education	Total	Total Enterprise Funds
<u>ASSETS:</u>				
Current Assets:				
Cash and Cash Equivalents	\$ 6,529	\$ 81,657	\$ 88,186	\$ 171,865
Intergovernmental Accounts Receivable:				
State		552	552	552
Federal		26,935	26,935	26,935
Other Accounts Receivable		5,005	5,005	5,005
Inventories		10,132	10,132	10,132
Total Current Assets	6,529	124,281	130,810	214,489
Non-Current Assets:				
Capital Assets	113,780	92,924	206,704	206,704
Less: Accumulated Depreciation	(71,181)	(69,643)	(140,824)	(140,824)
Total Non-Current Assets	42,599	23,281	65,880	65,880
Total Assets	6,529	166,880	280,369	280,369
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>				
Deferred Outflows of Resources Related to Pensions		64,205	64,205	64,205
Total Deferred Outflows of Resources		64,205	64,205	64,205

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2022

	Non Major Funds			Total
	Food Service	Adult Education	Total	Total Enterprise Funds
<u>LIABILITIES:</u>				
Current Liabilities:				
Accounts Payable	\$ 21,963	\$ 44,003	\$ 65,966	\$ 65,966
Unearned Revenue - Donated Commodities	1,225		1,225	1,225
Unearned Revenue - Prepaid Sales	8,012		8,012	8,012
Total Current Liabilities	31,200	44,003	75,203	75,203
Non-Current Liabilities:				
Compensated Absences Payable		14,877	14,877	14,877
Net Pension Liability		424,777	424,777	424,777
Total Non-Current Liabilities		439,654	439,654	439,654
Total Liabilities	31,200	483,657	514,857	514,857
<u>DEFERRED INFLOWS OF RESOURCES:</u>				
Deferred Inflows of Resources Related to Pensions		277,159	277,159	277,159
Total Deferred Inflows of Resources		277,159	277,159	277,159
<u>NET POSITION:</u>				
Investment in Capital Assets	42,599	23,281	65,880	65,880
Unrestricted/(Deficit)	\$ 6,529	(612,932)	(513,322)	(513,322)
Total Net Position/(Deficit)	\$ 6,529	\$ (589,651)	\$ (447,442)	\$ (447,442)

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, 2022

	Non Major Funds			Total	Total Enterprise Funds
	Cosmetology	Food Service	Adult Education		
Operating Revenue:					
Daily Sales:					
Non-Reimbursable Programs		\$ 63,001		\$ 63,001	\$ 63,001
Charges for Services:					
Program Fees	\$ 2,391	5,005	594,185	601,581	601,581
Total Operating Revenue	2,391	68,006	594,185	664,582	664,582
Operating Expenses:					
Cost of Sales:					
Reimbursable Programs		136,277		136,277	136,277
Non-Reimbursable Programs		39,740		39,740	39,740
Salaries		83,150	356,130	439,280	439,280
Employee Benefits		24,408	255,222	279,630	279,630
Purchased Professional and Technical Services		11,962	11,363	23,325	23,325
Communications/Telephone			25,242	25,242	25,242
Travel			14	14	14
Miscellaneous Purchased Services			32,170	32,170	32,170
Supplies and Materials	3,198	11,084	14,461	28,743	28,743
Textbooks			15,328	15,328	15,328
Miscellaneous Expense			3,075	3,075	3,075
Depreciation Expense		3,373	7,958	11,331	11,331
Total Operating Expenses	3,198	309,994	720,963	1,034,155	1,034,155
Operating Loss	(807)	(241,988)	(126,778)	(369,573)	(369,573)

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, 2022

	Non-Major Funds			Total	Total Enterprise Funds
	Cosmetology	Food Service	Adult Education		
Non-Operating Revenue:					
State Sources:					
State School Lunch Program		\$ 6,852		\$ 6,852	\$ 6,852
Federal Sources:					
COVID 19 - Seamless Summer Option		309,387		309,387	309,387
COVID 19 - P-EBT Reimbursement		614		614	614
COVID 19 - Emergency Operational Reimbursement Cost Program		2,968		2,968	2,968
Food Distribution Program		14,570		14,570	14,570
Total Non-Operating Income		<u>334,391</u>		<u>334,391</u>	<u>334,391</u>
Change in Net Position	\$ (807)	92,403	\$ (126,778)	(35,182)	(35,182)
Net Position/(Deficit) - Beginning of Year	<u>7,336</u>	<u>43,277</u>	<u>(462,873)</u>	<u>(412,260)</u>	<u>(412,260)</u>
Net Position/(Deficit) - End of Year	<u>\$ 6,529</u>	<u>\$ 135,680</u>	<u>\$ (589,651)</u>	<u>\$ (447,442)</u>	<u>\$ (447,442)</u>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Non Major Funds			Total Enterprise Funds
	Cosmetology	Food Service	Adult Education	
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 2,391	\$ 60,617	\$ 594,185	\$ 657,193
Payments to Food Service Contractor		(279,160)		(279,160)
Payments to/for Employees			(478,139)	(478,139)
Payments to Suppliers	(3,198)		(102,788)	(105,986)
Net Cash Provided by/(Used for) Operating Activities	(807)	(218,543)	13,258	(206,092)
Cash Flows from Capital and Related Financing Activities:				
Purchase of Capital Assets		(33,935)		(33,935)
Net Cash (Used for) Capital and Related Financing Activities		(33,935)		(33,935)
Cash Flows from Noncapital Financing Activities:				
State Sources		10,089		10,089
Federal Sources		290,442		290,442
Net Cash Provided by Noncapital Financing Activities		300,531		300,531
Net Increase/(Decrease) in Cash and Cash Equivalents	(807)	48,053	13,258	60,504
Cash and Cash Equivalents, July 1	7,336	33,604	70,421	111,361
Cash and Cash Equivalents, June 30	\$ 6,529	\$ 81,657	\$ 83,679	\$ 171,865

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Non Major Funds			Total
	Cosmetology	Food Service	Adult Education	
				Total Enterprise Funds
Reconciliation of Operating Loss to				
Net Cash Provided by/(Used for) Operating Activities:				
Operating Loss	\$ (807)	\$ (241,988)	\$ (126,778)	\$ (369,573)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:				
Depreciation		3,373	7,958	11,331
Food Distribution Program		14,570		14,570
Changes in Assets and Liabilities:				
(Increase) in Other Accounts Receivable		(5,005)		(5,005)
(Increase) in Inventory		(5,573)		(5,573)
Increase/(Decrease) in Accounts Payable		18,914	(1,135)	17,779
(Decrease) in Unearned Revenue		(2,834)		(2,834)
Increase in Compensated Absences Payable			256	256
Increase in Net Pension Liability			17,453	17,453
Decrease in Deferred Outflows of Resources Related to Pensions			24,594	24,594
Increase in Deferred Inflows of Resources Related to Pensions			90,910	90,910
Net Cash Provided by/(Used for) Operating Activities	\$ (807)	\$ (218,543)	\$ 13,258	\$ (206,092)

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Commodities through the Food Distribution Program valued at \$14,120 and utilized U.S.D.A. Commodities valued at \$14,570.

STATISTICAL SECTION
(UNAUDITED)

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

Contents

	<u>Exhibit</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	J-1 thru J-5
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.	J-6 thru J-9
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	J-10 thru J-13
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.	J-14 thru J-15
Operating Information These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.	J-16 thru J-20

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

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

	June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental Activities										
Net Investment in Capital Assets	\$ 18,249,442	\$ 19,083,633	\$ 20,449,783	\$ 21,358,861	\$ 21,194,961	\$ 21,700,601	\$ 23,445,147	\$ 25,020,373	\$ 25,293,603	\$ 27,312,046
Restricted	773,349	1,809,685	2,766,786	3,122,283	3,109,566	3,402,751	1,756,187	2,228,845	3,772,858	3,031,939
Unrestricted/(Deficit)	2,601,034	(4,642,873)	(4,214,710)	(5,001,233)	(6,356,859)	(5,615,620)	(3,287,556)	(4,640,367)	(5,213,269)	19,702,034
Total Governmental Activities Net Position	\$ 21,623,825	\$ 16,250,445	\$ 19,001,859	\$ 19,479,911	\$ 17,947,668	\$ 19,487,732	\$ 21,913,778	\$ 22,608,851	\$ 23,853,192	\$ 50,046,019
Business-type Activities										
Investment in Capital Assets	\$ 28,254	\$ 21,889	\$ 59,168	\$ 54,132	\$ 51,626	\$ 78,459	\$ 65,073	\$ 52,827	\$ 43,277	\$ 65,880
Unrestricted/(Deficit)	121,914	(337,263)	(272,787)	(335,504)	(389,405)	(501,494)	(468,003)	(387,956)	(455,537)	(513,322)
Total Business-type Activities Net Position/(Deficit)	\$ 150,168	\$ (315,374)	\$ (213,619)	\$ (281,372)	\$ (337,779)	\$ (423,035)	\$ (402,930)	\$ (335,129)	\$ (412,260)	\$ (447,442)
District-wide										
Net Investment in Capital Assets	\$ 18,277,696	\$ 19,105,522	\$ 20,508,951	\$ 21,412,993	\$ 21,246,587	\$ 21,779,060	\$ 23,510,220	\$ 25,073,200	\$ 25,336,880	\$ 27,377,926
Restricted	773,349	1,809,685	2,766,786	3,122,283	3,109,566	3,402,751	1,756,187	2,228,845	3,772,858	3,031,939
Unrestricted/(Deficit)	2,722,948	(4,980,136)	(4,487,497)	(5,336,737)	(6,746,264)	(6,117,114)	(3,755,559)	(5,028,323)	(5,668,806)	19,188,712
Total District Net Position	\$ 21,773,993	\$ 15,935,071	\$ 18,788,240	\$ 19,198,539	\$ 17,609,889	\$ 19,064,697	\$ 21,510,848	\$ 22,273,722	\$ 23,440,932	\$ 49,598,577

Source: School District Financial Reports

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses:										
Governmental Activities:										
Instruction										
Regular	\$ 5,302,990	\$ 5,285,328	\$ 6,214,158	\$ 6,756,299	\$ 7,353,268	\$ 8,305,570	\$ 8,348,433	\$ 9,451,796	\$ 10,529,320	\$ 10,509,787
Special Education	534,556	534,548	943,045	680,667	720,377	994,810	1,044,478	1,147,511	1,068,936	889,988
Vocational Education	3,941,855	3,752,582	4,576,541	5,065,655	5,498,804	5,333,464	4,950,756	4,968,019	5,533,539	5,167,289
Other Instruction	290,081	287,998	359,390	413,282	473,395	433,030	797,806	452,853	442,312	450,583
Support Services:										
Student and Instruction Related Services	2,800,250	2,749,365	2,923,717	3,416,421	3,944,530	4,474,900	4,485,157	4,198,979	4,024,093	3,776,337
General Administrative Services	736,765	536,254	679,650	790,458	770,423	802,170	811,153	751,153	852,901	748,505
School Administrative Services	1,203,423	1,226,292	1,128,066	1,135,391	1,229,957	1,336,854	1,292,082	1,530,061	1,644,903	1,490,700
Central Services	581,469	570,132	667,080	730,335	852,529	808,387	743,852	691,736	927,355	779,818
Administrative Information Technology	302,753	428,018	297,466	367,155	465,288	411,890	419,941	414,289	412,660	378,475
Plant Operations and Maintenance	2,028,223	2,023,212	2,205,533	2,025,996	2,380,780	2,289,950	2,117,900	2,060,445	1,861,493	2,042,929
Pupil Transportation	126,746	152,221	165,439	177,197	225,412	224,611	271,074	195,574	195,000	259,195
Special Schools	1,169,112	1,334,528	1,263,140	1,408,989	1,460,425	864,264	630,342	464,595	353,634	299,879
Capital Outlay	64,549	62,039	62,289	57,548		4,589	2,193	35,022		286,626
Unallocated Depreciation	469,687	469,963								
Total Governmental Activities Expenses	19,552,459	19,412,480	21,485,514	23,025,393	25,375,188	26,284,489	25,915,167	26,362,033	27,849,631	27,080,111
Business-Type Activities:										
Enterprise Funds	811,257	795,080	792,832	835,537	792,011	839,853	761,732	632,651	718,753	1,034,155
Total Business-Type Activities Expense	811,257	795,080	792,832	835,537	792,011	839,853	761,732	632,651	718,753	1,034,155
Total District Expenses	20,363,716	20,207,560	22,278,346	23,860,930	26,167,199	27,124,342	26,676,899	26,994,684	28,568,384	28,114,266
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Tuition	8,924,844	9,314,509	9,950,842	9,529,694	9,813,791	11,294,811	11,084,707	11,988,514	13,834,346	14,564,413
Operating Grants and Contributions	3,842,274	3,560,437	5,097,290	6,121,970	7,610,126	8,198,440	7,424,447	7,156,254	8,004,250	6,036,172
Total Governmental Activities Program Revenues	12,767,118	12,874,946	15,048,132	15,651,664	17,423,917	19,493,251	18,509,154	19,144,768	21,838,596	20,600,585
Business-Type Activities:										
Charges for Services:										
Enterprise Funds	762,613	726,521	845,773	831,756	703,503	752,240	748,650	672,645	560,563	664,582
Operating Grants and Contributions	27,173	21,401	28,556	29,977	32,089	27,355	32,997	22,743	71,938	334,391
Total Business-Type Activities Program Revenues	789,786	747,922	874,329	861,733	735,592	779,595	781,627	695,388	632,501	998,973

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

UNAUDITED
(Continued)

	2013	2014	2015	2016	2017	2018	2019	2020	2020	2021
Total District Program Revenues	\$ 13,556,904	\$ 13,622,868	\$ 15,922,461	\$ 16,513,397	\$ 18,159,509	\$ 20,272,846	\$ 19,290,781	\$ 19,840,156	\$ 22,471,097	\$ 21,599,558
Net (Expense)/Revenue:										
Governmental Activities	(6,785,341)	(6,537,534)	(6,437,382)	(7,373,729)	(7,951,271)	(6,791,238)	(7,406,013)	(7,217,265)	(6,011,035)	(6,479,526)
Business-Type Activities	(21,471)	(47,158)	81,497	26,196	(56,419)	(60,258)	19,895	62,737	(86,252)	(35,182)
Total District-Wide Net Expense	(6,806,812)	(6,584,692)	(6,355,885)	(7,347,533)	(8,007,690)	(6,851,496)	(7,386,118)	(7,154,528)	(6,097,287)	(6,514,708)
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	695,443	706,862	720,276	718,955	729,129	728,406	649,307	638,150	638,128	637,858
Interest Earnings	5,761	4,687	4,063	11,714	27,608	26,244	26,348	10,100	1,842	2,909
Transfers	(32,748)	(44,059)	(16,761)	94,798	115	25,012		(5,064)		820
Capital Contribution to School District								45,500		
Contributed Capital			(3,258)							
County Improvement Authorization	972,351	1,292,220	2,061,000	601,000	116,000	1,048,000	2,627,440	516,210	-	25,445,995
County Improvement Authorization Cancelled				(23,694)	(923,134)					
Miscellaneous Income	91,177	47,972	72,190	97,722	118,024	152,354	177,678	118,619	264,120	232,826
Total Governmental Activities	8,083,270	8,358,968	9,188,796	7,851,781	6,419,028	8,331,302	9,832,059	7,674,801	7,255,376	32,671,694
Business-Type Activities:										
Transfers	33,325	44,142	17,000	(93,949)		(25,012)		5,064		
Contributed Capital			3,258							
Miscellaneous Income					12	14	210		9,120	
Cancellation of Prior Year's Accounts Receivable/Payable	(10,034)	(3,283)								
Total Business-Type Activities	23,291	40,859	20,258	(93,949)	12	(24,998)	210	5,064	9,120	
Total District-Wide	8,106,561	8,399,827	9,209,054	7,757,832	6,419,040	8,306,304	9,832,269	7,679,865	7,264,496	32,671,694
Change in Net Position:										
Governmental Activities	1,297,929	1,821,434	2,751,414	478,052	(1,532,243)	1,540,064	2,426,046	457,536	1,244,341	26,192,168
Business-Type Activities	1,820	(6,299)	101,755	(67,753)	(56,407)	(85,256)	20,105	67,801	(77,132)	(35,182)
Total District	\$ 1,299,749	\$ 1,815,135	\$ 2,853,169	\$ 410,299	\$ (1,588,650)	\$ 1,454,808	\$ 2,446,151	\$ 525,337	\$ 1,167,209	\$ 26,156,986

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,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Restricted	\$ 773,349	\$ 1,809,685	\$ 2,766,786	\$ 3,122,283	\$ 3,109,566	\$ 3,402,751	\$ 1,756,187	\$ 2,348,045	\$ 3,522,713	\$ 2,779,880
Assigned	365,812	300,573	280,788	108,958	288,294	574,490	100,000	60,451	155,474	87,065
Unassigned	877,946	848,989	887,036	909,928	926,482	982,584	1,153,591	1,068,463	1,128,909	1,246,449
Total General Fund	\$ 2,017,107	\$ 2,959,247	\$ 3,934,610	\$ 4,141,169	\$ 4,324,342	\$ 4,959,825	\$ 3,009,778	\$ 3,476,959	\$ 4,807,096	\$ 4,113,394
All Other Governmental Funds										
Restricted								\$ 256,583	\$ 250,146	\$ 252,059
Committed	\$ 1,846,257	\$ 1,871,012	\$ 2,200,313	\$ 1,636,014	\$ 740,104	\$ 1,209,857	\$ 3,724,925	2,029,564	1,306,795	25,016,928
Total All Other Governmental Funds	\$ 1,846,257	\$ 1,871,012	\$ 2,200,313	\$ 1,636,014	\$ 740,104	\$ 1,209,857	\$ 3,724,925	\$ 2,286,147	\$ 1,556,941	\$ 25,268,987
Total All Governmental Funds										
Restricted	\$ 773,349	\$ 1,809,685	\$ 2,766,786	\$ 3,122,283	\$ 3,109,566	\$ 3,402,751	\$ 1,756,187	\$ 2,604,628	\$ 3,772,859	\$ 3,031,939
Committed	1,846,257	1,871,012	2,200,313	1,636,014	740,104	1,209,857	3,724,925	2,029,564	1,306,795	25,016,928
Assigned	365,812	300,573	280,788	108,958	288,294	574,490	100,000	60,451	155,474	87,065
Unassigned	877,946	848,989	887,036	909,928	926,482	982,584	1,153,591	1,068,463	1,128,909	1,246,449
Total All Governmental Funds	\$ 3,863,364	\$ 4,830,259	\$ 6,134,923	\$ 5,777,183	\$ 5,064,446	\$ 6,169,682	\$ 6,734,703	\$ 5,763,106	\$ 6,364,037	\$ 29,382,381

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,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
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 LEA's	8,445,786	8,856,352	9,462,981	9,037,355	9,374,983	10,849,946	10,963,764	12,072,283	13,766,786	14,028,978
Other Tuition	479,058	458,157	487,861	492,339	438,808	449,416	468,861	339,504	408,102	409,319
Interest Earned on Capital Reserve Funds	1,226	768	1,475	4,161	10,778	26,185	26,185	9,827	1,669	2,683
Interest Earned on Maintenance Reserve Funds						59	163	273	173	226
Other Restricted Miscellaneous Revenue	95,712	53,422	75,528	107,154	134,854	152,678	179,710	118,619	92,724	126,116
Unrestricted Miscellaneous Revenue	3,021,850	2,536,977	2,786,118	3,072,492	3,537,683	4,055,086	4,192,036	4,061,446	254,470	237,826
State Sources	1,515,867	1,708,791	1,391,840	1,546,750	1,523,814	1,403,244	1,689,398	1,603,051	4,701,599	5,649,375
Federal Sources	19,910,785	19,985,753	20,557,089	20,611,537	21,372,206	23,287,900	23,871,403	24,556,289	1,680,655	2,143,709
Total Revenue	43,700,028	44,516,229	46,442,339	48,322,218	48,844,904	56,449,803	60,533,025	72,477,915	8,031,622	8,795,904
Expenditures:										
Instruction:										
Regular Instruction	385,919	389,739	432,043	411,301	403,777	577,264	653,895	734,819	597,230	572,735
Special Education Instruction	2,909,703	2,894,868	3,038,607	3,014,179	3,020,720	2,847,837	2,581,107	2,715,682	2,943,510	3,219,389
Vocational Education Instruction	272,978	266,705	307,298	344,322	361,942	350,488	724,596	382,861	384,188	455,599
School-Sponsored/Other Instruction										
Support Services:										
Student and Instruction Related Services	2,215,824	2,207,515	2,200,507	2,400,740	2,552,870	2,870,038	3,115,828	2,915,167	3,241,127	3,506,737
General Administrative Services	616,342	452,648	527,100	608,332	522,608	549,049	586,471	539,919	571,997	558,618
School Administrative Services	892,389	946,985	791,065	762,568	698,542	751,852	947,878	990,095	1,008,627	1,059,232
Central Services	459,217	459,317	495,682	513,617	546,588	526,759	501,805	482,363	500,011	511,705
Administrative Information Technology	229,006	286,859	221,550	262,562	320,193	302,009	316,529	315,442	321,863	329,441
Plant Operations and Maintenance	1,665,586	1,661,447	1,960,469	1,726,021	1,858,580	1,859,883	1,720,530	1,675,703	1,566,512	1,946,780
Pupil Transportation	129,593	155,760	154,556	164,468	153,635	162,343	172,764	107,513	123,855	201,477
Allocated Benefits	1,807,979	5,251								
Unallocated Benefits	1,784,453	3,321,966	3,435,663	3,743,454	4,275,466	5,001,139	5,501,924	5,488,291	6,009,461	6,786,853
Special Schools	1,118,531	1,292,440	1,078,813	1,189,895	1,161,358	545,369	489,625	321,480	304,444	305,524
Capital Outlay	2,172,326	1,469,290	2,007,714	1,667,704	556,741	1,260,246	2,567,845	2,497,565	1,052,086	3,128,654
Total Expenditures	21,029,874	20,267,019	21,293,406	21,641,381	21,277,924	23,254,079	25,933,822	26,414,815	26,656,533	31,378,648
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,119,089)	(281,266)	(736,317)	(1,029,844)	94,282	33,821	(2,062,419)	(1,858,526)	600,931	(2,429,130)

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,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Other Financing Sources (Uses):										
County Improvement Authorizations	\$ 972,351	\$ 1,292,220	\$ 2,061,000	\$ 601,000	\$ 116,000	\$ 1,048,000	\$ 2,627,440	\$ 516,210	\$ 25,445,995	\$ 25,445,995
Transfers	(32,748)	(44,059)	(16,761)	94,798	115	23,415		(5,064)		820
Capital Contribution to Food Service Fund	80,193		(3,258)							
Financed Purchases (Non-budgeted)										
Total Other Financing Sources (Uses)	<u>1,019,796</u>	<u>1,248,161</u>	<u>2,040,981</u>	<u>672,104</u>	<u>(807,019)</u>	<u>1,071,415</u>	<u>2,627,440</u>	<u>511,146</u>	<u>25,445,995</u>	<u>25,446,815</u>
Net Change in Fund Balances	<u>\$ (99,293)</u>	<u>\$ 966,895</u>	<u>\$ 1,304,664</u>	<u>\$ (357,740)</u>	<u>\$ (712,737)</u>	<u>\$ 1,105,236</u>	<u>\$ 565,021</u>	<u>\$ (1,347,380)</u>	<u>\$ 26,046,926</u>	<u>\$ 23,017,685</u>
Debt Service as a Percentage of Noncapital Expenditures	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A Not Applicable										

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	Miscellaneous	Total
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
2021	14,174,888	1,842	264,120	14,440,850
2022	14,438,297	2,909	232,826	14,674,032

Source: District records

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

Year Ended December 31,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate	Estimated Actual (County Equalized Value)
2012	\$ 1,172,274,150	\$ 59,774,842,199	\$ 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	1,121,533,950	60,489,876,715	685,237,400	11,944,478	11,513,732,422	2,917,649,400	2,286,186,900	79,026,165,265	7,277,468,700	61,429,260	79,087,592,525	N/A	96,780,233,689
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	8,142,273,600	33,831,715	87,132,854,490	N/A	96,090,769,477
2020	1,032,813,400	67,338,472,700	725,724,400	11,110,938	12,950,047,377	2,943,198,200	2,743,305,100	87,744,672,115	8,086,071,400	34,178,563	87,778,850,678	N/A	96,974,806,796
2021	1,055,715,800	67,745,309,700	726,566,600	10,639,538	12,883,333,850	2,922,742,800	2,834,946,000	88,179,254,288	8,262,756,800	32,795,951	88,212,050,239	N/A	97,605,814,520

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 taxator. 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	2021		
	Taxable Assessed Value	Rank	% of Total County Net Valuation Taxable
Novartis Corporation	\$ 415,030,700	1	0.47%
Point View Campus, LLC	300,000,000	2	0.34%
Rockaway Center Associates	208,469,600	3	0.24%
Bayer Healthcare, LLC	155,670,300	4	0.18%
Oakwood Garden Associates, LLC	120,000,000	5	0.14%
SDK Village Green, LLC	98,000,000	6	0.11%
KBS II 300-600 Campus Drive, LLC	93,517,700	7	0.11%
Saint Clare's	83,552,300	8	0.09%
Allergan Sales, LLC	76,237,500	9	0.09%
Honeywell International, Inc.	81,992,400	10	0.09%
Total	<u>\$ 1,632,470,500</u>		<u>1.85%</u>

Taxpayer	2012		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Novartis Corporation	\$ 325,530,700	1	0.41%
MC NEIL-PPC Inc.	182,500,000	2	0.23%
Point View Campus LLC	329,630,600	3	0.42%
Rockaway Center Associates	145,000,000	4	0.18%
KBS II	108,017,200	5	0.14%
Pfizer	86,000,000	6	0.11%
Oakwood Garden Associates, LLC	86,550,000	7	0.11%
State Farm Associates, LLC	82,500,000	8	0.11%
Segal Realty Associates	82,400,000	9	0.10%
LTI NJ Financial LLC	73,000,000	10	0.09%
	<u>\$ 1,501,128,500</u>		<u>1.91%</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	
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-
2021	6,351,286	6,351,286	100.00%	-0-
2022	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 SEVEN 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	Financed Purchases	Bond Anticipation Notes (BANs)	Business-Type Activities Financed Purchases				
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	
2021	-0-	-0-	-0-	-0-	-0-	-0-	0.0000%	0.00	
2022	-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, 2016.

Source: School District Financial Reports

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST SEVEN FISCAL YEARS
(DOLLARS IN THOUSANDS, EXCEPT PER CAPITA)
UNAUDITED

NOT APPLICABLE

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2021
UNAUDITED

NOT APPLICABLE

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(DOLLARS IN THOUSANDS)
UNAUDITED

NOT APPLICABLE

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>
2013	496,050	\$ 80,815	\$ 40,088,280,750	6.30%
2014	494,931	84,278	41,711,794,818	4.90%
2015	494,370	88,335	43,670,173,950	4.20%
2016	493,831	91,148	45,011,707,988	3.90%
2017	493,994	93,633	46,254,140,202	3.60%
2018	493,084	97,819	48,232,983,796	3.30%
2019	491,577	101,646	49,966,835,742	2.80%
2020	491,087	102,227	50,202,350,749	7.80%
2021	510,981	102,227 **	52,236,054,687 ***	5.00%
2022	510,981 *	102,227 **	52,236,054,687 ***	N/A

* - Latest population data available (2021) was used for calculation purposes.

** - Latest Morris County per capita personal income available (2020) was used for calculation purposes.

*** - Latest available population data (2021) and latest available Morris County per capita personal income (2020) 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	2021		
	Employees	Rank (Optional)	Percentage of Total Employment
Atlantic Health Systems	7,642	1	3.28%
US Army Armament Research & Development	6,000	2	2.58%
Novartis	5,200	3	2.23%
Bayer Healthcare, LLC	3,483	4	1.50%
Barclays	2,560	5	1.10%
ADP, Inc.	2,400	6	1.03%
Accenture	1,826	7	0.78%
Honeywell	1,704	8	0.73%
St. Clare's	1,638	9	0.70%
County of Morris	1,469	10	0.63%
	<u>33,922</u>		<u>14.56%</u>
Total Employment	<u>249,661</u>		
Employer	2012		
	Employees	Rank (Optional)	Percentage of Total Employment
Novartis Corporation	6,200	1	2.42%
MC NEIL-PPC Inc.	5,274	2	2.06%
Point View Campus LLC	5,013	3	1.96%
Rockaway Center Associates	2,332	4	0.91%
KBS II	1,928	5	0.75%
Pfizer	1,924	6	0.75%
Oakwood Garden Associates, LLC	1,841	7	0.72%
State Farm Associates, LLC	1,550	8	0.61%
Segal Realty Associates	1,440	9	0.56%
LTI NJ Financial LLC	1,400	10	0.55%
	<u>28,902</u>		<u>11.29%</u>
Total Employment	<u>255,907</u>		

Source: County of Morris

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

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Instruction:										
Regular	33.0	33.0	35.0	36.0	37.0	37.0	37.0	37.0	37.0	37.0
Special Education	6.0	6.0	6.0	5.0	3.0	3.0	3.0	2.0	2.0	2.0
Vocational	22.5	23.5	24.5	24.0	27.0	27.0	28.5	26.0	26.5	27.0
Other Instruction	5.0	5.0	5.0	5.0	5.0	6.0	6.0	7.0	7.0	8.0
Adult/Continuing Education Programs	74.0	91.0	76.0	52.0	67.0	69.0	59.0	45.0	56.0	54.0
Support Services:										
Student & Instruction Related Services	10.0	10.0	10.0	10.5	12.0	13.0	13.0	12.5	12.5	13.0
School Administrative Services	20.0	21.0	21.0	20.0	18.0	20.0	19.0	19.0	19.0	19.0
General Administrative Services	3.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Central Services	5.0	5.0	6.0	6.0	6.0	6.0	5.0	5.0	5.0	5.0
Administrative Information Technology	2.0	2.0	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	13.0
Total	194.5	212.5	201.5	176.5	193.0	199.0	188.5	171.5	183.0	182.0

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		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						School of Technology	Technology				
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%	
2021	1,456.3	25,300,003	17,373	0.01%	72.5	1:20.08	1,456.3	1,414.9	7.21%	97.16%	
2022	1,491.0	28,249,994	18,947	9.06%	74.0	1:20.08	1,543.5	1,480.1	5.99%	95.89%	

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<u>District Buildings</u>										
School of Technology (1969)	165,011	165,011	165,011	187,911	187,911	187,911	187,911	187,911	187,911	187,911
Square Feet	934	934	934	934	934	934	934	934	934	934
Capacity (students)	946.5	971.7	975.1	996.0	1,035.6	1,105.9	1,218.0	1,358.3	1,456 #	1,456
Enrollment										

Number of Schools at June 30, 2022
 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,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Morris County Vocational School*	\$ 686,855	\$ 527,221	\$ 544,005	\$ 597,387	\$ 728,711	\$ 695,927	\$ 447,707	\$ 589,085	\$ 373,338	\$ 370,050
Total School Facilities*	\$ 686,855	\$ 527,221	\$ 544,005	\$ 597,387	\$ 728,711	\$ 695,927	\$ 447,707	\$ 589,085	\$ 373,338	\$ 370,050

* School facilities as defined under EFCFA.
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: School District records

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
INSURANCE SCHEDULE
June 30, 2022
UNAUDITED

Exhibit J-20
1 of 4

Morris County Insurance Fund		
Chubb Insurance Company of New Jersey	Coverage	Deductible
Commercial Property		
Building/Personal Property	\$300,000,000 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
June 30, 2022
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 \$500,000
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 \$500,000
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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
June 30, 2022
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	\$2,000,000	Each Wrongful Act (including LAE) - \$500,000
Annual Aggregate Limit	\$2,000,000	Retroactive Date: 1/1/2009
Each Wrongful Act		

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
--	------------------------------------

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
June 30, 2022
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	

Source: District Records

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 "Office"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Morris County Vocational School District (the "District"), in the County of Morris, as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 9, 2022. That report included a qualified opinion on the financial statements as the District's note disclosure on postemployment benefits other than pensions (OPEB) contains the June 30, 2020 information and not the June 30, 2021 information as the report for Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the State of New Jersey State Health Benefits Local Education Retired Employees Plan ("SHBP") has not been released by the Division of Pensions and Benefits, Department of the Treasury, State of New Jersey, as of the date of this report. In our opinion, disclosure of this information is required by accounting principles generally accepted in the United States of America.

Report on 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.

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

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 or significant deficiencies may exist that were not identified.

Report on 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 results 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.

December 9, 2022
Mount Arlington, New Jersey

NISIVOCCIA LLP

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

Report on Compliance For Each Major Federal and State Program;
Report on Internal Control Over Compliance Required by the Uniform Guidance and NJOMB 15-08

Independent Auditors' Report

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

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the Morris County Vocational School District's (the District's) compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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.

In our opinion, the District complied, in all material respects, with the 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, 2022.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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*. Our responsibilities under those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal and state programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey's OMB Circular 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey's OMB Circular 15-08, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey's OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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.

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

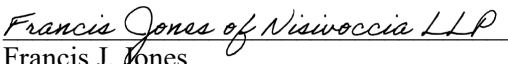
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 New Jersey's OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

December 9, 2022
Mount Arlington, New Jersey

NISIVOCCIA LLP


Francis J. 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, 2022

Assistance Listing Number	Federal Grantor/Pass Through Grantor/Program Title/Cluster Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2021			Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2022		
					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														
84.063	Federal Pell Grant	P063P064434	9/1/21-8/31/22	\$ 83,391	\$	\$	\$ 83,391	\$ (83,391)						
84.268	Stafford Loans - Subsidized	N/A	9/1/21-8/31/22	54,880			54,880	(54,880)						
84.268	Stafford Loans - Plus	N/A	9/1/21-8/31/22	65,811			65,811	(65,811)						
84.268	Stafford Loans - Plus	N/A	9/1/21-8/31/22	11,257			11,257	(11,257)						
	Total Student Financial Aid Cluster			155,948			155,948	(155,948)						
Special Education Cluster:														
84.027	I.D.E.A. Part B, Basic	IDEA336522	7/1/21-9/30/22	285,813	\$ (46,166)		231,985	(285,813)		\$ (53,828)				
84.027	I.D.E.A. Part B, Basic	IDEA336521	7/1/20-9/30/21	239,942			36,569			(9,597)				
84.027X	COVID-19 - ARP - I.D.E.A. Part B, Basic	IDEA336522	7/1/21-9/30/22	52,315	(46,166)		35,592	(52,315)		(16,723)				
	Total Special Education Cluster			578,070			304,146	(338,128)		(80,148)				
84.048	Carl D. Perkins Secondary	PERK336522	7/1/21-6/30/22	393,440			372,580	(375,355)		(2,775)				
84.048	Carl D. Perkins Secondary	PERK336521	7/1/20-6/30/21	391,223			55,947			(786)				
84.048	Carl Perkins Secondary - Reserve	PERK336522	7/1/21-6/30/22	57,617			57,595	(57,595)						
84.048	Carl D. Perkins Post Secondary	PERK336522	7/1/21-6/30/22	119,625			116,888	(114,572)				\$ 2,316		
84.048	Carl D. Perkins Post Secondary	PERK336521	7/1/20-6/30/21	125,594						\$ 711				183
	Subtotal Carl D. Perkins			1,087,899			603,010	(547,522)		711				2,499
					\$ (56,733)		894							
Education Stabilization Fund:														
84.425D	COVID-19 - CRRSA - ESSER II	S425D200027	3/13/20-9/30/23	211,876			180,200	(211,876)						
84.425D	COVID-19 - CRRSA Learning Acceleration	S425D200027	3/13/20-9/30/23	25,000			24,900	(10,691)		(100)				
84.425D	COVID-19 - CRRSA Mental Health	S425D200027	3/13/20-9/30/23	45,000			45,000	(45,000)						
84.425U	COVID-19 - ARP - ESSER	N/A	3/13/20-9/30/24	476,178				(75,190)						
84.425U	COVID-19 - ARP - Accelerated Learning Coach and Educator Support	N/A	3/13/20-9/30/24	142,601				(65,100)						
84.425U	COVID-19 - ARP - Evidence Based Summer Learning and Enrichment	N/A	3/13/20-9/30/24	40,000				(39,121)						
84.425U	COVID-19 - ARP - Evidence Based Comprehensive Beyond the School Day	N/A	3/13/20-9/30/24	40,000			250,100	(9,975)						
	Total Education Stabilization Fund			1,372,595			1,372,595	(1,557,942)		711				2,499
					(117,208)		894							
Total U.S. Department of Education														
Passed thru State Department of Labor and Workforce Development:														
Consolidated Adult Basic Skills and Integrated English Literacy and Civics Education														
84.002	Consolidated Adult Basic Skills and Integrated English Literacy and Civics Education	ABS-22-07-31	7/1/21-6/30/22	859,721			486,881	(571,744)						
84.002	Consolidated Adult Basic Skills and Integrated English Literacy and Civics Education	ABS-21-07-31	7/1/20-6/30/21	644,011			69,982			\$ (2,839)				1,526
	Subtotal Consolidated Adult Basic Skills			1,503,732			556,863	(571,744)		(2,839)				1,526
					(71,295)									
					(71,295)									

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Assistance Listing Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2021			Cash Received	Budgetary Expenditures	Adjust- ments	Repayment of Prior Years' Balances	Balance at June 30, 2022		Amount Provided to Subrecipients
					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor					Budgetary Accounts Receivable	Budgetary Unearned Revenue	
U.S. Department of Treasury:														
Special Revenue Fund														
Passed-through State Department of Education:														
COVID 19 - Coronavirus Relief Fund	21.019	N/A	7/1/20-12/30/20	\$ 40,395		\$ 4,988					\$ 4,988			
Total U.S. Department of Treasury						4,988					4,988			
Total Special Revenue Fund						4,988					4,988			
U.S. Department of Agriculture:														
Passed-through State Department of Agriculture:														
Child Nutrition Cluster:														
Food Distribution Program	10.555	N/A	7/1/21-6/30/22	14,120			14,120	(12,894)				\$ 1,226		
Food Distribution Program	10.555	N/A	7/1/20-6/30/21	6,266				(1,676)						
COVID 19 - Seamless Summer Option	10.555	N/A	7/1/21-6/30/22	309,387			282,452	(309,387)				(26,935)		
COVID 19 - Seamless Summer Option	10.555	N/A	7/1/20-6/30/21	35,797			7,988							
COVID 19 - Emergency Operational Cost Reimbursement Program	10.555	N/A	7/1/21-6/30/22	2,968			2,968	(2,968)						
Total Child Nutrition Cluster							307,528	(326,925)				(26,935)	1,226	
COVID 19 - Pandemic Electronic Benefit Transfer (P-EBT)	10.649	N/A	7/1/21-6/30/22	614			614	(614)						
Total U.S. Department of Agriculture							308,142	(327,539)				(26,935)	1,226	
Total Federal Awards						2,570	\$ 2,237,600	\$ (2,457,225)	\$ (2,839)	\$ 5,699	\$ (416,669)	\$ 1,226	\$ 4,025	\$ -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, 2022

State Grantor/Program Title	Project Number	Grant or State	Grant Period	Award Amount	Balance at June 30, 2021		Cash Received	Budgetary Expenditures	Cancellation of Prior Year Encumbrance	Repayment of Prior Years' Balances	Balance at June 30, 2022		Cumulative Total Expenditures	
					Budgetary Accounts Receivable	Due to Grantor					Budgetary Unearned Revenue	GAAP Accounts Receivable		Due to Grantor
NJ Department of Education:														
General Fund State Aid:														
Equalization Aid	22-495-034-5120-078	7/1/21-6/30/22		\$ 73,419			\$ 66,077	\$ (73,419)			\$ (7,342)	\$	\$ 73,419	
Special Education Categorical Aid	22-495-034-5120-089	7/1/21-6/30/22		784,680			711,967	(784,680)			(72,713)		784,680	
Security Aid	22-495-034-5120-084	7/1/21-6/30/22		90,697			81,627	(90,697)			(9,070)		90,697	
Adjustment Aid	22-495-034-5120-085	7/1/21-6/30/22		474,062			426,656	(474,062)			(47,406)		474,062	
Equalization Aid	21-495-034-5120-078	7/1/20-6/30/21		73,419			7,008						73,419	
Special Education Categorical Aid	21-495-034-5120-089	7/1/20-6/30/21		627,802			59,926						627,802	
Security Aid	21-495-034-5120-084	7/1/20-6/30/21		90,697			8,658						90,697	
Adjustment Aid	21-495-034-5120-085	7/1/20-6/30/21		474,062			45,251						474,062	
Reimbursed TPAF Social Security Contributions	22-495-034-5094-003	7/1/21-6/30/22		606,845			577,246	(606,845)			(29,599)		606,845	
On-Behalf TPAF Post Retirement Contributions	22-495-034-5094-001	7/1/21-6/30/22		670,418			670,418	(670,418)					670,418	
On-Behalf TPAF Pension Contributions	22-495-034-5094-002	7/1/21-6/30/22		2,829,524			2,829,524	(2,829,524)					2,829,524	
On-Behalf TPAF Non-Contributory Insurance	22-495-034-5094-004	7/1/21-6/30/22		39,921			39,921	(39,921)					39,921	
On-Behalf TPAF Long-Term Disability Insurance	22-495-034-5094-004	7/1/21-6/30/22		1,228			1,228	(1,228)					1,228	
Total General Fund State Aid					(120,843)		5,525,507	(5,570,794)			(166,130)		6,836,774	
Enterprise Fund:														
Food Service Fund:														
COVID-19 - Seamless Summer Option	22-100-010-3350-023	7/1/21-6/30/22		1,235			6,300	(6,852)			(552)		1,235	
State School Lunch Program	21-100-010-3350-023	7/1/20-6/30/21			(207)		207							
Total Enterprise Fund State Aid					(207)		6,507	(6,852)			(552)		1,235	
Special Revenue Fund:														
County Vocational School District Partnership Grant, C3 Comp	17-E00-155	4/15/17-6/30/20		330,000										
County Vocational School District Grants Subtotal														
Total NJ Department of Education					(121,050)		5,532,014	(5,577,646)			(30,151)		8,277,468	

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

State Grantor/Program Title	Project Number	Grant or State Period	Award Amount	Balance at June 30, 2021		Cash Received	Budgetary Expenditures	Cancellation of Prior Year Encumbrance	Repayment of Prior Years' Balances	Balance at June 30, 2022		Cumulative Total Expenditures
				Budgetary Accounts Receivable	Due to Grantor					Budgetary Unearned Revenue	Budgetary Accounts Receivable	
Special Revenue Fund State Aid (Cont'd)												
Nonpublic Teacher STEM	N/A	7/1/21-6/30/22	\$ 2,426				\$ (606)			\$ (606)		
NJ Schools Development Authority - School Development Authority - Emergent Program and Capital Maintenance Needs	N/A	7/1/21-6/30/22	40,190		\$ 40,190		(30,390)				\$ 9,800	
School Security	22E00098	9/1/21-8/31/22	93,869		51,460		(93,663)			(42,203)		
Total NJ Department of Labor and Workforce Development					91,650		(124,659)			(42,809)	9,800	\$ 7,769
Total Special Revenue Fund State Aid				\$ 3,319	91,650		(124,659)		\$ 3,319	(42,809)	9,800	1,447,228
Total State Awards Subject to Single Audit Determination				\$ (121,050)	\$ 5,623,664		\$ (5,702,305)	\$ -0-	\$ 3,319	\$ (72,960)	\$ 9,800	\$ 8,285,237
Less: State Awards Not Subject to Single Audit Major Program Determination												
On-Behalf TPAF Pension System Contributions:												
On-Behalf TPAF Pension System Contributions	22-495-034-5094-001	7/1/21-6/30/22	\$ (670,418)				670,418					
On-Behalf TPAF Post Retirement Contributions	22-495-034-5094-002	7/1/21-6/30/22	(2,829,524)				2,829,524					
On-Behalf TPAF Pension Contributions	22-495-034-5094-002	7/1/21-6/30/22	(39,921)				39,921					
On-Behalf TPAF Non-Contributory Insurance	22-495-034-5094-004	7/1/21-6/30/22	(1,228)				1,228					
On-Behalf TPAF Long-Term Disability Insurance	22-495-034-5094-004	7/1/21-6/30/22										
Subtotal - On-Behalf TPAF Pension System Contributions							3,541,091					
Total State Awards Subject to Single Audit Major Program Determination							\$ (2,161,214)					

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, 2022

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, 2022. 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 (\$15,688) for the General Fund and (\$16,367) 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, 2022
(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:

	Federal	State	Total
General Fund		\$ 5,555,106	\$ 5,555,106
Special Revenue Fund	\$ 2,143,709	94,269	2,237,978
Enterprise Funds (Food Service Fund)	327,539	6,852	334,391
Total Federal and State Awards	\$ 2,471,248	\$5,656,227	\$ 8,127,475

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, 2022. 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, 2022

Summary of Auditors' Results:

- The Independent Auditors' Report expresses a qualified opinion on the financial statements as the District's note disclosure on postemployment benefits other than pensions (OPEB) contains the June 30, 2020 information and not the June 30, 2021 information as the report for Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the State of New Jersey State Health Benefits Local Education Retired Employees Plan ("SHBP") has not been released by the Division of Pensions and Benefits, Department of the Treasury, State of New Jersey, as of the date of this report. In our opinion, disclosure of this information is required by accounting principles generally accepted in the United States of America.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major federal and state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major Federal and State Program; Report on Internal Control Over Compliance required by the Uniform Guidance and NJ OMB-15-08*.
- The auditor's report on compliance for its major federal and state award programs for the District expresses an unmodified opinion on all major federal and state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with 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>Assistance Listing Number/ State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>Federal:</u>				
Consolidated Adult Basic Skills and Integrated English Literacy and Civics Education	84.002	7/1/21-6/30/22	\$ 859,721	\$ 571,744
<u>State:</u>				
<u>General Fund State Aid:</u>				
Equalization Aid	22-495-034-5120-078	7/1/21-6/30/22	\$ 73,419	\$ 73,419
Special Education Categorical Aid	22-495-034-5120-089	7/1/21-6/30/22	784,680	784,680
Security Aid	22-495-034-5120-084	7/1/21-6/30/22	90,697	90,697
Adjustment Aid	22-495-034-5120-085	7/1/21-6/30/22	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.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any findings or questioned costs 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, 2022

Status of Prior Year Findings:

There were no prior year audit findings.