

**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, 2023**

**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, 2023

Prepared by

**Morris County Vocational School District
Business Office**

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
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INTRODUCTORY SECTION
(UNAUDITED)



November 27, 2023

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, 2023 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.

Forty (40) high schools from seventy four (74) 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 850 students per year.

The Honorable President and Members
of the Board of Education
Morris County Vocational School District
November 27, 2023

The District completed the 2022-2023 school year with a full time equivalent enrollment of 1,506. The District's secondary enrollment increased at a rate of .04% during the year.

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

- Renovation of autobody shop into a new Science Lab.
- Began Construction at the new Career training center on the campus of County College of Morris.
- Launch of two new cohorts, Early College (Randolph High School) and Government Learning (Madison High school) which began September 2022.
- Continued ongoing maintenance projects to address building needs, including flooring, upgrades to HVAC units. Continual upgrading of technology infrastructure to accommodate expanding district needs.

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

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

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

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

Capital Improvements are funded by the County of Morris, which pays the resulting debt service. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as fund balance restrictions, commitments and assignments at June 30, 2023.

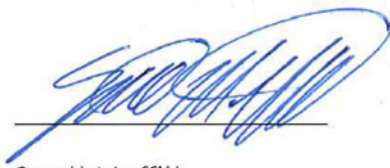
The Honorable President and Members
of the Board of Education
Morris County Vocational School District
November 27, 2023

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.

The District is a member of the Morris County Insurance Fund and Morris-Essex Insurance Group, which are risk-sharing public entity risk pools that are both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage to their members.

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.

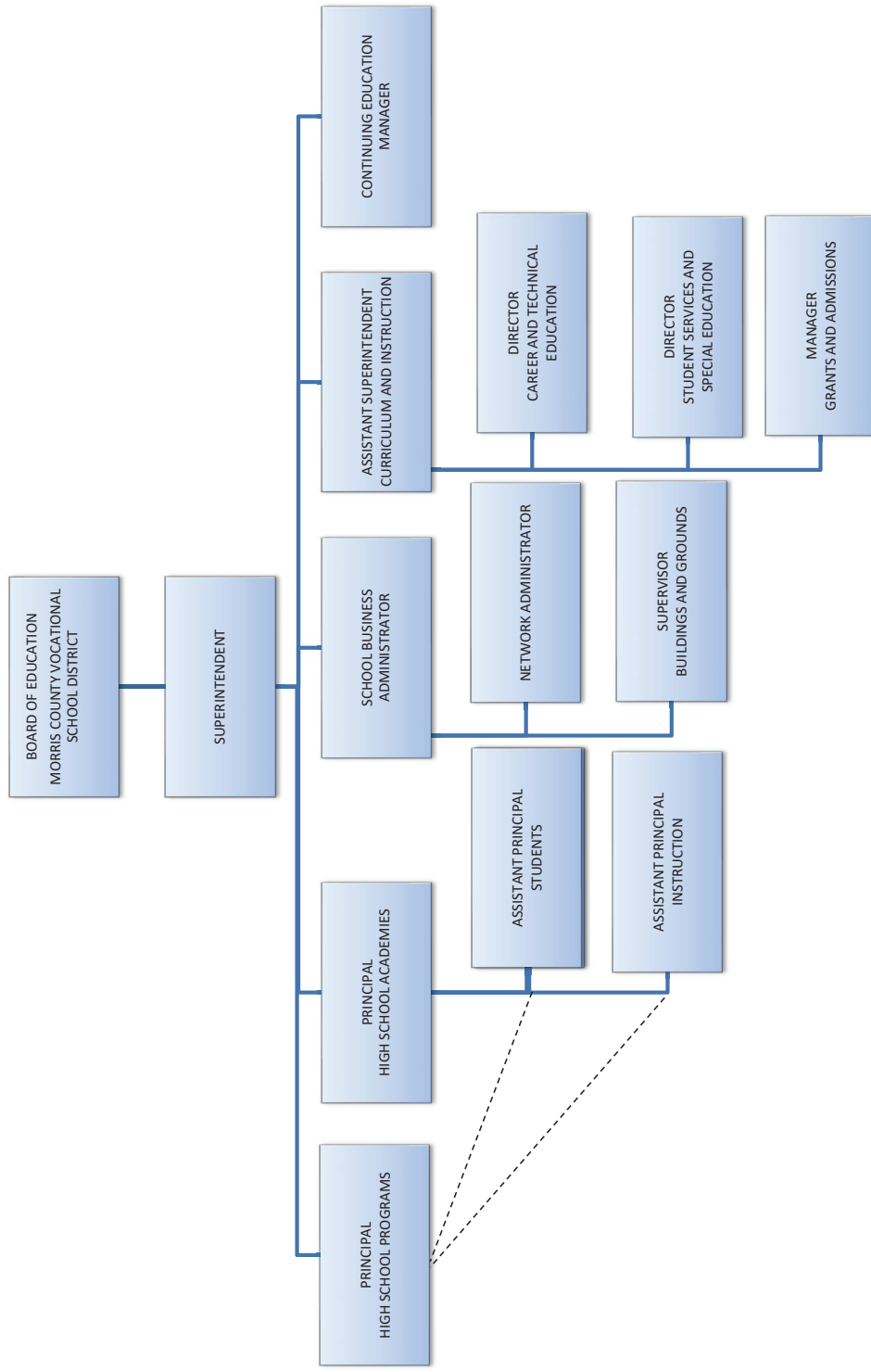
Respectfully submitted,



Scott Moffitt
Superintendent



Michael Davison
Business Administrator/Board Secretary



Board Approved: December 13, 2022
 Effective Date: February 1, 2023
 ----- Indirect Report

**MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2023**

<u>Members of the Board of Education</u>	Title	Term Expires
Barbara Dawson	President	2023
Vacant	Vice President	N/A
Hannah Starr	Member	2026
John P. Hyland	Member	2025
Dr. Nancy Gartenberg	Member Executive County Superintendent	N/A

Other Officers

Scott Moffitt	Superintendent of Schools
Michael Davison	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

Opinions

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 Morris County Vocational School District (the "District"), in the County of Morris, as of and for the fiscal year ended June 30, 2023, 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, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the District, as of June 30, 2023, 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 Opinions

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 audit opinions.

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.

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.

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.

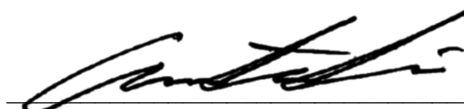
In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. 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 November 27, 2023 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.

November 27, 2023
Mount Arlington, New Jersey

NISIVOCCIA LLP



Andrew Kucinski
Licensed Public School Accountant #2684
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, 2023. 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

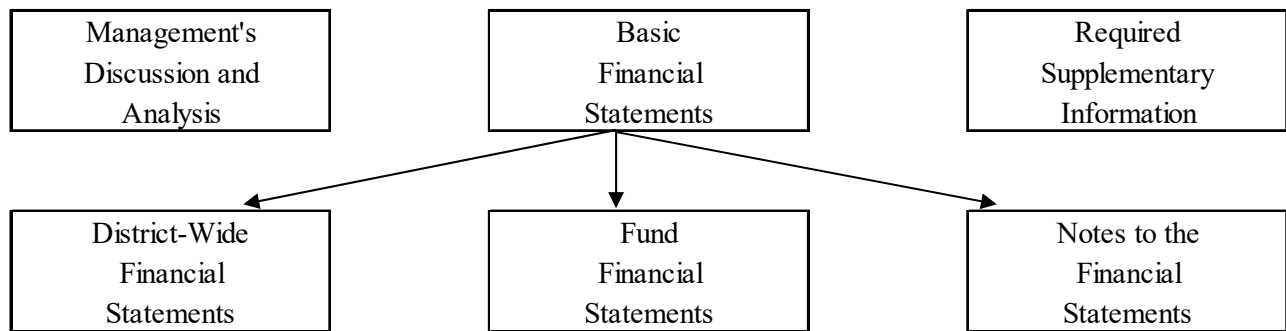


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents 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, subscription 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.

Financial Analysis of the District as a Whole

Net Position. The District's combined net position increased by \$1,413,778. Net position from governmental activities increased by \$1,092,688 and net position from business-type activities increased by \$321,090. Net investment in capital assets increased by \$1,854,451 restricted net position decreased by \$627,234, and unrestricted net position increased by \$186,561.

Figure A-3

Condensed Statement of Net Position

	Government Activities		Business-Type Activities		Total School District		Total Percentage Change
	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	
Current and							
Other Assets	\$ 30,603,730	\$ 29,014,134	\$ 214,489	\$ 295,941	\$ 30,818,219	\$ 29,310,075	
Capital Assets, Net	27,312,046	29,130,536	65,880	101,841	27,377,926	29,232,377	
Total Assets	57,915,776	58,144,670	280,369	397,782	58,196,145	58,542,452	0.60%
Deferred Outflows of Resources	617,352	866,847	105,883	75,378	723,235	942,225	30.28%
Other Liabilities	1,638,781	1,470,654	116,881	103,471	1,755,662	1,574,125	
Long-Term Liabilities	4,353,893	5,578,121	439,654	454,786	4,793,547	6,032,907	
Total Liabilities	5,992,674	7,048,775	556,535	558,257	6,549,209	7,607,032	16.15%
Deferred Inflows of Resources	2,494,435	824,035	277,159	71,655	2,771,594	895,690	-67.68%
Net Position:							
Net Investment							
in Capital Assets	27,312,046	29,130,536	65,880	101,841	27,377,926	29,232,377	
Restricted	3,031,939	2,404,705			3,031,939	2,404,705	
Unrestricted/(Deficit)	19,702,034	19,603,466	(513,322)	(258,593)	19,188,712	19,344,873	
Total Net Position / (Deficit)	\$ 50,046,019	\$ 51,138,707	\$ (447,442)	\$ (156,752)	\$ 49,598,577	\$ 50,981,955	2.79%

Figure A-4

Changes in Net Position from Operating Results

	Governmental Activities 2021/22	Governmental Activities 2022/23	Business- Type Activities 2021/22	Business- Type Activities 2022/23	Total School District 2021/22	Total School District 2022/23	Percentage Change
Revenue:							
Program Revenue:							
Charges for Services	\$ 14,564,413	\$ 14,628,498	\$ 664,582	\$ 837,813	\$ 15,228,995	\$ 15,466,311	
Operating Grants and Contributions	6,036,172	5,970,326	334,391	79,410	6,370,563	6,049,736	
General Revenue:							
County Tax Levy	6,351,286	6,426,286			6,351,286	6,426,286	
State and Federal Aid not Restricted	637,858	637,841			637,858	637,841	
County Improvement Authorizations	25,445,995	1,076,000			25,445,995	1,076,000	
Other	236,555	405,109			236,555	405,109	
Total Revenue	53,272,279	29,144,060	998,973	917,223	54,271,252	30,061,283	-44.61%
Expenses:							
Instruction	17,017,647	17,753,144			17,017,647	17,753,144	
Pupil and Instruction Services	3,776,337	3,939,545			3,776,337	3,939,545	
Administrative & Business	3,397,498	3,463,270			3,397,498	3,463,270	
Maintenance and Operations	2,042,929	2,196,227			2,042,929	2,196,227	
Pupil Transportation	259,195	338,811			259,195	338,811	
Special Schools	299,879	340,930			299,879	340,930	
Capital Outlay	286,626	18,247			286,626	18,247	
Other			1,034,155	619,939	1,034,155	619,939	
Total Expenses	27,080,111	28,050,174	1,034,155	619,939	28,114,266	28,670,113	1.98%
Other Items:							
Other		(1,198)		(6,594)		(7,792)	-100.00%
Change in Net Position	\$ 26,192,168	\$ 1,092,688	\$ (35,182)	\$ 290,690	\$ 26,156,986	\$ 1,383,378	-94.71%

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
	2021/22	2022/23	2021/22	2022/23
Instruction	\$ 17,017,647	\$ 17,753,144	\$ 3,827,927	\$ 4,363,368
Pupil and Instruction Services	3,776,337	3,939,545	453,643	577,328
Administrative and Business	3,397,498	3,463,270	976,715	1,128,056
Maintenance and Operations	2,042,929	2,196,227	516,795	863,596
Pupil Transportation	259,195	338,811	117,941	159,825
Special Schools	299,879	340,930	299,879	340,930
Capital Outlay	286,626	18,247	286,626	18,247
	<u>\$ 27,080,111</u>	<u>\$ 28,050,174</u>	<u>\$ 6,479,526</u>	<u>\$ 7,451,350</u>

Business-Type Activities

Net position from the District’s business-type activities increased overall by \$325,872. (Refer to Figure A-4). The most significant factors contributing to these results were:

- The Adult Education Fund saw an increase in net position of \$298,170 due to the decrease in employee benefits and other operational expenditures.
- The Cosmetology Enterprise Fund saw an increase in net position of \$2,104 due to an increase in program fees and a decrease in supplies and materials.
- The Food Service Enterprise Fund saw a decrease in net position of \$9,584 due to ending the COVID-19 Seamless Summer Option of free meals in prior year and resuming normal food service programs.

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		
	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	
Sites and Site							
Improvements	\$ 324,059	\$ 322,474			\$ 324,059	\$ 322,474	
Construction in							
Progress	3,650,060	5,588,213			3,650,060	5,588,213	
Buildings and							
Building Improvements	22,018,424	21,828,372			22,018,424	21,828,372	
Furniture, Machinery							
and Equipment	1,319,503	1,391,477	\$ 65,880	\$ 101,841	1,385,383	1,493,318	
Total	<u>\$27,312,046</u>	<u>\$29,130,536</u>	<u>\$ 65,880</u>	<u>\$ 101,841</u>	<u>\$27,377,926</u>	<u>\$29,232,377</u>	6.77%

Long-term Liabilities

At year-end, the District had \$6,032,907 of long term liabilities – an increase of \$1,239,360 from last year – as shown in Figure A-7. This decrease was a result of a net decrease in compensated absences of \$6,028 and a net increase of \$1,245,388 in net pension liability.

Figure A-7

Outstanding Long-Term Liabilities

	Total School District	
	2021/22	2022/23
Compensated Absences Payable	\$ 545,780	\$ 538,587
Net Pension Liability	<u>4,247,767</u>	<u>5,494,320</u>
	<u>\$ 4,793,547</u>	<u>\$ 6,032,907</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 second 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.
- The first cohorts for two new Academies, Early College (Randolph) and Government Learning (Madison) Academies started this School year 22/23. Each year for the next 3 years, 2 additional cohorts will be added.

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, 2023

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 3,365,431	\$ 273,438	\$ 3,638,869
Receivables from State Government	30,534	109	30,643
Receivables from Federal Government	219,655	2,011	221,666
Receivables from Other Governments	24,404,062		24,404,062
Other Receivables	8,477	2,252	10,729
Inventories		18,131	18,131
Restricted Cash and Cash Equivalents	985,975		985,975
Capital Assets, Net:			
Sites (Land) and Construction in Progress	5,896,428		5,896,428
Depreciable Site Improvements, Buildings and Building Improvements and Furniture, Machinery and Equipment	23,234,108	101,841	23,335,949
Total Assets	<u>58,144,670</u>	<u>397,782</u>	<u>58,542,452</u>
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>			
Deferred Outflows Related to Pensions	866,847	75,378	942,225
Total Deferred Outflows of Resources	<u>866,847</u>	<u>75,378</u>	<u>942,225</u>
<u>LIABILITIES</u>			
Accounts Payable	1,369,913	52,325	1,422,238
Payable to Federal Government	1,604		1,604
Unearned Revenue	99,137	51,146	150,283
Non-Current Liabilities:			
Due Beyond One Year	5,578,121	454,786	6,032,907
Total Liabilities	<u>7,048,775</u>	<u>558,257</u>	<u>7,607,032</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows Related to Pensions	824,035	71,655	895,690
Total Deferred Inflows of Resources	<u>824,035</u>	<u>71,655</u>	<u>895,690</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	29,130,536	101,841	29,232,377
Restricted for:			
Capital Projects	331,533		331,533
Unemployment Compensation	172,660		172,660
Scholarships	121,945		121,945
Student Activities	143,619		143,619
Excess Surplus	1,634,948		1,634,948
Unrestricted/(Deficit)	19,603,466	(258,593)	19,344,873
Total Net Position/(Deficit)	<u>\$ 51,138,707</u>	<u>\$ (156,752)</u>	<u>\$ 50,981,955</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, 2023

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	\$ 10,941,826	\$ 5,780,307	\$ 1,836,609	\$ (3,324,910)		\$ (3,324,910)
Special	1,082,130	571,664	1,204,468	694,002		694,002
Vocational Education	5,191,798	2,742,704	970,134	(1,478,960)		(1,478,960)
Other Instruction	537,390	283,890		(253,500)		(253,500)
Support Services:						
Student and Instruction Related Services	3,939,545	2,081,168	1,281,049	(577,328)		(577,328)
General Administrative Services	746,177	394,188	108,585	(243,404)		(243,404)
School Administrative Services	1,472,033	777,640	241,032	(453,361)		(453,361)
Central Services	783,397	413,850	156,033	(213,514)		(213,514)
Administrative Information Technology	461,663	243,886		(217,777)		(217,777)
Plant Operations and Maintenance	2,196,227	1,160,215	172,416	(863,596)		(863,596)
Pupil Transportation	338,811	178,986		(159,825)		(159,825)
Special Schools	340,930			(340,930)		(340,930)
Capital Outlay	18,247			(18,247)		(18,247)
Total Governmental Activities	28,050,174	14,628,498	5,970,326	(7,451,350)		(7,451,350)
Business-Type Activities:						
Adult Education	294,395	592,565			\$ 298,170	298,170
Cosmetology	2,739	4,843			2,104	2,104
Food Service	322,805	240,405	79,410		(2,990)	(2,990)
Total Business-Type Activities	619,939	837,813	79,410		297,284	297,284
Total Primary Government	\$ 28,670,113	\$ 15,466,311	\$ 6,049,736	\$ (7,451,350)	\$ 297,284	\$ (7,154,066)

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenues and Transfers:			
General Revenues:			
County Tax Levy	\$ 6,426,286		\$ 6,426,286
Federal and State Aid not Restricted	637,841		637,841
Interest Earnings	31,765		31,765
Miscellaneous Income	374,045		374,045
County Improvement Authorization Transfers	1,076,000 (701)		1,076,000 (701)
Other Item:			
Unexpended Funds returned to County of Morris	(1,198)		(1,198)
Deletion of Capital Assets, Net of Accumulated Depreciation		\$ (6,594)	(6,594)
Total General Revenues and Transfers	8,544,038	(6,594)	8,537,444
Change in Net Position	1,092,688	290,690	1,383,378
Net Position/ (Deficit) - Beginning	50,046,019	(447,442)	49,598,577
Net Position/ (Deficit) - Ending	\$ 51,138,707	\$ (156,752)	\$ 50,981,955

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, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 3,171,957		\$ 193,474	\$ 3,365,431
Interfund Receivables	24,550			24,550
Receivables From State Government	30,534			30,534
Receivables From Federal Government		\$ 219,655		219,655
Receivables From Other Governments	255,176		24,148,886	24,404,062
Other Accounts Receivables	8,477			8,477
Restricted Cash and Cash Equivalents	720,411	265,564		985,975
Total Assets	\$ 4,211,105	\$ 485,219	\$ 24,342,360	\$ 29,038,684
LIABILITIES AND FUND BALANCES				
Liabilities:				
Interfund Payable		\$ 24,550		\$ 24,550
Accounts Payable	\$ 597,902	140,664	\$ 188,783	927,349
Payable to Federal Government		1,604		1,604
Unearned Revenue	46,300	52,837		99,137
Total Liabilities	644,202	219,655	188,783	1,052,640
Fund Balances:				
Restricted:				
Capital Reserve Account	331,533			331,533
Maintenance Reserve	216,218			216,218
Excess Surplus for 2022-2023	890,069			890,069
Excess Surplus for 2023-2024	528,661			528,661
Unemployment Compensation	172,660			172,660
Scholarships		121,945		121,945
Student Activities		143,619		143,619
Committed:				
Capital Projects Fund			24,153,577	24,153,577
Assigned:				
Year End Encumbrances	168,381			168,381
Unassigned	1,259,381			1,259,381
Total Fund Balances	3,566,903	265,564	24,153,577	27,986,044
Total Liabilities and Fund Balances	\$ 4,211,105	\$ 485,219	\$ 24,342,360	\$ 29,038,684

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	<u>Total Governmental Funds</u>
Amounts Reported for Governmental Activities in the Statement of Net Position (A-1) are different because:	
Total Fund Balances from previous page	\$ 27,986,044
Capital Assets Used in Governmental Activities are not financial resources and therefore are not reported in the Funds.	29,130,536
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.	(5,578,121)
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	424,283
Deferred Inflows	<u>(824,035)</u>
Net Position of Governmental Activities	<u>\$ 51,138,707</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, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
REVENUES:				
Local Sources:				
County Tax Levy	\$ 6,426,286			\$ 6,426,286
Tuition from LEA's	14,282,569			14,282,569
Tuition from Individuals	345,929			345,929
Interest Earned on Capital Reserve Funds	31,441			31,441
Interest Earned on Maintenance Reserve Funds	324			324
Restricted Miscellaneous Revenue	27,277	\$ 162,015		189,292
Unrestricted Miscellaneous Revenue	346,768	4,998		351,766
Total - Local Sources	21,460,594	167,013		21,627,607
State Sources	5,995,678	35,928		6,031,606
Federal Sources		2,115,905		2,115,905
Total Revenues	27,456,272	2,318,846		29,775,118
EXPENDITURES:				
Current:				
Instruction:				
Regular Instruction	8,436,564	859,347		9,295,911
Special Education Instruction	707,015			707,015
Vocational Education Instruction	3,065,083	151,473		3,216,556
School-Sponsored/Other Instruction	492,513			492,513
Support Services and Undistributed Costs:				
Student and Other Instruction Related Services	2,340,044	1,122,105		3,462,149
General Administration Services	561,640			561,640
School Administration Services	1,043,366			1,043,366
Central Services	531,759			531,759
Administrative Information Technology	360,151			360,151
Plant Operations and Maintenance	1,966,772			1,966,772
Student Transportation Services	231,290			231,290
Unallocated Benefits	7,305,938			7,305,938
Capital Outlay	646,286	172,416	\$ 1,938,153	2,756,855
Special Schools	313,641			313,641
Total Expenditures	28,002,062	2,305,341	1,938,153	32,245,556
Excess/(Deficit) of Revenue Over/(Under) Expenditures	(545,790)	13,505	(1,938,153)	(2,470,438)
Other Financing Sources/(Uses):				
County Improvement Authorization			1,076,000	1,076,000
Transfer from Flex Spending Account	(701)			(701)
Unexpended Funds returned to County of Morris			(1,198)	(1,198)
Total Other Financing Sources/(Uses)	(701)		1,074,802	1,074,101
Net Change in Fund Balances	(546,491)	13,505	(863,351)	(1,396,337)
Fund Balance - July 1	4,113,394	252,059	25,016,928	29,382,381
Fund Balance - June 30	\$ 3,566,903	\$ 265,564	\$ 24,153,577	\$ 27,986,044

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, 2023

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ (1,396,337)

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	\$ (862,570)	
Deletions, Net of Related Depreciation Expense	(24,130)	
Capital Outlays	<u>2,705,190</u>	1,818,490

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 (+).

7,556

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	(1,231,784)	
Change in Deferred Outflows	224,363	
Change in Deferred Inflows	<u>1,670,400</u>	

Change in Net Position of Governmental Activities (Exhibit A-2) \$ 1,092,688

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, 2023

	Business-Type Activities - Enterprise Funds	
	Non-Major Funds	Total Enterprise
<u>ASSETS:</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 273,438	\$ 273,438
Intergovernmental Accounts Receivable:		
State	109	109
Federal	2,011	2,011
Other Accounts Receivable	2,252	2,252
Inventories	18,131	18,131
Total Current Assets	<u>295,941</u>	<u>295,941</u>
Non-Current Assets:		
Capital Assets	246,431	246,431
Less: Accumulated Depreciation	(144,590)	(144,590)
Total Non-Current Assets	<u>101,841</u>	<u>101,841</u>
Total Assets	<u>397,782</u>	<u>397,782</u>
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>		
Deferred Outflows of Resources Related to Pensions	<u>75,378</u>	<u>75,378</u>
<u>LIABILITIES:</u>		
Current Liabilities:		
Accounts Payable	52,325	52,325
Unearned Revenue - Donated Commodities	2,314	2,314
Unearned Revenue - Prepaid Sales	7,790	7,790
Unearned Revenue - Supply Chain Assistance	41,042	41,042
Total Current Liabilities	<u>103,471</u>	<u>103,471</u>
Non-Current Liabilities:		
Compensated Absences Payable	15,240	15,240
Net Pension Liability	439,546	439,546
Total Non-Current Liabilities	<u>454,786</u>	<u>454,786</u>
Total Liabilities	<u>558,257</u>	<u>558,257</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>		
Deferred Inflows of Resources Related to Pensions	<u>71,655</u>	<u>71,655</u>
<u>NET POSITION:</u>		
Investment in Capital Assets	101,841	101,841
Unrestricted/(Deficit)	(258,593)	(258,593)
Total Net Position/(Deficit)	<u>\$ (156,752)</u>	<u>\$ (156,752)</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, 2023

	Business-Type Activities - Enterprise Funds	
	Non-Major Funds	Total Enterprise
Operating Revenue:		
Daily Sales:		
Reimbursable Programs	\$ 113,532	\$ 113,532
Non-Reimbursable Programs	124,484	124,484
Charges for Services:		
Program Fees	599,797	599,797
Total Operating Revenue	<u>837,813</u>	<u>837,813</u>
Operating Expenses:		
Cost of Sales:		
Reimbursable Programs	81,356	81,356
Non-Reimbursable Programs	103,544	103,544
Salaries	379,593	379,593
Employee Benefits	(62,242)	(62,242)
Purchased Professional and Technical Services	20,212	20,212
Communications/Telephone	27,664	27,664
Travel	164	164
Miscellaneous Purchased Services	25,502	25,502
Supplies and Materials	24,178	24,178
Textbooks	5,590	5,590
Miscellaneous Expense	3,075	3,075
Depreciation Expense	11,303	11,303
Total Operating Expenses	<u>619,939</u>	<u>619,939</u>
Operating Income	<u>217,874</u>	<u>217,874</u>
Non-Operating Income:		
State Sources:		
State School Lunch Program	1,962	1,962
State School Breakfast Program	2	2
Federal Sources:		
National School Lunch Program	33,206	33,206
School Breakfast Program	499	499
Food Distribution Program	20,764	20,764
Supply Chain Assistance	22,977	22,977
Total Non-Operating Income	<u>79,410</u>	<u>79,410</u>
Change in Net Position Before Other Item	<u>297,284</u>	<u>297,284</u>
Other Item:		
Disposal of Capital Assets Net of Depreciation	(6,594)	(6,594)
Change in Net Position	290,690	290,690
Net Position/(Deficit) - Beginning of Year	<u>(447,442)</u>	<u>(447,442)</u>
Net Position/(Deficit) - End of Year	<u>\$ (156,752)</u>	<u>\$ (156,752)</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, 2023

	<u>Business-Type Activities - Enterprise Funds</u>	
	<u>Non-Major Funds</u>	<u>Total Enterprise</u>
Cash Flows from Operating Activities:		
Receipts from Customers	\$ 840,566	\$ 840,566
Payments to Food Service Contractor	(295,110)	(295,110)
Payments to/for Employees	(408,686)	(408,686)
Payments to Suppliers	(106,395)	(106,395)
Net Cash Provided by Operating Activities	<u>30,375</u>	<u>30,375</u>
Cash Flows Used for Capital and Related Financing Activities:		
Purchases of Capital Assets	(53,857)	(53,857)
Net Cash Used for Capital and Related Financing Activities	<u>(53,857)</u>	<u>(53,857)</u>
Cash Flows from Noncapital Financing Activities:		
State Sources	2,407	2,407
Federal Sources	122,648	122,648
Net Cash Provided by Noncapital Financing Activities	<u>125,055</u>	<u>125,055</u>
Net Increase in Cash and Cash Equivalents	101,573	101,573
Cash and Cash Equivalents, July 1	<u>171,865</u>	<u>171,865</u>
Cash and Cash Equivalents, June 30	<u>\$ 273,438</u>	<u>\$ 273,438</u>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Business-Type Activities - Enterprise Funds</u>	
	<u>Non-Major Funds</u>	<u>Total Enterprise</u>
Reconciliation of Operating Income/(Loss) to Net Cash		
Net Cash Provided by/(Used for) Operating Activities:		
Operating Income/(Loss)	\$ 217,874	\$ 217,874
Adjustment to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:		
Depreciation	11,303	11,303
Food Distribution Program	20,764	20,764
Changes in Assets and Liabilities:		
Decrease in Other Accounts Receivable	2,753	2,753
(Increase) in Inventory	(7,999)	(7,999)
(Decrease) in Accounts Payable	(13,642)	(13,642)
Increase in Unearned Revenue	867	867
Increase in Compensated Absences Payable	363	363
Increase in Net Pension Liability	14,769	14,769
Decrease in Deferred Outflows of Resources Related to Pensions	(11,173)	(11,173)
Increase in Deferred Inflows of Resources Related to Pensions	(205,504)	(205,504)
Net Cash Provided by Operating Activities	<u>\$ 30,375</u>	<u>\$ 30,375</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 \$21,853 and utilized U.S.D.A. Commodities valued at \$20,764.

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, 2023

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, 2023
(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, lease assets, or subscription 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, 2023
(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, lease asset or subscription 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, 2023

(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	\$ 27,477,670	\$ 2,333,279
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		(14,750)
Prior Year Encumbrances		317
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	136,531	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(157,929)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 27,456,272	\$ 2,318,846

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(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	\$ 28,002,062	\$ 2,319,774
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		(14,750)
Prior Year Encumbrances		317
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 28,002,062	\$ 2,305,341

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, 2023
(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, 2023.

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, 2023
(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. Subscription Assets:

Intangible right-to-use subscription assets are subscription-based information technology arrangements (SBITAs) with subscription terms of more than one year. The value of subscription assets is determined by the sum of the subscription liability and payments made to the SBITA vendor, including capitalizable initial implementation costs, before the commencement date of the subscription term.

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, 2023, the amount earned by these employees but not disbursed was \$363,565.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

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.

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. 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.

R. Unearned Revenue:

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

S. Subscription Payable:

In the district-wide financial statements, subscription payables are reported as liabilities in the Statement of Net Position. In the governmental Fund financial statements, the present value of subscription payments at the District's incremental borrowing rate over the subscription term is reported as other financing sources.

T. Fund Balance Appropriated:

General Fund: Of the \$3,566,903 General Fund fund balance at June 30, 2023, \$168,381 is assigned for year-end encumbrances; \$331,533 is restricted in the capital reserve account; \$216,218 is restricted in the maintenance reserve account; \$1,418,730 is restricted for excess surplus in accordance with N.J.S.A.18A:17F-7 as amended by P.L. 2004, C.73 (S1701) (\$890,069 of prior year excess surplus has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2024; \$528,661 of current year excess surplus will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2025); and \$1,259,381 is unassigned, which is \$157,929 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, 2024.

Special Revenue Fund: The Special Revenue Fund fund balance at June 30, 2023 is \$265,564 and is restricted in scholarships and student activities.

Capital Projects Fund: The Capital Projects Fund fund balance at June 30, 2023 of \$24,153,577 is committed.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

T. Fund Balance Appropriated: (Cont'd)

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, 2023 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.

U. Deficit Net Position:

The District has a \$279,081 deficit in unrestricted 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 Unrestricted Net Position for Total Enterprise Funds and Business-Type Activities of \$228,193 and a deficit in Total Net Position for Total Enterprise Funds and Business-Type Activities of \$126,352. These deficits do not indicate the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

V. 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, 2023 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.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

V. Net Position: (Cont'd)

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.

W. 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, 2023.

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, 2023.

X. 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.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

X. Revenue - Exchange and Nonexchange Transactions: (Cont'd)

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.

Y. 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.

Z. 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.

AA. 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.

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.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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, 2023

(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, 2023
(Continued)

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

Investments: (Cont'd)

As of June 30, 2023, cash and cash equivalents of the District consisted of the following:

	Restricted Cash & Cash Equivalents						Total
	Cash and Cash Equivalents	Capital Reserve	Maintenance Reserve	Student Activities	Private Purpose Scholarship	Unemployment Compensation	
Checking and Savings Accounts	\$ 3,638,869	\$ 331,533	\$ 216,218	\$ 143,619	\$ 121,945	\$ 172,660	\$4,624,844

During the period ended June 30, 2023, 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, 2023 was \$4,624,844 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, 2022	\$	793,728
Add:		
Interest Earnings		31,441
Less:		
Budgeted Withdrawal for Local Share		(493,636)
Ending Balance, June 30, 2023	\$	331,533

The June 30, 2023 LRFP balance of local support costs of uncompleted capital projects exceeds the balance in the capital reserve account at June 30, 2023. 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, 2023

(Continued)

NOTE 5. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2023 were as follows:

	<u>Restated Beginning Balance</u>	<u>Increases</u>	<u>Decreases/ Adjustments</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 308,600		\$ (385)	\$ 308,215
Construction in Progress	3,650,060	\$ 1,938,153		5,588,213
Total Capital Assets Not Being Depreciated	<u>3,958,660</u>	<u>1,938,153</u>	<u>(385)</u>	<u>5,896,428</u>
Capital Assets Being Depreciated:				
Site Improvements	1,130,704			1,130,704
Buildings and Building Improvements	32,655,139	403,636		33,058,775
Machinery and Equipment	4,570,371	363,401	(23,745)	4,910,027
Total Capital Assets Being Depreciated	<u>38,356,214</u>	<u>767,037</u>	<u>(23,745)</u>	<u>39,099,506</u>
Governmental Activities Capital Assets	<u>42,314,874</u>	<u>2,705,190</u>	<u>(24,130)</u>	<u>44,995,934</u>
Less Accumulated Depreciation for:				
Site Improvements	(1,115,245)	(1,200)		(1,116,445)
Buildings and Building Improvements	(10,636,715)	(593,688)		(11,230,403)
Machinery and Equipment	(3,250,868)	(267,682)		(3,518,550)
	<u>(15,002,828)</u>	<u>(862,570)</u>		<u>(15,865,398)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 27,312,046</u>	<u>\$ 1,842,620</u>	<u>\$ (24,130)</u>	<u>\$ 29,130,536</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 206,703	\$ 53,858	\$ (14,130)	\$ 246,431
Less Accumulated Depreciation	<u>(140,823)</u>	<u>(11,303)</u>	<u>7,536</u>	<u>(144,590)</u>
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 65,880</u>	<u>\$ 42,555</u>	<u>\$ (6,594)</u>	<u>\$ 101,841</u>

The District had active construction projects totaling \$5,588,213 as of June 30, 2023. These projects include renovations of the District's schools and grounds.

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 13,898
Vocational Education	625,008
Other Instruction	2,717
Student and Instruction Related Services	4,321
General Administration	4,995
School Administration	(9,575)
Central Services	871
Administrative Information Technology	62,599
Plant Operations and Maintenance	62,225
Pupil Transportation	102,294
Special Schools	(6,783)
	<u>\$ 862,570</u>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 6. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2023, the following changes occurred in long-term liabilities reported in the district-wide financial statements:

	Balance 6/30/2022	Accrued	Retired	Balance 6/30/2023
Governmental Activities:				
Compensated Absences Payable	\$ 530,903		\$ 7,556	\$ 523,347
Net Pension Liability	3,822,990	\$ 1,231,784		5,054,774
	\$ 4,353,893	\$ 1,231,784	\$ 7,556	\$ 5,578,121
Business Type Activities:				
Compensated Absences Payable	\$ 14,877	\$ 363		\$ 15,240
Net Pension Liability	424,777	14,769		439,546
	\$ 439,654	\$ 15,132	\$ -0-	\$ 454,786

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 \$523,347. 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, 2023, the long-term portion of \$15,240 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, 2023 is \$-0- and the long-term portion is \$5,054,774. 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, 2023 is \$-0- and the long-term portion is \$439,546. 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, 2023
(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. 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 includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid.

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 \$462,470 of which \$413,292 was paid out of the General Fund and \$36,630 was

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

Contributions (Cont'd)

paid out of Enterprise Funds. \$12,548 was contributed for Consolidated Adult Basic Skills and Integrated English Literacy and Civics Education out of Special Revenue Fund for fiscal year 2023.

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

Special Funding Situation

A special funding situation exists for certain local employers of the PERS. The State of New Jersey, as a nonemployer, is required to pay the additional costs incurred by local employers Chapter 133, P.L. 2001. The special funding situation for Chapter 133, P.L. 2001 is due to the State paying the additional normal cost related to benefit improvements from Chapter 133. Previously, this additional normal cost was paid from the Benefit Enhancement Fund (BEF). As of June 30, 2022, there is no net pension liability associated with this special funding situation and there was no accumulated difference between the annual additional normal cost under the special funding situation and the actual State contribution through the valuation date. The State special funding situation for the fiscal year ending June 30, 2022, is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2022. The pension expense is deemed to be a State administrative expense due to the special funding situation.

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

At June 30, 2023, the District reported a liability of \$5,494,320 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. 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, 2022, the District's proportion was 0.0364%, which was an increase of 0.0005% from its proportion measured as of June 30, 2021.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

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

For the fiscal year ended June 30, 2023, the District recognized pension benefit of \$405,926. Additionally, for the fiscal year ended June 30, 2022, the State recognized pension expense on behalf of the District in the amount of \$11,560 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2023 financial statements.

There was no state proportionate share of net pension liability attributable to the District as of June 30, 2023.

At June 30, 2023, 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	2018	5.63		\$ 132,072
	2019	5.21		165,047
	2020	5.16		485,326
	2021	5.13		40,272
	2022	5.04	\$ 17,023	
			17,023	822,717
Changes in Proportion	2018	5.63		26,949
	2019	5.21		11,053
	2020	5.16	70,036	
	2021	5.13	23,155	
	2022	5.04	83,903	
			177,094	38,002
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2019	5.00	5,435	
	2020	5.00	163,329	
	2021	5.00	(1,018,740)	
	2022	5.00	1,077,381	
			227,405	
Difference Between Expected and Actual Experience	2018	5.63		5,030
	2019	5.21	12,616	
	2020	5.16	27,039	
	2021	5.13		13,538
	2022	5.04		16,403
			39,655	34,971
District Contribution Subsequent to the Measurement Date	2022	1.00	481,048	
			\$ 942,225	\$ 895,690

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(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	\$ (471,297)
2023	(240,110)
2024	(117,097)
2025	255,461
2026	(562)
	\$ (573,605)

Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases	2.75 – 6.55% 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, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

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, 2022) 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, 2022 are summarized in the following table:

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(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%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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, 2022 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, 2023
(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, 2022		
	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	\$ 7,058,592	\$ 5,494,320	\$ 4,163,062

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, 2023
(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 2022, the State's pension contribution was more 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 2023, the State of New Jersey contributed \$2,960,967 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required contribution of \$954,400.

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, 2023, the State's proportionate share of the net pension liability associated with the District was \$35,462,677. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. 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, 2022, the District's proportion was 0.0687%, which was a decrease of 0.0002% from its proportion measured as of June 30, 2021.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(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	<u>35,462,677</u>
Total	<u><u>\$ 35,462,677</u></u>

For the fiscal year ended June 30, 2022, the State recognized pension expense on behalf of the District in the amount of \$954,400 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2023 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	2015	8.30	\$ 213,742,984	
	2016	8.30	1,695,809,748	
	2017	8.30		\$ 3,681,530,748
	2018	8.29		2,705,362,525
	2019	8.04		2,012,738,111
	2020	7.99	1,007,402,060	
	2021	7.93		11,041,509,093
	2022	7.83	<u>96,143,072</u>	
			<u>3,013,097,864</u>	<u>19,441,140,477</u>
Difference Between Expected and Actual Experience	2015	8.30	13,201,022	
	2016	8.30		21,088,845.00
	2017	8.30	65,502,212	
	2018	8.29	474,592,771	
	2019	8.04		78,198,040
	2020	7.99		5,368,990
	2021	7.93	146,524,969	
	2022	7.83		<u>18,009,041</u>
			<u>699,820,974</u>	<u>122,664,916</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2019	5.00	36,220,692	
	2020	5.00	482,791,080	
	2021	5.00	(2,665,975,358)	
	2022	5.00	<u>3,319,334,659</u>	
			<u>1,172,371,073</u>	
			<u>\$ 4,885,289,911</u>	<u>\$ 19,563,805,393</u>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(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
2023	\$ (2,658,825,381)
2024	(3,823,762,872)
2025	(3,351,102,048)
2026	(1,509,375,379)
2027	(1,647,727,819)
Thereafter	(1,687,721,983)
	\$ (14,678,515,482)

Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. 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	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, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2022) 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, 2022 are summarized in the following table.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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, 2023
(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, 2022 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, 2022		
	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	\$ 41,580,742	\$ 35,462,677	\$ 30,308,976

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 \$9,866 of which \$7,138 was paid out of governmental funds and \$2,728 was paid out of Enterprise Funds for the fiscal year ended June 30, 2023. Employee contributions to DCRP amounted to \$18,169 for the fiscal year ended June 30, 2023.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(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, 2023 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, 2022	Morris-Essex Insurance Group June 30, 2022
Total Assets	\$ 12,162,608	\$ 12,133,641
Net Position	\$ 8,200,761	\$ 7,494,542
Total Revenue	\$ 6,144,674	\$ 3,715,390
Total Expenses	\$ 3,840,273	\$ 3,715,752
Change in Net Position	\$ 2,304,401	\$ (1,115,092)
Members Dividends	\$ -0-	\$ 1,114,730

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(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>
2022-2023	\$ 5,671	\$ 28,267	\$ 6,661	\$ 172,660
2021-2022	398	36,694	20,559	145,383
2020-2021	239	28,525	19,114	128,850

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.

NOTE 10. INTERFUND RECEIVABLES AND PAYABLES

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 24,550	
Special Revenue Fund		\$ 24,550
	<u>\$ 24,550</u>	<u>\$ 24,550</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.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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.

NOTE 13. ACCOUNTS PAYABLE

Payables as of June 30, 2023 were:

	<u>Governmental Funds</u>			<u>District Contribution Subsequent to the Measure- ment Date</u>	<u>Total Governmental Activities</u>	<u>Enterprise Funds/ Business Type Activities</u>			
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>			<u>Adult Education</u>	<u>Food Service</u>	<u>District Contribution</u>	
								<u>Subsequent to the Measure- ment Date</u>	<u>Total</u>
Accrued Salaries	\$ 363,565				\$ 363,565				
State of New Jersey	8,019			\$ 442,564	450,583			\$ 38,484	\$ 38,484
Vendors	123,704	140,664	\$ 188,783		453,151	\$ 613	\$ 13,228		13,841
Payroll Deductions and Withholdings	102,614				102,614				
	<u>\$ 597,902</u>	<u>\$ 140,664</u>	<u>\$ 188,783</u>	<u>\$ 442,564</u>	<u>\$ 1,369,913</u>	<u>\$ 613</u>	<u>\$ 13,228</u>	<u>\$ 38,484</u>	<u>\$ 52,325</u>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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, 2023, there were encumbrances as detailed below in the governmental funds.

General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
\$ 168,381	\$ 14,750	\$ 22,495,722	\$ 22,678,853

On the District’s Governmental Funds Balance Sheet as of June 30, 2023, \$14,750 is assigned for year-end encumbrances in the Special Revenue Fund, which is \$14,750 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 \$22,495,722 of year-end encumbrances in the Capital Projects Fund on a budgetary basis are included in the \$24,153,577 committed fund balance on a GAAP basis at June 30, 2023.

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.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 15. MAINTENANCE RESERVE (Cont'd)

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, 2022	\$ 240,894
Add:	
Interest Earnings	324
Less:	
Budgeted Withdrawal for Local Share	(25,000)
Ending Balance, June 30, 2023	\$ 216,218

NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired Employees Plan

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 Employees 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 paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other than Pensions*. 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.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

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, 2021, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	151,669
Active Plan Members	213,148
Total	364,817

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022.

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	PFRS
Salary Increases:	2.75 - 4.25%	2.75 - 6.55%	3.25 - 16.25%
	based on years of service	based on years of service	based on years of service

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of the TPAF, PERS and PFRS experience studies prepared for July 1, 2018 – June 30, 2021.

Mortality Rates

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-2021. 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-2021. 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-2021 for current disabled retirees. Future disabled retirees were based on the Pub-2010 “Safety” (PFRS), “General” (PERS) and “Teachers” (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.54%. 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, 2021	\$ 31,876,918
Changes for Year:	
Service Cost	1,621,956
Interest on the Total OPEB Liability	688,812
Changes of Assumptions	(6,972,537)
Differences between Expected and Actual Experience	(562,936)
Gross Benefit Payments by the State	(682,288)
Contributions from Members	21,888
Net Changes	(5,885,105)
Balance at June 30, 2022	\$ 25,991,813

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

State Health Benefit Program Fund – Local Education Retired Employees Plan (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, 2022, 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, 2022		
	At 1% Decrease (2.54%)	At Discount Rate (3.54%)	At 1% Increase (4.54%)
Total OPEB Liability Attributable to the District	\$ 30,550,642	\$ 25,991,813	\$ 22,338,139

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, 2022, 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, 2022		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 21,483,822	\$ 25,991,813	\$ 31,913,333

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

For the fiscal year ended June 30, 2023 the District recognized OPEB expense of \$1,088,841 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, 2023
(Continued)

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

State Health Benefit Program Fund – Local Education Retired Employees Plan (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, 2022 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		\$ 1,349,523
	2018	9.51		1,287,829
	2019	9.29	\$ 181,822	
	2020	9.24	4,292,897	
	2021	9.24	23,806	
	2022	9.13		6,208,842
			<u>4,498,525</u>	<u>8,846,194</u>
Differences Between Expected and Actual Experience	2018	9.51		1,217,399
	2019	9.29		2,140,054
	2020	9.24	4,001,148	
	2021	9.24		4,578,148
	2022	9.13	639,422	
				<u>4,640,570</u>
Changes in Proportion	N/A	N/A	<u>1,624,215</u>	<u>1,756,277</u>
			<u>\$ 10,763,310</u>	<u>\$ 18,538,072</u>

N/A - Not Available

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

Fiscal Year Ending June 30,	Total
2023	\$ (1,291,805)
2024	(1,291,805)
2025	(1,291,805)
2026	(1,116,443)
2027	(638,397)
Thereafter	<u>(2,012,446)</u>
	<u>\$ (7,642,700)</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 NINE FISCAL YEARS

	Fiscal Year Ending June 30,								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
District's proportion of the net pension liability	0.0349534257%	0.0352924015%	0.0372681588%	0.0362173431%	0.0351497047%	0.0349395601%	0.0356827237%	0.0358567315%	0.0364070196%
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	\$ 5,494,320
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	\$ 2,719,818
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%	202.01%
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%	62.91%

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 NINE FISCAL YEARS

	Fiscal Year Ending June 30,								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually required contribution	\$ 288,151	\$ 303,420	\$ 331,085	\$ 301,881	\$ 320,506	\$ 353,637	\$ 390,351	\$ 419,924	\$ 462,470
Contributions in relation to the contractually required contribution	(288,151)	(303,420)	(331,085)	(301,881)	(320,506)	(353,637)	(390,351)	(419,924)	(462,470)
Contribution deficiency/(excess)	\$ -0-	\$ -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	\$ 2,657,280
Contributions as a percentage of covered employee payroll	10.72%	12.17%	13.65%	12.35%	12.48%	13.33%	14.74%	15.44%	17.40%

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

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

	Fiscal Year Ending June 30,								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
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%	0.0687335564%
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	\$ 35,462,677
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	\$ 8,422,225
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%	421.06%
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%	62.91%

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 NINE FISCAL YEARS

	Fiscal Year Ending June 30,								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
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	\$ 2,876,672
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)	(2,829,524)	(2,960,967)
Contribution deficiency/(excess)	\$ 1,638,858	\$ 2,219,804	\$ 3,277,758	\$ 2,301,035	\$ 1,165,741	\$ 978,494	\$ 880,336	\$ (809,407)	\$ (84,295)
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	\$ 8,635,483
Contributions as a percentage of covered employee payroll	5.52%	7.69%	10.85%	14.09%	18.03%	20.16%	24.68%	33.60%	34.29%

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 SIX FISCAL YEARS

	Fiscal Year Ending					
	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Total OPEB Liability						
Service Cost	\$ 1,321,392	\$ 1,108,213	\$ 1,018,681	\$ 1,116,554	\$ 1,918,085	\$ 1,621,956
Interest Cost	852,895	997,424	955,855	818,688	826,921	688,812
Changes of Benefit Terms					(33,929)	
Changes in Assumptions	(3,415,035)	(2,755,657)	336,545	6,486,014	31,449	(6,972,537)
Differences between Expected and Actual Experience		(1,776,706)	(3,080,462)	5,114,072	(5,742,942)	(562,936)
Member Contributions	23,079	22,192	20,539	18,736	21,140	21,888
Gross Benefit Payments	(626,768)	(642,110)	(692,883)	(618,158)	(651,382)	(682,288)
Net Change in Total OPEB Liability	(1,844,437)	(3,046,644)	(1,441,725)	12,935,906	(3,630,658)	(5,885,105)
Total OPEB Liability - Beginning	28,904,476	27,060,039	24,013,395	22,571,670	35,507,576	31,876,918
Total OPEB Liability - Ending	\$ 27,060,039	\$ 24,013,395	\$ 22,571,670	\$ 35,507,576	\$ 31,876,918	\$ 25,991,813
District's Covered Employee Payroll *	\$ 9,621,007	\$ 9,509,115	\$ 9,591,114	\$ 10,173,624	\$ 10,314,765	\$ 10,768,275
Total OPEB Liability as a Percentage of Covered Employee Payroll	35.55%	39.60%	42.49%	28.65%	32.36%	41.43%

* Covered payroll for the fiscal years ending June 30, 2017, 2018, 2019, 2020, 2021 and 2022, are based on the payroll on the June 30, 2016, 2017, 2018, 2019, 2020, and 2021 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, 2023

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

In the July 1, 2021 actuarial valuation the salary increases were 2.75% – 6.55% based on years of service while in the July 1, 2020 actuarial valuation the salary increases were 2.00%-6.00% through 2026 and 3.00-7.00% thereafter based on years of service.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. The actuarial assumptions used in the July 1, 2020 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

In the July 1, 2021 actuarial valuation the salary increases were 2.75% – 5.65% based on years of service while in the July 1, 2020 actuarial valuation the salary increases were 1.55%-4.45% through 2026 and 2.75%-5.65% thereafter based on years of service.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. The actuarial assumptions used in the July 1, 2020 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

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, 2022 was 3.54%. The discount rate for June 30, 2021 was 2.16%, a change of 1.38%.

The salary increases for TPAF/ABP thereafter were 1.55% - 4.45% through 2026 and 2.75% - 5.65% for thereafter in the valuation as of June 30, 2021. The salary increases for TPAF/ABP were 2.75% - 4.25% in the valuation as of June 30, 2022.

The salary increases for PERS were 2.00% - 6.00% through 2026 and 3.00% - 7.00% for thereafter in the valuation as of June 30, 2021. The salary increases for PERS were 2.75% - 6.55% in the valuation as of June 30, 2022.

The salary increases for PFRS were 3.25% - 15.25% through 2026 and not applicable for thereafter in the valuation as of June 30, 2021. The salary increases for PFRS were 3.25% - 16.25% in the valuation as of June 30, 2022.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

Changes of Actuarial Assumptions (Cont'd)

The health care trend rates in the valuation as of June 30, 2022 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.5% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long term rate after eight years.

The health care trend rates in the valuation as of June 30, 2021 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 5.65% 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 rates for fiscal years 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreasing to 15.23% in fiscal year 2025 and decreasing to 4.5% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreasing to 4.5% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.5% long term rate after seven years.

BUDGETARY COMPARISON SCHEDULES

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues from Local Sources:					
County Tax Levy	\$ 6,426,286		\$ 6,426,286	6,426,286	
Tuition From Individuals	395,010		395,010	345,929	\$ (49,081)
Tuition From LEAs	14,640,048		14,640,048	14,282,569	(357,479)
Unrestricted Miscellaneous Revenues	203,692		203,692	346,768	143,076
Interest Earned on Maintenance Reserve	100		100	324	224
Interest Earned on Capital Reserve Funds	5,000		5,000	31,441	26,441
Other Restricted Miscellaneous Revenues				27,277	27,277
Total Revenues from Local Sources	<u>21,670,136</u>		<u>21,670,136</u>	<u>21,460,594</u>	<u>(209,542)</u>
Revenues from State Sources:					
Categorical Special Education Aid	998,664		998,664	998,664	
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)				788,631	788,631
On-Behalf TPAF Pension Contributions (Non-Budgeted)				2,960,967	2,960,967
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)				41,080	41,080
On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted)				1,282	1,282
Reimbursed TPAF Social Security Contributions				588,274	588,274
Total Revenues from State Sources	<u>1,636,842</u>		<u>1,636,842</u>	<u>6,017,076</u>	<u>4,380,234</u>
TOTAL REVENUE	<u>23,306,978</u>		<u>23,306,978</u>	<u>27,477,670</u>	<u>4,170,692</u>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
GENERAL CURRENT EXPENSE					
Regular Programs - Instruction:					
Grades 9-12 - Salaries of Teachers	\$ 3,181,692	\$ (16,365)	\$ 3,165,327	\$ 3,017,652	\$ 147,675
Purchased Professional-Educational Services	5,416,030	(37,502)	5,378,528	5,315,791	62,737
Other Purchased Services (400-500 series)	38,800	(7,155)	31,645	31,057	588
General Supplies	46,671	8,376	55,047	50,655	4,392
Textbooks	18,000	(5,110)	12,890	12,890	
Other Objects		700	700		
Regular Programs - Home Instruction:					
Salaries of Teachers	7,000	(5,954)	1,046	621	425
Purchased Professional-Educational Services	6,000	10,596	16,596	7,198	9,398
Other Purchased Services (400-500 series)	500	(500)			
Total Regular Programs - Instruction	8,714,693	(52,914)	8,661,779	8,436,564	225,215
Special Education - Instruction:					
Resource Room/Resource Center:					
Salaries of Teachers	688,296	12,375	700,671	700,671	
Other Purchased Services (400-500 series)	3,200		3,200	785	2,415
General Supplies	1,000	7,768	8,768	5,559	3,209
Total Resource Room/Resource Center	692,496	20,143	712,639	707,015	5,624
TOTAL SPECIAL EDUCATION - INSTRUCTION	692,496	20,143	712,639	707,015	5,624

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
VOCATIONAL PROGRAMS					
Regular Vocational Programs - Instruction:					
Salaries of Teachers	\$ 2,364,293	\$ (522)	\$ 2,363,771	\$ 2,357,520	\$ 6,251
Other Salaries for Instruction	41,666		41,666	41,666	
Purchased Professional-Educational Services	20,150	4,168	24,318	21,071	3,247
Purchased Technical Services	16,606	(9,280)	7,326	6,920	406
Other Purchased Services (400-500 series)	109,345	(8,301)	101,044	71,711	29,333
General Supplies	319,439	(15,678)	303,761	282,962	20,799
Textbooks	55,656	39,602	95,258	90,119	5,139
Other Objects	3,410	2,112	5,522	4,782	740
Total Regular Vocational Programs - Instruction	<u>2,930,565</u>	<u>12,101</u>	<u>2,942,666</u>	<u>2,876,751</u>	<u>65,915</u>
Special Vocational Programs - Instruction:					
Salaries of Teachers	170,394	522	170,916	170,916	
Other Purchased Services (400-500 series)	4,620	(200)	4,420	4,022	398
General Supplies	20,965	(1,024)	19,941	13,394	6,547
Total Spl. Vocational Prog. - Instruction	<u>195,979</u>	<u>(702)</u>	<u>195,277</u>	<u>188,332</u>	<u>6,945</u>
Total Vocational Programs	<u>3,126,544</u>	<u>11,399</u>	<u>3,137,943</u>	<u>3,065,083</u>	<u>72,860</u>
School-Spon. Cocurricular & Extracurricular Actvts. - Inst.:					
Salaries	127,396	4,456	131,852	131,852	
Purchased Services (300-500 series)	6,700	(5,036)	1,664	795	869
Supplies and Materials	650		650	217	433
Other Objects	40,500	22,113	62,613	56,941	5,672
Total School-Spon. Cocurricular & Extracurricular Actvts. - Inst.	<u>175,246</u>	<u>21,533</u>	<u>196,779</u>	<u>189,805</u>	<u>6,974</u>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
School-Sponsored Athletics - Instruction:					
Salaries	\$ 190,418	\$ (4,456)	\$ 185,962	\$ 177,014	\$ 8,948
Purchased Services (300-500 series)	91,725	(10,182)	81,543	81,029	514
Supplies and Materials	24,262	1,999	26,261	25,695	566
Other Objects	18,750	3,575	22,325	18,970	3,355
Total School-Sponsored Athletics - Instruction	325,155	(9,064)	316,091	302,708	13,383
TOTAL INSTRUCTION	13,034,134	(8,903)	13,025,231	12,701,175	324,056
Undistributed Expend. - Attend. & Social Work:					
Salaries	50,675	281	50,956	50,956	
Supplies and Materials	1,000	(643)	357	357	357
Total Undist. Expend. - Attendance and Social Work	51,675	(362)	51,313	50,956	357
Undistributed Expenditures - Health Services:					
Salaries	145,894	(280)	145,614	119,345	26,269
Purchased Professional and Technical Services	16,360		16,360	10,766	5,594
Other Purchased Services (400-500 series)	1,200		1,200	170	1,030
Supplies and Materials	8,716		8,716	5,833	2,883
Total Undist. Expenditures - Health Services	172,170	(280)	171,890	136,114	35,776
Undist. Expend. - Speech, OT, PT, Related Svcs:					
Purchased Professional - Educational Services		8,900	8,900	4,727	4,173
Total Undist. Expend. - Speech, OT, PT, Related Svcs		8,900	8,900	4,727	4,173

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Guidance:					
Salaries of Other Professional Staff	\$ 852,494	\$ 147	\$ 852,641	\$ 852,641	
Salaries of Secretarial and Clerical Assistants	117,860		117,860	117,860	
Other Salaries	107,982	(147)	107,835	105,378	\$ 2,457
Purchased Professional - Educational Services	4,000	2,814	6,814	6,009	805
Other Purchased Services (400-500 series)	79,421	(11,605)	67,816	53,283	14,533
Supplies and Materials	15,811	(29)	15,782	11,885	3,897
Other Objects	3,390	2,375	5,765	4,307	1,458
Total Undist Expend. - Guidance	<u>1,180,958</u>	<u>(6,445)</u>	<u>1,174,513</u>	<u>1,151,363</u>	<u>23,150</u>
Undist. Expend.-Child Study Team:					
Salaries of Other Professional Staff	363,960		363,960	317,946	46,014
Purchased Professional - Educational Services	2,500	2,700	5,200	2,375	2,825
Other Purchased Services (400-500 series)	1,800		1,800	1,236	564
Supplies and Materials	500		500	86	414
Total Undist Expend. - Child Study Team	<u>368,760</u>	<u>2,700</u>	<u>371,460</u>	<u>321,643</u>	<u>49,817</u>
Undist. Expend.-Improv. of Inst. Serv.:					
Salaries of Supervisors of Instruction	500,327	(50,405)	449,922	337,914	112,008
Salaries of Secretarial and Clerical Assistants	149,781	5,070	154,851	153,843	1,008
Purchased Professional - Educational Services	2,000	1,490	3,490	3,490	
Other Purchased Services (400-500 series)	23,426	(1,180)	22,246	21,696	550
Supplies and Materials	9,650	303	9,953	9,681	272
Other Objects	2,818		2,818	2,475	343
Total Undist. Expend.-Improv. of Inst. Serv.	<u>688,002</u>	<u>(44,722)</u>	<u>643,280</u>	<u>529,099</u>	<u>114,181</u>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Edu. Media Serv./Sch. Library:					
Salaries	\$ 111,294		\$ 111,294	\$ 111,276	\$ 18
Other Purchased Services (400-500 series)	39,000		39,000	30,010	8,990
Supplies and Materials	9,790		9,790	4,856	4,934
Total Undist Expend-Edu. Media Serv./Sch. Library	<u>160,084</u>		<u>160,084</u>	<u>146,142</u>	<u>13,942</u>
Undist. Expend.-Support Serv.-Gen. Admin.:					
Salaries	335,571		335,571	335,363	208
Legal Services	42,000	\$ 16,953	58,953	53,323	5,630
Audit Fees	48,144	3,036	51,180	51,180	
Architectural/Engineering Services	41,340	(28,953)	12,387	1,176	11,211
Other Purchased Professional Services	2,500		2,500	1,500	1,000
Communications / Telephone	32,688		32,688	26,855	5,833
Other Purch. Serv. (400-500 series other than 530 & 585)	48,074	16,741	64,815	60,443	4,372
General Supplies	2,845	(800)	2,045	1,834	211
Miscellaneous Expenditures	33,100	(3,031)	30,069	29,966	103
Total Undist. Expend.-Support Serv.-Gen. Admin.	<u>586,262</u>	<u>3,946</u>	<u>590,208</u>	<u>561,640</u>	<u>28,568</u>
Undist. Expend.-Support Serv.-School Admin.:					
Salaries of Principals/Assistant Principals/Prog Director	712,820	31,609	744,429	744,429	
Salaries of Secretarial and Clerical Assistants	267,875	(943)	266,932	250,463	16,469
Other Salaries	2,000	(1,057)	943	943	
Purchased Professional and Technical Services	8,450	(933)	7,517	5,739	1,778
Other Purchased Services (400-500 series)	13,000	4,655	17,655	16,506	1,149
Supplies and Materials	24,204	2,933	27,137	24,686	2,451
Other Objects	5,700	(4,388)	1,312	600	712
Total Undist. Expend.-Support Serv.-School Adm.	<u>1,034,049</u>	<u>31,876</u>	<u>1,065,925</u>	<u>1,043,366</u>	<u>22,559</u>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Central Services:					
Salaries	\$ 506,726	\$ (8,304)	\$ 498,422	\$ 481,913	\$ 16,509
Purchased Professional Services	4,000	790	4,790	4,680	110
Miscellaneous Purchased Services (400-500 series other than 594)	27,482	10,786	38,268	36,042	2,226
Supplies and Materials	8,025	(78)	7,947	7,785	162
Other Objects	5,170	(3,831)	1,339	1,339	
Total Undist. Expend. - Central Services	<u>551,403</u>	<u>(637)</u>	<u>550,766</u>	<u>531,759</u>	<u>19,007</u>
Undist. Expend. - Admin. Info. Technology:					
Salaries	285,295		285,295	285,054	241
Purchased Professional Services	13,400	(5,693)	7,707	7,505	202
Other Purchased Services (400-500 series)	51,235	(299)	50,936	42,299	8,637
Supplies and Materials	29,286	(2,240)	27,046	25,293	1,753
Total Undist. Expend. - Admin. Info. Technology	<u>379,216</u>	<u>(8,232)</u>	<u>370,984</u>	<u>360,151</u>	<u>10,833</u>
Undist. Expend.-Required Maintenance for School Facilities:					
Salaries	311,098	(4,000)	307,098	301,292	5,806
Cleaning, Repair, and Maintenance Services	186,925	91,740	278,665	266,199	12,466
General Supplies	91,255	(10,978)	80,277	78,840	1,437
Other Objects	2,150		2,150	1,189	961
Total Undist. Expend.- Required Maint. for School Facilities	<u>591,428</u>	<u>76,762</u>	<u>668,190</u>	<u>647,520</u>	<u>20,670</u>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Custodial Services:					
Salaries	\$ 480,431	\$ (5,002)	\$ 475,429	\$ 465,870	\$ 9,559
Purchased Professional and Technical Services	31,000	(589)	30,411	23,348	7,063
Cleaning, Repair, and Maintenance Services	44,450	9,373	53,823	51,465	2,358
Lease Purchase Pymts - Energy Savings Impr Prog	76,202	(1)	76,201	76,201	
Other Purchased Property Services	15,000	(1,198)	13,802	9,526	4,276
Insurance	50,249	(28,920)	21,329	21,329	
Miscellaneous Purchased Services	6,210		6,210	2,820	3,390
General Supplies	55,250	(14,468)	40,782	38,603	2,179
Energy (Natural Gas)	155,000	67,259	222,259	196,349	25,910
Energy (Electricity)	223,656	(20,928)	202,728	201,095	1,633
Other Objects	5,500		5,500	5,192	308
Total Undist. Expend.-Custodial Services	<u>1,142,948</u>	<u>5,526</u>	<u>1,148,474</u>	<u>1,091,798</u>	<u>56,676</u>
Care and Upkeep of Grounds:					
Salaries	49,815		49,815	46,905	2,910
Cleaning, Repair, and Maintenance Services	3,325		3,325	584	2,741
General Supplies	6,200		6,200	3,725	2,475
Total Care And Upkeep Of Grounds	<u>59,340</u>		<u>59,340</u>	<u>51,214</u>	<u>8,126</u>
Security:					
Salaries	72,357	(87)	72,270	63,119	9,151
Purchased Professional and Technical Services	96,628	15,423	112,051	112,051	
General Supplies	1,470	5,070	6,540	1,070	5,470
Total Security	<u>170,455</u>	<u>20,406</u>	<u>190,861</u>	<u>176,240</u>	<u>14,621</u>
Total Undist. Expend.-oper. And Maint. Of Plant Serv.	<u>1,964,171</u>	<u>102,694</u>	<u>2,066,865</u>	<u>1,966,772</u>	<u>100,093</u>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Student Transportation Serv.:					
Sal. for Pupil Trans. (Oth. than Bet. Home & Sch)	\$ 35,000	\$ 5,002	\$ 40,002	\$ 38,287	\$ 1,715
Other Purchased Professional and Technical Services	620	1,744	2,364	2,364	
Cleaning, Repair, and Maint. Services	10,000		10,000	9,456	544
Rental Payments - School Buses	5,000	(762)	4,238	4,238	
Contract. Serv.(Oth. than Bet. Home & Sch.)-Vend.		7,873	7,873	6,868	1,005
Contract. Serv.(Reg. Students)-ESCs & CTSA's	210,700	(1,771)	208,929	172,607	36,322
Misc. Purchased Serv. - Transportation	850	650	1,500	1,500	
General Supplies	1,000	(650)	350	208	142
Total Undist. Expend.-Student Trans. Serv.	<u>263,170</u>	<u>12,086</u>	<u>275,256</u>	<u>231,290</u>	<u>43,966</u>
UNALLOCATED BENEFITS					
Social Security Contributions	251,066	6,067	257,133	257,133	
Other Retirement Contributions - PERS	391,367	9,826	401,193	401,193	
Other Retirement Contributions - Regular	17,196	(6,067)	11,129	7,138	3,991
Workers Compensation	144,529	(17,001)	127,528	127,528	
Health Benefits	2,005,552	(121,891)	1,883,661	1,880,093	3,568
Tuition Reimbursement	72,217	(6,100)	66,117	47,422	18,695
Other Employee Benefits	224,080	1,117	225,197	205,197	20,000
TOTAL UNALLOCATED BENEFITS	<u>3,106,007</u>	<u>(134,049)</u>	<u>2,971,958</u>	<u>2,925,704</u>	<u>46,254</u>
ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)					
On-Behalf TPAF Post Retirement Contributions (Non-Budgeted)			788,631	788,631	(788,631)
On-Behalf TPAF Pension Contributions (Non-Budgeted)			2,960,967	2,960,967	(2,960,967)
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)			41,080	41,080	(41,080)
On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted)			1,282	1,282	(1,282)
Reimbursed TPAF Social Security Contributions			588,274	588,274	(588,274)
TOTAL ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)			<u>4,380,234</u>	<u>4,380,234</u>	<u>(4,380,234)</u>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	\$ 3,106,007	\$ (134,049)	\$ 2,971,958	\$ 7,305,938	\$ (4,333,980)
TOTAL UNDISTRIBUTED EXPENDITURES	10,505,927	(32,525)	10,473,402	14,340,960	(3,867,558)
TOTAL GENERAL CURRENT EXPENSE	23,540,061	(41,428)	23,498,633	27,042,135	(3,543,502)
CAPITAL OUTLAY					
Equipment					
Grades 9-12	11,485		11,485	11,485	
Vocational Programs:					
Vocational Programs - Regular Programs	38,094	506	38,600	38,600	
Undistributed:					
Undistributed Expenditures - School Admin.	2,000	(2,000)			
Undistributed Expenditures - Central Services		2,864	2,864	2,864	
Undistributed Expenditures - Admin. Info. Tech.	36,000	5,434	41,434	25,007	16,427
Undist. Expend. - Required Maint for School Fac.		4,978	4,978	4,978	
Undist. Expend. - Custodial Services		6,968	6,968	6,968	
Undist. Expend. - Care and Upkeep of Grounds	4,000	1,200	5,200	5,200	
School Buses - Regular	95,000	21,478	116,478		116,478
Total Equipment	186,579	41,428	228,007	95,102	132,905
Facilities Acquisition and Construction Serv.:					
Construction Services	493,636		493,636	493,636	
Other Objects	57,548		57,548	57,548	
Total Facilities Acquisition and Const. Serv.	551,184		551,184	551,184	
TOTAL CAPITAL OUTLAY	737,763	41,428	779,191	646,286	132,905

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
SPECIAL SCHOOLS					
Post-Secondary Programs - Instruction:					
Salaries of Teachers	\$ 198,316	\$ (1,027)	\$ 197,289	\$ 187,528	\$ 9,761
Purchased Professional and Technical Services	3,100	(1,140)	1,960	1,711	249
Other Purchased Services (400-500 series)	5,800	(890)	4,910	4,228	682
General Supplies	6,000	(310)	5,690	2,786	2,904
Total Post-Secondary Programs - Instruction	<u>213,216</u>	<u>(3,367)</u>	<u>209,849</u>	<u>196,253</u>	<u>13,596</u>
Post-Secondary Programs - Support Services:					
Salaries	70,631		70,631	62,057	8,574
Personal Services - Employee Benefits	55,714	3,367	59,081	55,331	3,750
Total Post-Secondary Programs - Support Services	<u>126,345</u>	<u>3,367</u>	<u>129,712</u>	<u>117,388</u>	<u>12,324</u>
Total Post-secondary Programs	<u>339,561</u>		<u>339,561</u>	<u>313,641</u>	<u>25,920</u>
TOTAL SPECIAL SCHOOLS	<u>339,561</u>		<u>339,561</u>	<u>313,641</u>	<u>25,920</u>
TOTAL EXPENDITURES	<u>24,617,385</u>		<u>24,617,385</u>	<u>28,002,062</u>	<u>(3,384,677)</u>
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(1,310,407)		(1,310,407)	(524,392)	(786,015)
Other Financing Sources/(Uses):					
Transfers from Flexible Spending Account				(701)	701
Total Other Financing Sources/(Uses)				<u>(701)</u>	<u>701</u>
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(1,310,407)		(1,310,407)	(525,093)	785,314

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Fund Balance, July 1	\$ 4,249,925		\$ 4,249,925	\$ 4,249,925	
Fund Balance, June 30	<u>\$ 2,939,518</u>	<u>\$ -0-</u>	<u>\$ 2,939,518</u>	<u>\$ 3,724,832</u>	<u>\$ 785,314</u>
<u>Recapitulation:</u>					
Restricted Fund Balance:					
Excess Surplus - Restricted For 2024-2025				\$ 528,661	
Excess Surplus - Restricted For 2023-2024				890,069	
Capital Reserve				331,533	
Maintenance Reserve				216,218	
Unemployment Compensation				172,660	
Assigned Fund Balance:					
Year End Encumbrances				168,381	
Unassigned Fund Balance				<u>1,417,310</u>	
				<u>3,724,832</u>	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payments not Recognized on GAAP basis				<u>(157,929)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 3,566,903</u>	

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources	\$ 121,805	\$ 49,210	\$ 171,015	\$ 167,013	\$ (4,002)
State Sources		48,247	48,247	35,928	(12,319)
Federal Sources	1,661,977	631,763	2,293,740	2,130,338	(163,402)
Total Revenues	1,783,782	729,220	2,513,002	2,333,279	(179,723)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	245,614	52,282	297,896	263,035	34,861
Purchased Professional and Technical Services	204,755	54,927	259,682	215,124	44,558
Other Purchased Services	19,792		19,792	19,792	
General Supplies	249,598	166,931	416,529	354,757	61,772
Textbooks	25,000		25,000	20,114	4,886
Other Objects	3,980	3,000	6,980	6,000	980
Total Instruction	748,739	277,140	1,025,879	859,030	166,849
Support Services:					
Salaries of Other Professional Staff	284,393	97,259	381,652	377,035	4,617
Personal Services - Employee Benefits	172,463	(12,383)	160,080	155,724	4,356
Purchased Professional and Technical Services	64,051	(5,754)	58,297	57,800	497
Other Purchased Services	236,965	125,823	362,788	362,352	436
Tuition		152,231	152,231	151,473	758
Supplies and Materials	101,098	(65,286)	35,812	35,434	378
Student Activities		145,310	145,310	145,310	
Scholarships		3,200	3,200	3,200	
Total Support Services	858,970	440,400	1,299,370	1,288,328	11,042
Facilities Acquisition and Construction Services:					
Instructional Equipment	176,073	(1,825)	174,248	172,416	1,832
Total Facilities Acquisition and Construction Services	176,073	(1,825)	174,248	172,416	1,832
Total Expenditures	\$ 1,783,782	\$ 715,715	\$ 2,499,497	\$ 2,319,774	\$ 179,723
Deficit of Revenue Under Expenditures	\$ -0-	\$ 13,505	\$ 13,505	\$ 13,505	\$ -0-

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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	\$ 27,477,670	\$ 2,333,279
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		(14,750)
Prior Year Encumbrances		317
Prior Year State Aid Payments not Recognized for Budgetary Purposes, Recognized for GAAP Statements	136,531	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(157,929)</u>	
 Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	 <u>\$ 27,456,272</u>	 <u>\$ 2,318,846</u>
 Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 28,002,062	\$ 2,319,774
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		(14,750)
Prior Year Encumbrances		317
 Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	 <u>\$ 28,002,062</u>	 <u>\$ 2,305,341</u>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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 VOCATIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	COVID-19 - ARP				
	Accelerated Learning Coach and Educator Support	Evidence Based Comprehensive Beyond the School Day	NJTSS Mental Health Support Staffing	Adult Basic Skills	
REVENUES:					
Local Sources					
State Sources					
Federal Sources	\$ 235,497	\$ 68,878	\$ 14,875	\$ 24,850	\$ 846,079
Total Revenues	<u>235,497</u>	<u>68,878</u>	<u>14,875</u>	<u>24,850</u>	<u>846,079</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	1,221				158,635
Purchased Professional and Technical Services	10,459		14,875	10,350	4,650
General Supplies	98,705			14,500	140,224
Textbooks					20,114
Other Objects					
Total Instruction	<u>110,385</u>		<u>14,875</u>	<u>24,850</u>	<u>323,623</u>
Support Services:					
Salaries of Other Professional Staff	35,993				114,441
Personal Services - Employee Benefits	3,248	51,436			63,350
Purchased Professional and Technical Services	27,650	3,442			343,682
Other Purchased Services		14,000			
Tuition					
Supplies and Materials	18,732				983
Student Activities					
Scholarships					
Total Support Services	<u>85,623</u>	<u>68,878</u>			<u>522,456</u>
Facilities Acquisition and Construction Services:					
Instructional Equipment	39,489				
Total Facilities Acquisition and Construction Services	<u>39,489</u>				
Total Expenditures	<u>\$ 235,497</u>	<u>\$ 68,878</u>	<u>\$ 14,875</u>	<u>\$ 24,850</u>	<u>\$ 846,079</u>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Carl D. Perkins Act Post Secondary	Carl D. Perkins Act Secondary	Carl D. Perkins Act Secondary - Reserve	IDEA Part B, Basic
REVENUES:				
Local Sources				
State Sources				
Federal Sources	\$ 103,651	\$ 370,630	\$ 61,601	\$ 252,804
Total Revenues	<u>103,651</u>	<u>370,630</u>	<u>61,601</u>	<u>252,804</u>
EXPENDITURES:				
Instruction:				
Salaries of Teachers		46,564		56,615
Purchased Professional and Technical Services	64,159	69,203	5,500	
General Supplies	24,706	71,310		314
Textbooks				
Other Objects		6,000		
Total Instruction	<u>88,865</u>	<u>193,077</u>	<u>5,500</u>	<u>56,929</u>
Support Services:				
Salaries of Other Professional Staff	7,103	43,295	2,250	122,517
Personal Services - Employee Benefits	107	26,470		59,107
Purchased Professional and Technical Services	2,256	13,894		
Other Purchased Services		18,670		
Tuition				
Supplies and Materials		1,468		14,251
Student Activities				
Scholarships				
Total Support Services	<u>9,466</u>	<u>103,797</u>	<u>2,250</u>	<u>195,875</u>
Facilities Acquisition and Construction Services:				
Instructional Equipment	5,320	73,756	53,851	
Total Facilities Acquisition and Construction Services	<u>5,320</u>	<u>73,756</u>	<u>53,851</u>	
Total Expenditures	<u>\$ 103,651</u>	<u>\$ 370,630</u>	<u>\$ 61,601</u>	<u>\$ 252,804</u>

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Student Activities	Scholarships	Stafford Loans		Pell Grant
			Subsidized	Unsubsidized	
REVENUES:					
Local Sources	\$ 161,402	\$ 613			
State Sources					
Federal Sources			\$ 46,516	\$ 39,708	\$ 65,249
Total Revenues	161,402	613	46,516	39,708	65,249
EXPENDITURES:					
Instruction:					
Salaries of Teachers					
Purchased Professional and Technical Services					
General Supplies					
Textbooks					
Other Objects					
Total Instruction					
Support Services:					
Salaries of Other Professional Staff					
Personal Services - Employee Benefits					
Purchased Professional and Technical Services					
Other Purchased Services			46,516	39,708	65,249
Tuition					
Supplies and Materials					
Student Activities	145,310	3,200			
Scholarships					
Total Support Services	145,310	3,200	46,516	39,708	65,249
Facilities Acquisition and Construction Services:					
Instructional Equipment					
Total Facilities Acquisition and Construction Services					
Total Expenditures	\$ 145,310	\$ 3,200	\$ 46,516	\$ 39,708	\$ 65,249

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	SDA Emergent Needs and Capital Maintenance	Local Donations	Totals
REVENUES:			
Local Sources			167,013
State Sources	\$ 35,928	4,998	\$ 35,928
Federal Sources			2,130,338
Total Revenues	35,928	4,998	2,333,279
EXPENDITURES:			
Instruction:			
Salaries of Teachers			263,035
Purchased Professional and Technical Services	35,928		215,124
General Supplies		4,998	354,757
Textbooks			20,114
Other Objects			6,000
Total Instruction	35,928	4,998	859,030
Support Services:			
Salaries of Other Professional Staff			377,035
Personal Services - Employee Benefits			155,724
Purchased Professional and Technical Services			57,800
Other Purchased Services			362,352
Tuition			151,473
Supplies and Materials			35,434
Student Activities			145,310
Scholarships			3,200
Total Support Services			1,288,328
Facilities Acquisition and Construction Services:			
Instructional Equipment			172,416
Total Facilities Acquisition and Construction Services			172,416
Total Expenditures	35,928	4,998	2,319,774

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, 2023

Revenue and Other Financing Sources:	
County Improvement Authorization	\$ 1,076,000
	<hr/>
Total Revenue and Other Financing Sources	1,076,000
	<hr/>
Expenditures:	
Purchased Professional and Technical Services	1,111,853
Construction Services	826,300
	<hr/>
Total Expenditures	1,938,153
	<hr/>
Other Financing Uses:	
Unexpended Funds returned to County of Morris	(1,198)
	<hr/>
Total Other Financing Uses	(1,198)
	<hr/>
Excess/(Deficiency) of Revenues and Other Financing Sources	
Over/(Under) Expenditures and Other Financing (Uses)	(863,351)
	<hr/>
Fund Balance - Beginning of Year	25,016,928
	<hr/>
Fund Balance - End of Year	\$ 24,153,577
	<hr/> <hr/>
<u>Recapitulation:</u>	
Committed	\$ 1,657,855
Committed - Year End Encumbrances	22,495,722
	<hr/>
Total Fund Balance - Budgetary Basis/GAAP Basis	\$ 24,153,577
	<hr/> <hr/>

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, 2023

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized 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	184,501	\$ 15,547	200,048	523,440
Construction Services	1,872,824		1,872,824	1,549,432
 Total Expenditures	 2,057,325	 15,547	 2,072,872	 2,072,872
Transfer to 2020 Various Building Projects	(154,790)		(154,790)	(154,790)
Transfer to County College of Morris Renovations to Building #4 and Construction of New Educational Facility		(399,778)	(399,778)	(399,778)
 Excess of Revenue and Other Financing Sources Over Expenditures and Other Financing Uses	 \$ 415,325	 \$ (415,325)	 \$ -0-	 \$ -0-
 <u>Additional Project Information:</u>				
Project Numbers	N/A			
Grant Date	N/A			
County Improvement Authorization Date	N/A			
County Improvement Authorization	N/A			
Original Authorized Cost	\$ 2,627,440			
Additional Authorized Cost	(554,568)			
Revised Authorized Cost	<u>\$ 2,072,872</u>			
 Percentage Increase over Original Authorized Cost	 0%			
Percentage Completion	100%			
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
VARIOUS BUILDING PROJECTS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenue and Other Financing Sources:				
County Improvement Authorization	\$ 516,210		\$ 516,210	\$ 516,210
Total Revenue and Other Financing Sources	516,210		516,210	516,210
Expenditures:				
Purchased Professional and Technical Services	20,431	\$ 4,715	25,146	31,000
Construction Services	580,923	40,992	621,915	625,813
Total Expenditures	601,354	45,707	647,061	656,813
Transfer from 2019 Various Building Projects	154,790		154,790	154,790
Transfer to County College of Morris Renovations to Building #4 and Construction of New Educational Facility		(14,187)	(14,187)	(14,187)
Excess of Revenue and Other Financing Sources Over Expenditures	\$ 69,646	\$ (59,894)	\$ 9,752	\$ -0-

Analysis of Balance
Committed Fund Balance

\$ 9,752

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	140,603
Revised Authorized Cost	\$ 656,813

Percentage Increase over Original Authorized Cost	0%
Percentage Completion	99%
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 2
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	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	\$ 10,224	77,702	78,900
Construction Services	299,535	147,565	447,100	445,902
Total Expenditures	367,013	157,789	524,802	524,802
Unexpended Funds returned to County of Morris		(1,198)	(1,198)	(1,198)
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 158,987	\$ (158,987)	\$ -0-	\$ -0-

Additional Project Information:

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	100%
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, 2023

	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	\$ 1,045,230	1,471,166	2,884,995
Construction Services		637,743	637,743	22,323,965
Total Expenditures and Other Financing Uses	425,936	1,682,973	2,108,909	25,208,960
Transfer from 2019 Various Building Projects		399,778	399,778	399,778
Transfer from 2020 Various Building Projects		14,187	14,187	14,187
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	\$ 24,369,059	\$ (1,269,008)	\$ 23,100,051	\$ -0-

Analysis of Balance

Committed Fund Balance	\$ 644,791
Committed Fund Balance Encumbrances	22,455,260
	\$ 23,100,051

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
Additional Authorized Cost	413,965
Revised Authorized Cost	\$ 25,208,960
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	8%
Original Target Completion Date	6/25
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
HEATING, VENTILATION, AND AIR CONDITIONING PROJECT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenue and Other Financing Sources:				
County Improvement Authorization		\$ 875,000	\$ 875,000	\$ 875,000
 Total Revenue and Other Financing Sources		<u>875,000</u>	<u>875,000</u>	<u>875,000</u>
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services		36,137	36,137	68,800
Construction Services				806,200
 Total Expenditures		<u>36,137</u>	<u>36,137</u>	<u>875,000</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	<u>\$ -0-</u>	<u>\$ 838,863</u>	<u>\$ 838,863</u>	<u>\$ -0-</u>
<u>Analysis of Balance</u>				
Unreserved Fund Balance			\$ 806,200	
Reserve for Encumbrances			<u>32,663</u>	
			<u>\$ 838,863</u>	

Additional Project Information:

Project Numbers	N/A
Grant Date	N/A
County Improvement Authorization Date	N/A
County Improvement Authorization	\$ 875,000
Original Authorized Cost	\$ 875,000
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	4%
Original Target Completion Date	7/24
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 - VARIOUS BUILDING IMPROVEMENTS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenue and Other Financing Sources:				
County Improvement Authorization		\$ 201,000	\$ 201,000	\$ 201,000
Total Revenue and Other Financing Sources		201,000	201,000	201,000
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services				7,800
Construction Services				193,200
Total Expenditures				201,000
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	\$ -0-	\$ 201,000	\$ 201,000	\$ -0-
<u>Analysis of Balance</u>				
Unreserved Fund Balance			\$ 193,200	
Reserve for Encumbrances			7,800	
			\$ 201,000	

Additional Project Information:

Project Numbers	N/A
Grant Date	N/A
County Improvement Authorization Date	N/A
County Improvement Authorization	\$ 201,000
Original Authorized Cost	\$ 201,000
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	0%
Original Target Completion Date	12/24
Revised Target Completion Date	N/A

PROPRIETARY FUNDS

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2023

	Non-Major Funds			Total
	Food	Adult Education	Total	Enterprise Funds
	Cosmetology	Service	Education	Total
Current Assets:				
Cash and Cash Equivalents	\$ 8,633	\$ 84,126	\$ 180,679	\$ 273,438
Intergovernmental Accounts Receivable:				
State		109		109
Federal		2,011		2,011
Other Accounts Receivable		2,252		2,252
Inventories		18,131		18,131
Total Current Assets	8,633	106,629	180,679	295,941
Non-Current Assets:				
Capital Assets		153,507	92,924	246,431
Less: Accumulated Depreciation		(69,666)	(74,924)	(144,590)
Total Non-Current Assets		83,841	18,000	101,841
Total Assets	8,633	190,470	198,679	397,782
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>				
Deferred Outflows of Resources Related to Pensions			75,378	75,378
Total Deferred Outflows of Resources			75,378	75,378

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2023

	Non Major Funds			Total
	Food Service	Adult Education	Total	
	Cosmetology	Total	Enterprise Funds	Total
LIABILITIES:				
Current Liabilities:				
Accounts Payable	\$ 13,228	\$ 39,097	\$ 52,325	\$ 52,325
Unearned Revenue - Donated Commodities	2,314		2,314	2,314
Unearned Revenue - Prepaid Sales	7,790		7,790	7,790
Unearned Revenue - Supply Chain Assistance	41,042		41,042	41,042
Total Current Liabilities	64,374	39,097	103,471	103,471
Non-Current Liabilities:				
Compensated Absences Payable		15,240	15,240	15,240
Net Pension Liability		439,546	439,546	439,546
Total Non-Current Liabilities		454,786	454,786	454,786
Total Liabilities	64,374	493,883	558,257	558,257
DEFERRED INFLOWS OF RESOURCES:				
Deferred Inflows of Resources Related to Pensions		71,655	71,655	71,655
Total Deferred Inflows of Resources		71,655	71,655	71,655
NET POSITION:				
Investment in Capital Assets	83,841	18,000	101,841	101,841
Unrestricted/(Deficit)	\$ 8,633	(309,481)	(258,593)	(258,593)
Total Net Position/(Deficit)	\$ 8,633	\$ (291,481)	\$ (156,752)	\$ (156,752)

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, 2023

	Non Major Funds				Total	Enterprise Funds
	Cosmetology	Food Service	Adult Education	Total		
Operating Revenue:						
Daily Sales:						
Reimbursable Programs		\$ 113,532		\$ 113,532	\$ 113,532	
Non-Reimbursable Programs		124,484		124,484	124,484	
Charges for Services:						
Program Fees	\$ 4,843	2,389	\$ 592,565	599,797	599,797	
Total Operating Revenue	4,843	240,405	592,565	837,813	837,813	
Operating Expenses:						
Cost of Sales:						
Reimbursable Programs		81,356		81,356	81,356	
Non-Reimbursable Programs		103,544		103,544	103,544	
Salaries		85,109	294,484	379,593	379,593	
Employee Benefits		25,101	(87,343) *	(62,242)	(62,242)	
Purchased Professional and Technical Services		13,692	6,520	20,212	20,212	
Communications/Telephone			27,664	27,664	27,664	
Travel			164	164	164	
Miscellaneous Purchased Services			25,502	25,502	25,502	
Supplies and Materials	2,739	7,982	13,457	24,178	24,178	
Textbooks			5,590	5,590	5,590	
Miscellaneous Expense			3,075	3,075	3,075	
Depreciation Expense		6,021	5,282	11,303	11,303	
Total Operating Expenses	2,739	322,805	294,395	619,939	619,939	
Operating Income/(Loss)	2,104	(82,400)	298,170	217,874	217,874	

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, 2023

	Non-Major Funds				Total	Enterprise Funds
	Cosmetology	Food Service	Adult Education	Total		
Non-Operating Revenue:						
State Sources:						
State School Lunch Program		\$ 1,962		\$ 1,962	\$ 1,962	
State School Breakfast Program		2		2	2	
Federal Sources:						
National School Lunch Program		33,206		33,206	33,206	
School Breakfast Program		499		499	499	
Food Distribution Program		20,764		20,764	20,764	
Supply Chain Assistance		22,977		22,977	22,977	
Total Non-Operating Income		79,410		79,410	79,410	
Change in Net Position Before Other Item	\$ 2,104	(2,990)	\$ 298,170	\$ 297,284	297,284	
Other Item:						
Disposal of Capital Assets Net of Depreciation		(6,594)		(6,594)	(6,594)	
Change in Net Position After Other Item	2,104	(9,584)	298,170	290,690	290,690	
Net Position/(Deficit) - Beginning of Year	6,529	135,680	(589,651)	(447,442)	(447,442)	
Net Position/(Deficit) - End of Year	\$ 8,633	\$ 126,096	\$ (291,481)	\$ (156,752)	\$ (156,752)	

* Negative expenditure is due to the change in Deferred Inflows, Deferred Outflows, and Net Pension Liability.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Non Major Funds			Total	Enterprise Funds
	Cosmetology	Food Service	Adult Education		
Cash Flows from Operating Activities:					
Receipts from Customers	\$ 4,843	\$ 243,158	\$ 592,565	\$ 840,566	\$ 840,566
Payments to Food Service Contractor		(295,110)	(408,686)	(295,110)	(295,110)
Payments to/for Employees		(16,777)	(86,879)	(408,686)	(408,686)
Payments to Suppliers	(2,739)			(106,395)	(106,395)
Net Cash Provided by/(Used for) Operating Activities	2,104	(68,729)	97,000	30,375	30,375
Cash Flows from Capital and Related Financing Activities:					
Purchase of Capital Assets		(53,857)		(53,857)	(53,857)
Net Cash (Used for) Capital and Related Financing Activities		(53,857)		(53,857)	(53,857)
Cash Flows from Noncapital Financing Activities:					
State Sources		2,407		2,407	2,407
Federal Sources		122,648		122,648	122,648
Net Cash Provided by Noncapital Financing Activities		125,055		125,055	125,055
Net Increase in Cash and Cash Equivalents	2,104	2,469	97,000	101,573	101,573
Cash and Cash Equivalents, July 1	6,529	81,657	83,679	171,865	171,865
Cash and Cash Equivalents, June 30	\$ 8,633	\$ 84,126	\$ 180,679	\$ 273,438	\$ 273,438

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Non Major Funds			Total
	Food	Adult Education	Total	Enterprise Funds
	Cosmetology	Service	Total	Total
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:				
Operating Income/(Loss)	\$ 2,104	\$ (82,400)	\$ 298,170	\$ 217,874
Adjustment to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:				
Depreciation		6,021	5,282	11,303
Food Distribution Program		20,764		20,764
Changes in Assets and Liabilities:				
Decrease in Other Accounts Receivable		2,753		2,753
(Increase) in Inventory		(7,999)		(7,999)
(Decrease) in Accounts Payable		(8,735)	(4,907)	(13,642)
Increase in Unearned Revenue		867		867
Increase in Compensated Absences Payable			363	363
Increase in Net Pension Liability			14,769	14,769
Decrease in Deferred Outflows of Resources Related to Pensions			(11,173)	(11,173)
Increase in Deferred Inflows of Resources Related to Pensions			(205,504)	(205,504)
Net Cash Provided by/(Used for) Operating Activities	\$ 2,104	\$ (68,729)	\$ 97,000	\$ 30,375

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Commodities through the Food Distribution Program valued at \$21,853 and utilized U.S.D.A. Commodities valued at \$20,764.

STATISTICAL SECTION
(UNAUDITED)

This part of the District’s annual comprehensive 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,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental Activities										
Net Investment in Capital Assets	\$ 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	\$ 29,130,536
Restricted	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	2,404,705
Unrestricted/(Deficit)	(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	19,603,466
Total Governmental Activities Net Position	\$ 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	\$ 51,138,707
Business-type Activities										
Investment in Capital Assets	\$ 21,889	\$ 59,168	\$ 54,132	\$ 51,626	\$ 78,459	\$ 65,073	\$ 52,827	\$ 43,277	\$ 65,880	\$ 101,841
Unrestricted/(Deficit)	(337,263)	(272,787)	(335,504)	(389,405)	(501,494)	(468,003)	(387,956)	(455,537)	(513,322)	(258,593)
Total Business-type Activities Net Position/(Deficit)	\$ (315,374)	\$ (213,619)	\$ (281,372)	\$ (337,779)	\$ (423,035)	\$ (402,930)	\$ (335,129)	\$ (412,260)	\$ (447,442)	\$ (156,752)
District-wide										
Net Investment in Capital Assets	\$ 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	\$ 29,232,377
Restricted	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	2,404,705
Unrestricted/(Deficit)	(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	19,344,873
Total District Net Position	\$ 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	\$ 50,981,955

Source: School District Financial Reports

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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses:										
Governmental Activities:										
Instruction										
Regular	\$ 5,285,328	\$ 6,214,158	\$ 6,756,299	\$ 7,533,268	\$ 8,305,570	\$ 8,348,433	\$ 9,451,796	\$ 10,529,320	\$ 10,509,787	\$ 10,941,826
Special Education	534,548	943,045	680,667	720,377	994,810	1,044,478	1,147,511	1,068,936	889,988	1,082,130
Vocational Education	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	5,191,798
Other Instruction	287,998	359,390	413,282	473,395	433,030	797,806	452,853	442,312	450,583	537,390
Support Services:										
Student and Instruction Related Services	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	3,939,545
General Administrative Services	536,254	679,650	790,458	770,423	802,170	811,153	751,153	852,901	748,505	746,177
School Administrative Services	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	1,472,033
Central Services	570,132	667,080	730,335	852,529	808,387	743,852	691,736	927,355	779,818	783,397
Administrative Information Technology	428,018	297,466	367,155	465,288	411,890	419,941	414,289	412,660	378,475	461,663
Plant Operations and Maintenance	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	2,196,227
Pupil Transportation	152,221	165,439	177,197	225,412	224,611	271,074	195,574	195,000	259,195	338,811
Special Schools	1,334,528	1,263,140	1,408,989	1,460,425	864,264	630,342	464,595	353,634	299,879	340,930
Capital Outlay	62,039	62,289	57,548		4,589	2,193	35,022	3,485	286,626	18,247
Unallocated Depreciation	469,963									
Total Governmental Activities Expenses	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	28,050,174
Business-Type Activities:										
Enterprise Funds	795,080	792,832	835,537	792,011	839,853	761,732	632,651	718,753	1,034,155	619,939
Total Business-Type Activities Expense	795,080	792,832	835,537	792,011	839,853	761,732	632,651	718,753	1,034,155	619,939
Total District Expenses	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	28,670,113
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Tuition	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	14,628,498
Operating Grants and Contributions	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	5,970,326
Total Governmental Activities Program Revenues	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	20,598,824
Business-Type Activities:										
Charges for Services:										
Enterprise Funds	726,521	845,773	831,756	703,503	752,240	748,630	672,645	560,563	664,582	837,813
Operating Grants and Contributions	21,401	28,556	29,977	32,089	27,355	32,997	22,743	71,938	334,391	79,410
Total Business-Type Activities Program Revenues	747,922	874,329	861,733	735,592	779,595	781,627	695,388	632,501	998,973	917,223

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

UNAUDITED
(Continued)

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total District Program Revenues	\$ 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	\$ 21,516,047
Net (Expense)/Revenue:										
Governmental Activities	(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)	(7,451,350)
Business-Type Activities	(47,158)	81,497	26,196	(56,419)	(60,258)	19,895	62,737	(86,252)	(35,182)	297,284
Total District-Wide Net Expense	(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)	(7,154,066)
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	6,426,286
Federal and State Aid not Restricted	706,862	720,276	718,955	729,129	728,406	649,307	638,150	638,128	637,858	637,841
Interest Earnings	4,687	4,063	11,714	27,608	26,244	26,348	10,100	1,842	2,909	31,765
Transfers	(44,059)	(16,761)	94,798	115	25,012	(5,064)			820	(701)
Unexpended Funds returned to County of Morris							45,500			(1,198)
Capital Contribution to School District		(3,258)								
Contributed Capital	1,292,220	2,061,000	601,000	116,000	1,048,000	2,627,440	516,210		25,445,995	1,076,000
County Improvement Authorization			(23,694)	(923,134)						
County Improvement Authorization Cancelled			97,722	118,024	152,354	177,678	118,619	264,120	232,826	374,045
Miscellaneous Income	47,972	72,190	7,851,781	6,419,028	8,331,302	9,832,059	7,674,801	7,255,376	32,671,694	8,544,038
Total Governmental Activities	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	8,544,038
Business-Type Activities:										
Transfers	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	(3,283)									
Receivable/Payable										
Deletion of Capital Assets, Net of										
Accumulated Depreciation										
Total Business-Type Activities	40,859	20,258	(93,949)	12	(24,998)	210	5,064	9,120		(6,594)
Total District-Wide	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	8,537,444
Change in Net Position:										
Governmental Activities	1,821,434	2,751,414	478,052	(1,532,243)	1,540,064	2,426,046	457,556	1,244,341	26,192,168	1,092,688
Business-Type Activities	(6,299)	101,755	(67,753)	(56,407)	(85,256)	20,105	67,801	(77,132)	(35,182)	290,690
Total District	\$ 1,815,135	\$ 2,853,169	\$ 410,299	\$ (1,588,650)	\$ 1,454,808	\$ 2,446,151	\$ 525,357	\$ 1,167,209	\$ 26,156,986	\$ 1,383,378

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,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Restricted	\$ 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	\$ 2,139,141
Assigned	300,573	280,788	108,958	288,294	574,490	100,000	60,451	155,474	87,065	168,381
Unassigned	848,989	887,036	909,928	926,482	982,584	1,153,591	1,068,463	1,128,909	1,246,449	1,259,381
Total General Fund	\$ 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	\$ 3,566,903
All Other Governmental Funds										
Restricted							\$ 256,583	\$ 250,146	\$ 252,059	\$ 265,564
Committed	\$ 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	24,153,577
Total All Other Governmental Funds	\$ 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	\$ 24,419,141
Total All Governmental Funds										
Restricted	\$ 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	\$ 2,404,705
Committed	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	24,153,577
Assigned	300,573	280,788	108,958	288,294	574,490	100,000	60,451	155,474	87,065	168,381
Unassigned	848,989	887,036	909,928	926,482	982,584	1,153,591	1,068,463	1,128,909	1,246,449	1,259,381
Total All Governmental Funds	\$ 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	\$ 27,986,044

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

	For Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
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	\$ 6,426,286
Tuition from LEA's	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	14,282,569
Other Tuition	458,157	487,861	492,339	438,808	449,416	468,861	339,504	408,102	409,319	345,929
Interest Earned on Capital Reserve Funds	768	1,475	4,161	10,778	26,185	26,185	9,827	1,669	2,683	31,441
Interest Earned on Maintenance Reserve Funds				59		163		173	226	324
Other Restricted Miscellaneous Revenue	53,422	75,528	107,154	134,854	152,678	179,710	118,619	254,470	237,826	351,766
State Sources	2,556,977	2,786,118	3,072,492	3,537,683	4,055,086	4,192,036	4,061,446	4,701,599	5,649,375	6,031,606
Federal Sources	1,708,791	1,391,840	1,546,750	1,523,814	1,403,244	1,689,398	1,603,051	1,680,655	2,143,709	2,115,905
Total Revenue	19,985,753	20,557,089	20,611,537	21,372,206	23,287,900	23,871,403	24,556,289	27,257,464	28,949,518	29,775,118
Expenditures:										
Instruction:										
Regular Instruction	4,456,229	4,642,339	4,832,218	4,844,904	5,649,803	6,053,025	7,247,915	8,031,622	8,795,904	9,295,911
Special Education Instruction	389,739	432,043	411,301	403,777	577,264	653,895	734,819	597,230	572,735	707,015
Vocational Education Instruction	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	3,216,556
School-Sponsored/Other Instruction	266,705	307,298	344,322	361,942	350,488	724,596	382,861	384,188	455,599	492,513
Support Services:										
Student and Instruction Related Services	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	3,462,149
General Administrative Services	452,648	527,100	608,332	522,608	549,049	586,471	539,919	571,997	558,618	561,640
School Administrative Services	946,985	791,065	762,568	698,542	751,852	947,878	990,095	1,008,627	1,059,232	1,043,366
Central Services	459,317	495,682	513,617	546,588	526,759	501,805	482,363	500,011	511,705	531,759
Administrative Information Technology	286,859	221,550	262,562	320,193	302,009	316,529	315,442	321,863	329,441	360,151
Plant Operations and Maintenance	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	1,966,772
Pupil Transportation	155,760	154,556	164,468	153,635	162,343	172,764	107,513	123,855	201,477	231,290
Allocated Benefits	5,251									
Unallocated Benefits	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	7,305,938
Special Schools	1,292,440	1,078,813	1,189,895	1,161,358	545,369	489,625	321,480	304,444	305,524	313,641
Capital Outlay	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	2,756,855
Total Expenditures	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	32,245,556
Excess (Deficiency) of Revenues Over (Under) Expenditures	(281,266)	(736,317)	(1,029,844)	94,282	33,821	(2,062,419)	(1,858,526)	600,931	(2,429,130)	(2,470,438)

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

UNAUDITED
(Continued)

	For Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Other Financing Sources (Uses):										
County Improvement Authorizations	\$ 1,292,220	\$ 2,061,000	\$ 601,000	\$ 116,000	\$ 1,048,000	\$ 2,627,440	\$ 516,210	\$ 1,076,000	\$ 25,445,995	\$ 1,076,000
Transfers	(44,059)	(16,761)	94,798	115	23,415		(5,064)		820	(701)
Unexpended Funds returned to County of Morris		(3,258)		(807,019)	1,071,415	2,627,440	511,146	1,076,000	25,446,815	1,074,101
Capital Contribution to Food Service Fund	1,248,161	2,040,981	672,104							
Total Other Financing Sources (Uses)	\$ 966,895	\$ 1,304,664	\$ (357,740)	\$ (712,737)	\$ 1,105,236	\$ 565,021	\$ (1,347,380)	\$ 1,676,931	\$ 23,017,685	\$ (1,396,337)
Net Change in Fund Balances	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Debt Service as a Percentage of Noncapital Expenditures										
N/A Not Applicable										

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
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
2023	14,628,498	158,161	247,649	15,034,308

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)
2013	\$ 1,121,535,950	\$ 60,489,876,715	\$ 685,237,400	\$ 11,944,478	\$ 11,513,732,422	\$ 2,917,649,400	\$ 2,286,186,900	\$ 79,026,163,265	\$ 7,277,468,700	\$ 61,429,260	\$ 79,087,592,525	N/A	\$ 90,780,233,689
2014	1,040,064,650	60,385,164,210	690,643,400	12,057,978	11,666,955,422	2,923,186,200	2,295,606,200	79,013,678,060	7,293,537,400	45,147,771	79,058,825,831	N/A	89,368,907,348
2015	1,006,685,850	60,605,580,547	693,260,300	11,915,400	11,629,578,222	2,887,476,900	2,323,159,100	79,157,656,319	7,346,524,200	33,841,181	79,191,497,500	N/A	90,711,159,054
2016	1,010,630,100	59,960,359,430	590,134,200	8,695,260	12,000,529,422	2,747,812,600	2,344,932,900	78,663,093,912	7,319,296,950	34,501,222	82,168,381,134	N/A	91,741,656,968
2017	1,072,431,500	64,706,917,630	717,815,600	11,997,198	12,382,440,622	2,906,536,400	2,562,203,300	84,360,342,250	7,676,242,500	35,471,441	84,360,342,250	N/A	93,601,899,566
2018	1,005,122,600	65,323,458,030	725,499,400	11,723,198	12,561,614,852	2,902,959,800	2,601,846,400	85,132,224,280	7,821,158,050	33,523,397	85,165,747,677	N/A	94,755,062,034
2019	1,075,773,100	66,810,471,500	727,015,200	11,136,698	12,841,876,677	2,917,800,600	2,714,949,000	87,099,022,775	8,101,432,700	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
2022	1,033,384,900	68,774,652,800	750,831,700	10,349,338	12,875,575,950	3,032,754,000	2,972,522,000	89,450,070,688	8,389,424,200	32,343,117	89,482,413,805	N/A	101,012,308,075

N/A - Not Applicable

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation. Reassessment occurs in each municipality when ordered by the County Board of Taxation

^a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

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	2022		
	Taxable Assessed Value	Rank	% of Total County Net Valuation Taxable
Point View Campus, LLC	\$ 371,712,000	1	0.42%
Novartis Corporation	347,070,670	2	0.39%
Bayer Healthcare, LLC	155,670,300	3	0.17%
Rockaway Center Associates	150,000,000	4	0.17%
Oakwood Garden Associates, LLC	120,000,000	5	0.13%
Pondview Estates Inc.	122,398,400	6	0.14%
US Real Estate Holdings, LLC	102,459,700	7	0.11%
Sun Valley Plaza, LLC	111,329,800	8	0.12%
SDK Village Green, LLC	99,500,000	9	0.11%
KBS II 300-600 Camps Drive, LLC	93,517,700	10	0.10%
Total	<u>\$ 1,673,658,570</u>		<u>1.87%</u>

Taxpayer	2013		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Novartis Corporation	\$ 415,030,700	1	0.52%
Point View Campus LLC	358,026,000	2	0.45%
Rockaway Center Associates	170,000,000	3	0.21%
Bayer Healthcare, LLC	155,670,300	4	0.20%
MC NEIL-PPC, Inc	111,464,000	5	0.14%
Oakwood Garden Associates, LLC	99,500,000	6	0.13%
Allied Signel, Inc	64,900,000	7	0.08%
KBS II 300-600 Campus Drive, LLC	93,517,700	8	0.12%
Segal Realty Associates	77,700,000	9	0.10%
Pernwil Associates	75,000,500	10	0.09%
	<u>\$ 1,620,809,200</u>		<u>2.05%</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	
2014	\$ 6,351,286	\$ 6,099,391	96.03%	\$ 251,895.00
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-
2023	6,426,286	6,426,286	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.

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN 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		Income ^a			
					Financed Purchases	Business-Type Activities				
2014	\$ -0-	\$ -0-	\$ 80,685	\$ -0-	\$ 9,910	\$ 90,595	0.0002%	\$ 0.18		
2015	-0-	-0-	55,828	-0-	7,401	63,229	0.0001%	0.13		
2016	-0-	-0-	30,385	-0-	4,839	35,224	0.0001%	0.07		
2017	-0-	-0-	-0-	-0-	-0-	-0-	0.0000%	0.00		
2018	-0-	-0-	-0-	-0-	-0-	-0-	0.0000%	0.00		
2019	-0-	-0-	-0-	-0-	-0-	-0-	0.0000%	0.00		
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		
2023	-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, 2022
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

Year	Population ^a	Morris County Per Capital Personal Income ^b	Total Morris County Personal Income	Unemployment Rate ^c
2014	494,931	\$ 84,287	\$ 41,716,249,197	4.90%
2015	494,370	88,298	43,651,882,260	4.20%
2016	493,831	91,252	45,063,066,412	3.90%
2017	493,994	93,544	46,210,174,736	3.60%
2018	493,084	97,244	47,949,460,496	3.30%
2019	491,577	99,140	48,734,943,780	2.80%
2020	491,087	102,227	50,202,350,749	7.80%
2021	510,981	107,767	55,066,889,427	5.00%
2022	511,151	107,767 **	55,085,209,817 ***	3.00%
2023	511,151 *	107,767 **	55,085,209,817 ***	N/A

* - Latest population data available (2022) was used for calculation purposes.

** - Latest Morris County per capita personal income available (2021) was used for calculation purposes.

*** - Latest available population data (2022) and latest available Morris County per capita personal income (2021) 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	2023		
	Employees	Rank (Optional)	Percentage of Total Employment
Atlantic Health System	10,552	1	4.53%
Novartis Corporation	6,500	2	2.79%
U.S. Army Armament Research and Development	6,000	3	2.58%
Barclays	3,374	4	1.45%
Bayer Healthcare, LLC	2,713	5	1.16%
Automatic Data Processing, Inc.	2,400	6	1.03%
Accenture	2,344	7	1.01%
PricewaterhouseCoopers	2,095	8	0.90%
Cigna	1,686	9	0.72%
Deloitte & Touche	1,646	10	0.71%
	<u>39,310</u>		<u>16.87%</u>
Total Employment	<u>262,719</u>		
Employer	2014		
	Employees	Rank (Optional)	Percentage of Total Employment
U.S. Army Armament Research and Development	5,841	1	2.27%
Novartis Corporation	5,035	2	1.96%
Atlantic Health Systems	4,463	3	1.74%
Automatic Data Processing, Inc.	2,060	4	0.80%
Bayer Healthcare, LLC	1,900	5	0.74%
County of Morris	1,674	6	0.65%
Wyndham Worldwide Corporation	1,653	7	0.64%
St. Clare's	1,642	8	0.64%
BASF Corporation	1,500	9	0.58%
Accenture	1,480	10	0.58%
	<u>27,248</u>		<u>10.60%</u>
Total Employment	<u>257,024</u>		

Source: County of Morris

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

UNAUDITED

<u>Function/Program</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Instruction:										
Regular	33.0	35.0	36.0	37.0	37.0	37.0	37.0	37.0	37.0	38.0
Special Education	6.0	6.0	5.0	3.0	3.0	3.0	2.0	2.0	2.0	2.0
Vocational	23.5	24.5	24.0	27.0	27.0	28.5	26.0	26.5	27.0	27.0
Other Instruction	5.0	5.0	5.0	5.0	6.0	6.0	7.0	7.0	8.0	8.0
Adult/Continuing Education Programs	91.0	76.0	52.0	67.0	69.0	59.0	45.0	56.0	54.0	63.0
Support Services:										
Student & Instruction Related Services	10.0	10.0	10.5	12.0	13.0	13.0	12.5	12.5	13.0	13.5
School Administrative Services	21.0	21.0	20.0	18.0	20.0	19.0	19.0	19.0	19.0	19.0
General Administrative Services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Central Services	5.0	6.0	6.0	6.0	6.0	5.0	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	13.0	13.0
Total	212.5	201.5	176.5	193.0	199.0	188.5	171.5	183.0	182.0	192.5

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

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio School of Technology	Average Daily		% Change in Average Daily Enrollment	Student Attendance Percentage
							Enrollment (ADE) ^c	Attendance (ADA) ^c		
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%
2023	1,463.0	29,488,701	20,156	6.38%	75.0	1:20.8	1,463.3	1,403.1	-5.20%	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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<u>District Buildings</u>										
School of Technology (1969)	165,011	165,011	187,911	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)	971.7	975.1	996.0	1,035.6	1,105.9	1,218.0	1,358.3	1,456	1,456	1,463
Enrollment										

Number of Schools at June 30, 2023
 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,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Morris County Vocational School*	\$ 647,520	\$ 686,855	\$ 527,221	\$ 544,005	\$ 597,387	\$ 728,711	\$ 695,927	\$ 447,707	\$ 589,085	\$ 373,338
Total School Facilities*	\$ 647,520	\$ 686,855	\$ 527,221	\$ 544,005	\$ 597,387	\$ 728,711	\$ 695,927	\$ 447,707	\$ 589,085	\$ 373,338

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

**MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
INSURANCE SCHEDULE
June 30, 2023
UNAUDITED**

Exhibit J-20
1 of 3

Morris County Insurance Fund Chubb Insurance Company of New Jersey Commercial Property	Coverage	Deductible
Building/Personal Property	\$300,000,000 Building	\$100,000 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	\$1,500,000	
Business Income Loss of Utilities Overhead lines	\$250,000	
Additional Coverages - Specific Limits		
Street Signs	\$130,032	Deductible \$25,000
Traffic Lights	\$100,000	Deductible \$25,000
Bi-Lou Overhead Lines	\$250,000	72 Hours Waiting Period (Consecutive Hours)
Solar Panels Per SOV	\$19,605,795	Deductible \$25,000
Mobile Equipment	\$7,231,594	Deductible \$25,000
Personal Property in Transit	\$100,000	Deductible \$25,000
Blanket Limits - Covered Premises	\$250,000	
Accounts Receivable		
Electronic Data Processing Property		
Fine Arts Leasehold		
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	\$2,500,000	
Personal Property	\$1,000,000	
Personal Property at Existing Premises	\$100,000	
Electronic Data Processing Equipment	\$1,000,000	
Communication Property	\$50,000	
Fine Arts	\$25,000	
Business Income Coverage		
Any Other Location	\$25,000	
Contractual Penalties	\$10,000	
Dependent Business Premises		
Exhibition, Fair or Trade Show	\$10,000	
Preparation of Loss Fees	\$10,000	
Loss of Utilities	\$15,000	
Pollutant Clean Up or Removal	\$10,000	
Ingress & Egress	\$25,000	
Newly Acquired Premises -- Business Income	\$100,000	
Ocean Cargo Coverage		
Goods in Transit	\$50,000	
Prohibition of Access		
Per Occurrence Limit	\$50,000	
Annual Aggregate Limit	\$100,000	
Live Animals Additional Coverage		
Live Animals per Occurrence Limit of Insurance	\$200,000	\$25,000
Earthquake		
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	
Property Damage per Premises/Per Occurrence Dollar Deductible		Deductible \$100,000
Waiting Period Per Premises/Per Occurrence (Consecutive Hours)		48 Hours

**MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
INSURANCE SCHEDULE
June 30, 2023
UNAUDITED**

Exhibit J-20
2 of 3

Flood (Inundation, Back-Up and Mud Flow Included)

Policy Annual Aggregate Limit of Insurance	\$10,000,000	
Premises Annual Aggregate Limit of Insurance	\$5,000,000	
Per Occurrence Limit of insurance	\$5,000,000	
Per Occurrence Dollar Deductible		\$500,000 Deductible

Safety National Casualty Corporation

Commercial General Liability

General Aggregate Limit	\$5,000,000	Self-Insured Retained Limit \$500,000
Products/Completed Operations Aggregate Limit	\$5,000,000	
Each Occurrence Limit	\$5,000,000	
Damages to Premises Rented to You Limit	\$500,000	

Employee Benefits Liability

Aggregate Limit	\$5,000,000	Self-Insured Retained Limit \$500,000
Each Employee Limit	\$5,000,000	
Retroactive Date: 1/1/2009		

Auto Liability

Employee Benefits Annual Aggregate	\$5,000,000	SIR - Auto Liability - \$500,000
Each Occurrence	\$5,000,000	

Law Enforcement Liability

Each Occurrence	\$5,000,000	SIR - Auto Liability - \$500,000
Law Enforcement Liability Aggregate	\$5,000,000	

Public Officials and Employment Practices Liability

Each Wrongful Act Public Officials and Employment Practices Liability Aggregate	\$5,000,000	SIR - Auto Liability - \$500,000
	\$5,000,000	

Educators Legal Liability & Employment Practices

Annual Aggregate Limit	\$5,000,000	Each Wrongful Act (including LAE)- \$500,000
Each Wrongful Act	\$5,000,000	Retroactive Date: 1/1/2009

Excess Liability – Lexington

Premium - \$315,000

General Aggregate Limit	\$5,000,000
Each Occurrence Limit	\$5,000,000
Products and Completed Operations Aggregate	\$5,000,000

Underlying Insurance

- General Liability
- Commercial Automobile Liability
- Public Officials Liability
- Law Enforcement Liability Coverage
- Educators Legal Liability

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
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 Each Incident 14 days
Coverage Aggregate Limit 180 Days/\$1,000,000		
Disinfection event expenses de \$100,000 Each incident \$250,000		
Cover Aggregate \$250,000		

**MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
INSURANCE SCHEDULE
June 30, 2023
UNAUDITED**

Exhibit J-20
3 of 3

Crum & Forster

Storage Tank Liability

Policy Aggregate Limit	\$1,000,000	Deductible \$250,000
Each confirmed Release Limit	\$1,000,000	Each Confirmed Lease
Defense expense Aggregate Limit	\$250,000	

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

Chubb (ACE American Ins)

Cyber

Media Content	\$1,000,000	\$150,000
Security and Privacy	\$1,000,000	\$150,000
Network Interruption	\$1,000,000	\$150,000
Event Management	\$1,000,000	\$150,000
Cyber Extortion	\$1,000,000	\$150,000

Global Aerospace Inc

Drone Liability

Medical Services Each Occurrence	\$5,000	
Aviation Personal and Advertising Injury Liability	\$1,000,000	
Fire Legal Liability	\$100,000	
Any Unmanned Aircraft Owned and Operated by the Named Insured	\$1,000,000 Liability Limit	
	\$1,000,000 Third Party War Limit	
	\$1,000,000 Personal Injury Limit	
	\$5,000 Medical Limit	
Non Owned Liability and Unmanned Aircraft System that does not exceed 55lbs in Weight	\$1,000,000 Liability Limit	
	\$1,000,000 Third Party War Limit	
	\$1,000,000 Personal Injury Limit	
	\$5,000 Medical Limit	

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, in the County of Morris (the "District") as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 27, 2023.

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.

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

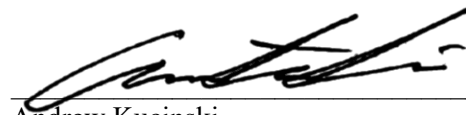
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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.

November 27, 2023
Mount Arlington, New Jersey

NISIVOCCIA LLP



Andrew Kucinski
Licensed Public School Accountant #2684
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") 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, 2023. 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, 2023.

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

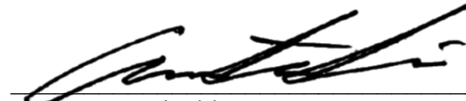
Our consideration of internal control over compliance was for the limited purpose described in the Auditor’s Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant 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.

November 27, 2023
Mount Arlington, New Jersey

NISIVOCCIA LLP



Andrew Kucinski
Licensed Public School Accountant #2684
Certified Public Accountant

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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, 2022			Cash Received	Budgetary Expenditures	Cancellations	Repayment of Prior Years' Balances	Balance at June 30, 2023		Amount Provided to Subrecipients
					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor					Budgetary Accounts Receivable	Budgetary Unearned Revenue	
<u>U.S. Department of Education:</u>														
Passed-through State Department of Education:														
Special Revenue Fund:														
Student Financial Aid Cluster:														
84.063	Federal Pell Grant	P063P064434	9/1/22-8/31/23	\$ 83,391			\$ 65,249	\$ (65,249)						
84.268	Federal Direct Student Loans (Direct Loan):													
84.268	Stafford Loans - Subsidized	N/A	9/1/22-8/31/23	54,880			46,516	(46,516)						
84.268	Stafford Loans - Unsubsidized	N/A	9/1/22-8/31/23	65,811			39,708	(39,708)						
	Total Student Financial Aid Cluster						151,473	(151,473)						
Total Special Education Cluster:														
84.027	L.D.E.A. Part B, Basic	IDEA336523	7/1/22-9/30/23	276,715			188,507	(252,804)				\$ (64,297)		
84.027	L.D.E.A. Part B, Basic	IDEA336522	7/1/21-9/30/22	285,813	\$ (56,068)		56,068							
84.027	L.D.E.A. Part B, Basic	IDEA336521	7/1/20-9/30/21	239,942	(7,357)				\$ 7,357					
84.027X	COVID-19 - ARP - L.D.E.A. Part B, Basic	IDEA336522	3/13/20-9/30/24	52,315	(80,148)		16,722	(252,804)				(1)		
	Total Special Education Cluster						261,297	(252,804)				(64,298)		
84.048	Carl D. Perkins Secondary	PERK336523	7/1/22-6/30/23	387,297			366,112	(370,630)				(4,518)		
84.048	Carl D. Perkins Secondary	PERK336522	7/1/21-6/30/22	393,440	(2,775)		2,774		1			(786)		
84.048	Carl D. Perkins Secondary	PERK336521	7/1/20-6/30/21	391,223	(786)							(396)		
84.048	Carl Perkins Secondary - Reserve	PERK336523	7/1/22-6/30/23	61,605			61,205	(61,601)						
84.048	Carl D. Perkins Post Secondary	PERK336523	7/1/22-6/30/23	122,381			104,547	(105,651)					\$ 896	
84.048	Carl D. Perkins Post Secondary	PERK336522	7/1/21-6/30/22	119,625					708		2,316		708	
84.048	Carl D. Perkins Post Secondary	PERK336521	7/1/20-6/30/21	125,594	183						183			
	Subtotal Carl D. Perkins				(3,561)		534,638	(535,882)	709		2,499	(5,700)		1,604
Education Stabilization Fund:														
84.425D	COVID-19 - CRRSA - ESSER II	S425D200027	3/13/20-9/30/23	211,876	(31,676)		31,676							
84.425D	COVID-19 - CRRSA Learning Acceleration	S425D200027	3/13/20-9/30/23	25,000	(100)							(100)		
84.425U	COVID-19 - ARP - ESSER III	N/A	3/13/20-9/30/24	476,178	(75,190)		269,256	(235,497)				(41,431)		
84.425U	COVID-19 - ARP - Accelerated Learning Coach and Educator Support	N/A	3/13/20-9/30/24	142,601	(65,100)		114,528	(68,878)				(19,450)		
84.425U	COVID-19 - ARP - Evidence Based Summer Learning and Enrichment	N/A	3/13/20-9/30/24	40,000	(39,121)		39,121							
84.425U	COVID-19 - ARP - NJTSS Mental Health Support Staffing	N/A	3/13/20-9/30/24	45,000			31,182	(24,850)					\$ 6,332	
84.425U	COVID-19 - ARP - Evidence Based Comprehensive Beyond the School Day Total Education Stabilization Fund	N/A	3/13/20-9/30/24	40,000	(9,975)		19,600	(14,875)				(5,250)		
	Total U.S. Department of Education				(221,162)		505,363	(344,100)				(66,231)		
					(304,871)		1,452,771	(1,284,259)	8,066		2,499	(136,229)	6,332	1,604
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-23-07-31	7/1/22-6/30/23	898,711			832,767	(846,079)				(13,312)		
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	(84,863)							(84,863)		
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	(84,863)		832,767	(846,079)			1,526	(98,175)		
	Subtotal Consolidated Adult Basic Skills and Integrated English Literacy and Civics Education						2,285,538	(2,130,338)	8,066		4,025	(234,404)	6,332	1,604
	Total Special Revenue Fund				(389,734)									

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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, 2022			Due to Grantor	Cash Received	Budgetary Expenditures	Adjust- ments	Repayment of Prior Years' Balances	Balance at June 30, 2023		Amount Provided to Subrecipients
					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Budgetary Accounts Receivable						Budgetary Unearned Revenue		
U.S. Department of Agriculture:															
Passed-through State Department of Agriculture:															
Child Nutrition Cluster:															
Food Distribution Program	10.555	N/A	7/1/22-6/30/23	\$ 21,852				21,852	(19,538)				\$ 2,314		
Food Distribution Program	10.555	N/A	7/1/21-6/30/22	14,120					(1,226)						
National School Lunch Program	10.555	N/A	7/1/22-6/30/23	33,206				31,228	(33,206)				(1,978)		
COVID 19 - Seamless Summer Option	10.555	N/A	7/1/21-6/30/22	309,387				26,935							
COVID 19 - Supply Chain Assistance	10.555	N/A	7/1/22-6/30/23	64,019				64,019	(22,977)				41,042		
School Breakfast Program	10.555	N/A	7/1/22-6/30/23	499				466	(499)				(33)		
Total Child Nutrition Cluster								144,500	(77,446)				(2,011)	43,356	
Total U.S. Department of Agriculture								144,500	(77,446)				(2,011)	43,356	
Total Federal Awards								\$ 2,430,038	\$ (2,207,784)	\$ 8,066	\$ 4,025	\$ (236,415)	\$ 49,688	\$ 1,694	\$ -0-

N/A - Not Available/Applicable

MORRIS COUNTY VOCATIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

State Grantor/Program Title	Project Number	Grant or State	Grant Period	Award Amount	Balance at June 30, 2022			Due to Grantor	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2023		Cumulative Total Expenditures
					Budgetary Deferral Revenue	Budgetary Accounts Receivable	GAAP Accounts Receivable						Budgetary Unearned Revenue	Budgetary Accounts Receivable	
NJ Department of Education:															
General Fund State Aid:															
Equalization Aid	23-495-034-5120-078	7/1/22-6/30/23		\$ 73,419				\$ 66,335	\$ (73,419)				\$ (7,084)	\$ 73,419	
Special Education Categorical Aid	23-495-034-5120-089	7/1/22-6/30/23		998,664				902,309	(998,664)				(96,355)	998,664	
Security Aid	23-495-034-5120-084	7/1/22-6/30/23		90,697				81,946	(90,697)				(8,751)	90,697	
Adjustment Aid	23-495-034-5120-085	7/1/22-6/30/23		474,062				428,323	(474,062)				(45,739)	474,062	
Equalization Aid	22-495-034-5120-078	7/1/21-6/30/22		73,419				7,342						73,419	
Special Education Categorical Aid	22-495-034-5120-089	7/1/21-6/30/22		784,680				72,713						784,680	
Security Aid	22-495-034-5120-084	7/1/21-6/30/22		90,697				9,070						90,697	
Adjustment Aid	22-495-034-5120-085	7/1/21-6/30/22		474,062				47,406						474,062	
Reimbursed TPAF Social Security															
Contributions	23-495-034-5094-003	7/1/22-6/30/23		588,274				557,740	(588,274)				(30,534)	588,274	
Reimbursed TPAF Social Security															
Contributions	22-495-034-5094-003	7/1/21-6/30/22		606,845				29,599						606,845	
On-Behalf TPAF Post Retirement Contributions	23-495-034-5094-001	7/1/22-6/30/23		788,631			(29,599)	788,631	(788,631)					788,631	
On-Behalf TPAF Pension Contributions	23-495-034-5094-002	7/1/22-6/30/23		2,960,967				2,960,967	(2,960,967)					2,960,967	
On-Behalf TPAF Non-Contributory Insurance	23-495-034-5094-004	7/1/22-6/30/23		41,080				41,080	(41,080)					41,080	
On-Behalf TPAF Long-Term Disability Insurance	23-495-034-5094-004	7/1/22-6/30/23		1,282				1,282	(1,282)					1,282	
Total General Fund State Aid								5,997,743	(6,017,076)				(30,534)	8,046,779	
Enterprise Fund:															
Food Service Fund:															
COVID-19 - Seamless Summer Option	22-100-010-3350-023	7/1/21-6/30/22						552							
State School Lunch Program	23-100-010-3350-023	7/1/22-6/30/23		1,962			(552)	1,853	(1,962)				(109)	1,962	
State School Breakfast Program	23-100-010-3350-023	7/1/22-6/30/23		2			(552)	2,407	(1,964)				(109)	1,962	
Total Enterprise Fund State Aid															
Total NJ Department of Education								5,997,150	(6,019,040)				(30,643)	9,161,798	
Special Revenue Fund State Aid (Cont'd)															
Nonpublic Teacher STEM	N/A			2,426				652		\$ 46 *					
NJ Schools Development Authority:															
School Development Authority -															
Emergent Program and Capital Maintenance Needs	N/A	7/1/21-6/30/23		48,039				48,039	(35,928)					35,928	
School Development Authority -															
Emergent Program and Capital Maintenance Needs	N/A	7/1/21-6/30/22		40,190											
School Security	22E00098	9/1/21-8/31/22		93,869				42,204							
Total NJ Department of Labor and Workforce Development								90,895	(35,928)	46				42,502	
Total Special Revenue Fund State Aid								90,895	(35,928)	46				42,502	
Total State Awards Subject to Single Audit Determination								\$ 6,088,045	\$ (6,054,968)	\$ 46			\$ (30,643)	\$ 42,502	
Less: State Awards Not Subject to Single Audit Major Program Determination															
On-Behalf TPAF Pension System Contributions:															
On-Behalf TPAF Post Retirement Contributions	23-495-034-5094-001	7/1/22-6/30/23		\$ (788,631)										\$ 788,631	
On-Behalf TPAF Pension Contributions	23-495-034-5094-002	7/1/22-6/30/23		(2,960,967)										2,960,967	
On-Behalf TPAF Non-Contributory Insurance	23-495-034-5094-004	7/1/22-6/30/23		(41,080)										41,080	
On-Behalf TPAF Long-Term Disability Insurance	23-495-034-5094-004	7/1/22-6/30/23		(1,282)										1,282	
Subtotal - On-Behalf TPAF Pension System Contributions														3,791,960	
Total State Awards Subject to Single Audit Major Program Determination														\$ (2,263,008)	

*Prior Year Expenditure
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, 2023

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, 2023. 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 (\$21,398) for the General Fund and (\$14,433) 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, 2023
(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		\$ 5,995,678	\$ 5,995,678
Special Revenue Fund	\$ 2,115,905	35,928	2,151,833
Enterprise Funds (Food Service Fund)	77,446	1,964	79,410
Total Federal and State Awards	\$ 2,193,351	\$ 6,033,570	\$ 8,226,921

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, 2023. 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, 2023

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major federal and state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major Federal and State Program; Report on Internal Control Over Compliance required by 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	7/1/22-6/30/23	\$ 898,711	\$ 846,079
Special Education Cluster: I.D.E.A. Part B, Basic	84.027	7/1/22-9/30/23	276,715	252,804
<u>State:</u>				
<u>General Fund State Aid:</u>				
Equalization Aid	23-495-034-5120-078	7/1/22-6/30/23	73,419	73,419
Special Education Categorical Aid	23-495-034-5120-089	7/1/22-6/30/23	998,664	998,664
Security Aid	23-495-034-5120-084	7/1/22-6/30/23	90,697	90,697
Adjustment Aid	23-495-034-5120-085	7/1/22-6/30/23	474,062	474,062

- The District was determined not 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, 2023

(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, 2023

Status of Prior Year Findings:

There were no prior year audit findings.