

**SCHOOL DISTRICT OF
WARREN COUNTY VOCATIONAL-TECHNICAL**

**Warren County Vocational-Technical School District
(a component unit of the County of Warren)
Washington, New Jersey**

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2016**

**Comprehensive Annual
Financial Report**

of the

**Warren County Vocational-Technical School District
Board of Education**

(a component unit of the County of Warren)

Washington, New Jersey

For the Fiscal Year Ended June 30, 2016

Prepared by

**Warren County Vocational-Technical School District
Business Office**

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT

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INTRODUCTORY SECTION

Warren County Technical School District

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Robert F. Glowacky, Ed.S

Superintendent

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908-835-2813

Edmund J. Zalewski

Assistant Superintendent

of Business

908-835-2815

ZalewskiE@wctech.org

October 19, 2016

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

Dear Board Members:

The comprehensive annual financial report of the Warren County Vocational-Technical School District (the "District") for the fiscal year ended June 30, 2016, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the Independent Auditors' Report, the 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 the 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' reports on internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: The Warren County Vocational-Technical School District ("WCTS") is a component unit of the County of Warren within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Warren County Vocational-Technical School District and its school constitute the District's reporting entity. The District completed the 2015-16 school year with an enrollment of 467 students in grades 9 through 12.

2) MAJOR INITIATIVES: Warren Tech is a Career Academy High School whose mission is to provide students with an exceptional education with career specialization. Students who attend Warren Tech have made a decision to pursue a specific career path at a young age and are eager to acquire all the knowledge that they can. They realize that by selecting Warren Tech, a school of choice, they begin to focus their studies by sharpening both academic and vocational skills. Statistically, WCTS students have gained an advantage if they choose to enter the workplace, attend college, or secure postsecondary training/apprenticeships. All Career Technical Education ("CTE") programs are designed and encouraged to develop articulation agreements with post-secondary institutions.

The Honorable President and Members of
the Board of Education
Warren County Vocational-Technical School District
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Automotive Technology, Culinary/Hospitality, Law and Public Safety and Fire Science programs now have articulation agreements with Warren County Community College. In addition, our Engineering and Health Science programs have agreements with NJIT and Rutgers (formerly)UMDNJ respectively. A student entering as a freshman can now pursue an associate or bachelor degree upon graduation with earned credits. Our plan is to go forward with additional offerings next school year.

WCTS in cooperation with WCCC has begun to increase the number of classes in the dual-enrollment program. This has significant academic and financial benefits to families with college bound sons and daughters. This is one of the best kept secrets in Warren County that is finally seeing the light of day.

WCTS has always provided educational opportunities for special education students. As that population continues to expand, the Child Study Team has made recommendations to continue programming to accommodate specific learning disabilities. A pilot program now in year three identified as Language Learning Disabilities (“LLD”) has increasing enrollment. The mission has changed to now deliver self-contained CTE transition classes in Culinary Arts, Building Maintenance and Auto Service. Students who enroll will receive specialized academic and vocational training in preparation for transitioning into mainstream classes. This will enhance their success in passing all required proficiency assessments. In addition, they will be better prepared for advanced postsecondary coursework.

Warren Tech is a safe student family environment where cooperation and collaboration guarantee success. We, as a school family, promote learning and achieving through self-advocacy. Toward that end, students will learn to open the right doors for themselves.

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 awards, the District also is 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 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 Warren County Board of School Estimate, which consists of three Warren County freeholders and two Warren County Vocational-Technical School Board members. Annual appropriated budgets are adopted for the general fund and the special revenue fund. 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 /or assignments at June 30, 2016.

The Honorable President and Members of
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5) ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the 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.

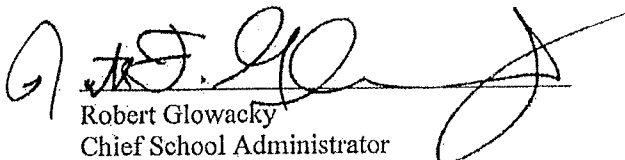
7) RISK MANAGEMENT: The District carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, workers' compensation and fidelity bonds. Willis Group of New Jersey, Inc oversees risk management for the District. A schedule of insurance coverage is found on Exhibit J-20.

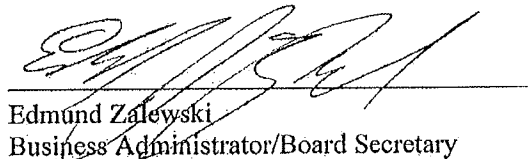
The District is a member of the New Jersey Schools Insurance Group (the "Group"). The Group is a risk-sharing public entity risk pool that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage to their members.

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 specific required supplementary information are 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.

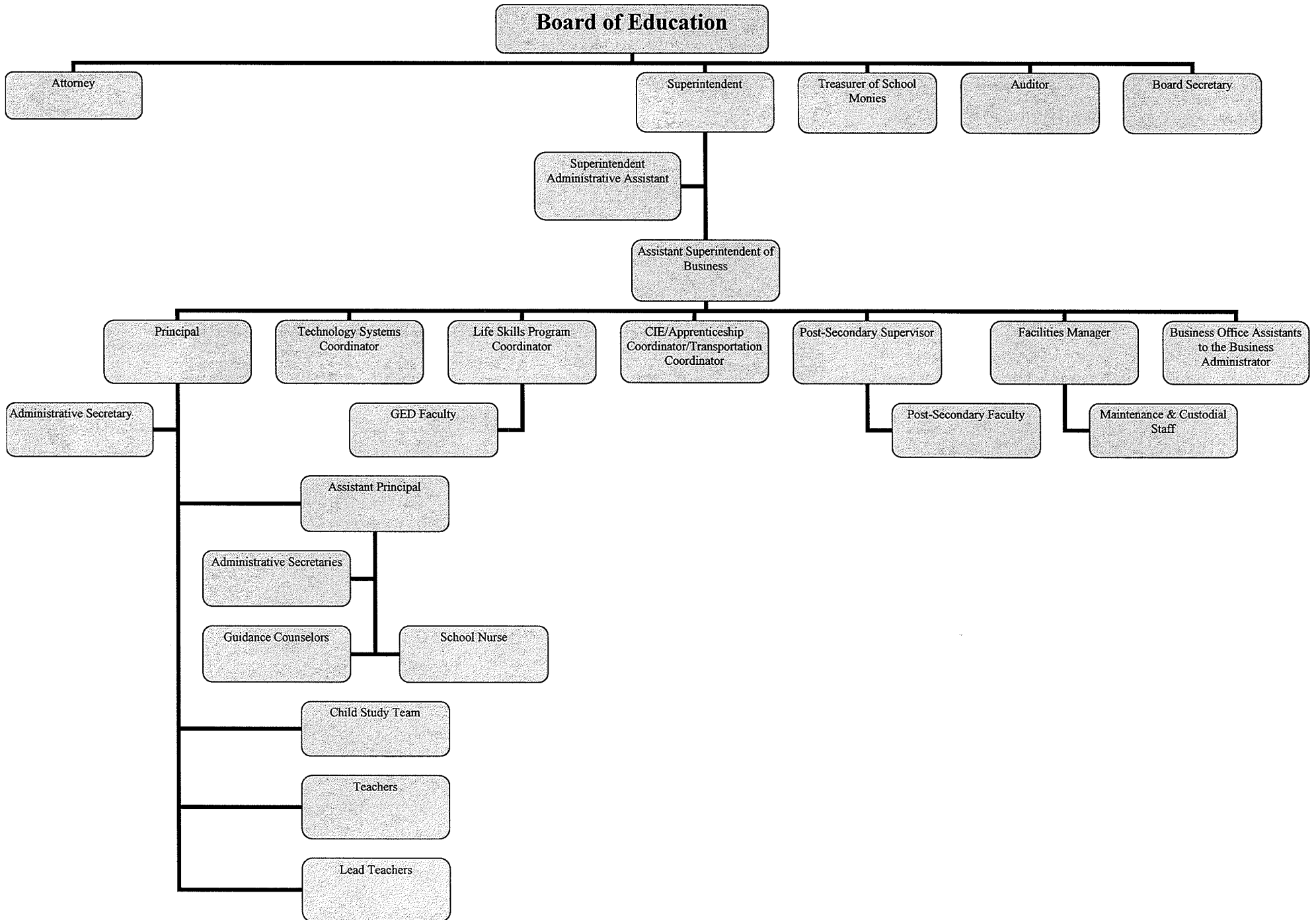
9) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Warren County Vocational-Technical School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of the financial and accounting staff.

Respectfully submitted,


Robert Glowacky
Chief School Administrator


Edmund Zalewski
Business Administrator/Board Secretary

Warren County Technical School



**WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2016**

Ellen Johnson-Demeter, President	2017
David Shotwell, Vice President	2019
Dr. Rosalie Lamonte, County Superintendent of Schools	N/A
Robert Roschewsk	2018
Gus Rutledge	2016

Other Officers

Title

Robert Glowacky	Superintendent
Edmund Zalewski	Board Secretary/Assistant Superintendent of Business
Paula Hatch	Treasurer of School Monies

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
Consultants and Advisors

Audit Firm

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FINANCIAL SECTION



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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Warren County Vocational-Technical School District (the "District"), a component unit of the County of Warren, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

The Honorable President and Members
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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Warren County Vocational-Technical School District, in the County of Warren, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, the pension schedules in Exhibits L-1 through L-4 and the related notes, and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements and the 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*, and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary schedules such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Honorable President and Members
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Warren County Vocational-Technical School District
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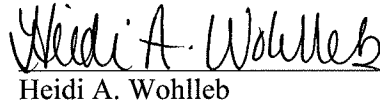
The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2016 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

October 19, 2016
Mount Arlington, New Jersey

NISIVOCCIA LLP



Heidi A. Wohlleb
Licensed Public School Accountant #2140
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

Management's Discussion and Analysis (Unaudited)

This section of Warren County Vocational-Technical School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2016. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Financial Highlights

- The District's financial status improved on a District wide basis and fund basis.
- Overall revenue was \$13.40 million.
- Overall expenses were \$12.35 million.

Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more* detail than the district-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- *Proprietary funds* statements offer *short-* and *long-term* financial information about the activities the District operates like a business, such as food services and restaurant.
- *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.
- *Notes to Basic Financial Statements*: Provide additional information essential to a full understanding of the district-wide and fund financial statements.

The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1

Organization of the School District's Financial Report

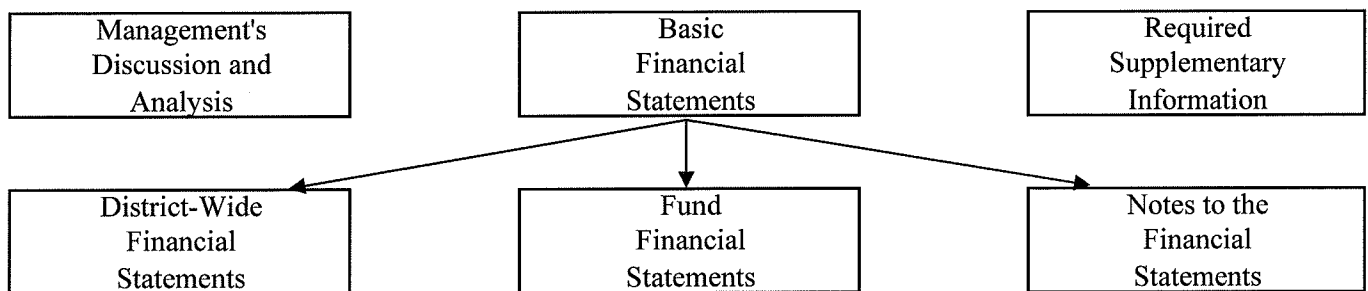


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and restaurant	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenue, expenses, and changes in net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

District-wide Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, deferred inflows and outflows and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two District-wide statements report the District's *net position* and how they have changed. Net position – the difference between the District's assets, deferred inflows and outflows and liabilities – is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position is 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. County taxes and state formula aid and grants 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 food service and restaurant enterprise funds are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenue (such as federal grants).

The District has three kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. *Internal service funds* (the other kind of proprietary fund) report activities that provide supplies and services for other programs and activities. The District currently does not maintain any internal service funds.

- *Fiduciary funds:* The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

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

Financial Analysis of the District as a Whole

Net Position. The District's combined net position increased by \$1,056,418. Net position from governmental activities increased by \$1,051,576 and net position from business-type activities increased by \$4,842.

Figure A-3

Condensed Statement of Net Position

	Government Activities		Business-Type Activities		Total School District		Total Percentage Change
	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	
Current and							
Other Assets	\$ 2,456,490	\$ 2,725,748	\$ 64,553	\$ 68,386	\$ 2,521,043	\$ 2,794,134	10.83%
Capital Assets, Net	11,970,287	12,317,480	19,078	20,353	11,989,365	12,337,833	2.91%
Total Assets	<u>14,426,777</u>	<u>15,043,228</u>	<u>83,631</u>	<u>88,739</u>	<u>14,510,408</u>	<u>15,131,967</u>	4.28%
Deferred Outflows of Resources	46,320	325,762			46,320	325,762	603.29%
Long-Term Liabilities	1,708,801	2,008,362			1,708,801	2,008,362	17.53%
Other Liabilities	646,263	265,922	6,077	6,343	652,340	272,265	-58.26%
Total Liabilities	<u>2,355,064</u>	<u>2,274,284</u>	<u>6,077</u>	<u>6,343</u>	<u>2,361,141</u>	<u>2,280,627</u>	-3.41%
Deferred Inflows of Resources	260,985	186,082			260,985	186,082	-28.70%
Net Position:							
Capital Assets, Net	11,954,100	12,310,143	19,078	20,353	11,973,178	12,330,496	2.98%
Restricted	1,843,243	924,703			1,843,243	924,703	-49.83%
Unrestricted/(Deficit)	<u>(1,940,295)</u>	<u>(326,222)</u>	<u>58,476</u>	<u>62,043</u>	<u>(1,881,819)</u>	<u>(264,179)</u>	85.96%
Total Net Position	<u>\$ 11,857,048</u>	<u>\$ 12,908,624</u>	<u>\$ 77,554</u>	<u>\$ 82,396</u>	<u>\$ 11,934,602</u>	<u>\$ 12,991,020</u>	8.85%

Changes in Net Position. Net investment in capital assets increased by \$357,318 due to capital acquisitions of \$1,481,275 and capital lease principal payments of \$8,850; offset by current year depreciation expense of \$803,400 and \$329,407 in deleted assets, net of accumulated depreciation. Restricted net position decreased by \$918,540 due to a budgeted withdrawal of \$800,000 and a withdrawal per Board Resolution of \$976,460; offset by a transfer from unassigned General Fund fund balance of \$857,920. Unrestricted net position increased by \$1,617,640 primarily due to an increase in General Fund encumbrances at year end of \$18,390, an increase in General Fund unassigned fund balance of \$136,667, a decrease in investment gains in pensions of \$59,768, a decrease in changes in proportion in pensions of \$15,135, an increase in changes in pension assumptions of \$140,811, an increase in difference between expected and actual pension experience of \$41,570, an increase in the Capital Projects Fund committed fund balance of \$1,510,143 and an increase in business-type unrestricted net position of \$3,567; offset by an increase in compensated absences payable of \$38,925 and an increase in net pension liability of \$269,486.

Figure A-4

Changes in Net Position from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change
	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	
Revenue:							
Program Revenue:							
Charges for Services	\$ 2,448,160	\$ 2,436,682	\$ 94,285	\$ 107,940	\$ 2,542,445	\$ 2,544,622	0.09%
Operating Grants and Contributions	2,267,722	2,742,937	89,506	87,286	2,357,228	2,830,223	20.07%
Capital Grants and Contributions	110,634	556,527			110,634	556,527	403.03%
General Revenue:							
County Tax Levy	3,995,172	3,995,172			3,995,172	3,995,172	0.00%
Unrestricted Federal and State Aid	2,801,683	2,802,550			2,801,683	2,802,550	0.03%
Other	42,934	674,638	3		42,937	674,638	1471.23%
Total Revenue	<u>11,666,305</u>	<u>13,208,506</u>	<u>183,794</u>	<u>195,226</u>	<u>11,850,099</u>	<u>13,403,732</u>	13.11%
Expenses:							
Instruction	5,421,813	5,827,990			5,421,813	5,827,990	7.49%
Pupil and Instruction Services	911,640	977,902			911,640	977,902	7.27%
Administrative and Business	1,546,832	1,910,200			1,546,832	1,910,200	23.49%
Maintenance and Operations	1,051,519	1,219,196			1,051,519	1,219,196	15.95%
Transportation	534,395	545,277			534,395	545,277	2.04%
Special Schools	587,605	791,480			587,605	791,480	34.70%
Capital Outlay	111,438				111,438		-100.00%
Other	620,100	884,885	178,728	190,384	798,828	1,075,269	34.61%
Total Expenses	<u>10,785,342</u>	<u>12,156,930</u>	<u>178,728</u>	<u>190,384</u>	<u>10,964,070</u>	<u>12,347,314</u>	12.62%
Increase in Net Position	<u>\$ 880,963</u>	<u>\$ 1,051,576</u>	<u>\$ 5,066</u>	<u>\$ 4,842</u>	<u>\$ 886,029</u>	<u>\$ 1,056,418</u>	19.23%

Revenue Sources. The District's total revenue for the 2015/2016 school year was \$13,403,732. (See Figure A-5). Property taxes accounted for a substantial portion of the District's revenue, with the County Tax Levy accounting for \$3,995,172 of the total, or 29.81 percent. Another 46.18 percent came from state and federal aid for specific programs, local contributions and state formula aid with the remainder from other sources and charges for services, including tuition.

Figure A-5

Sources of Revenue for Fiscal Year 2016

	Amount	Percentage
Sources of Income:		
Grants and Contributions	\$ 3,386,750	25.27%
County Tax Levy	3,995,172	29.81%
Unrestricted Federal and State Aid	2,802,550	20.91%
Charges for Services	2,544,622	18.98%
Other	674,638	5.03%
	<u>\$ 13,403,732</u>	<u>100.00%</u>

The total cost of all programs and services was \$12,347,314. The District's expenses are predominantly related to instructing, caring for (pupil services), transporting and special schools (65.95 percent). (See Figure A-6). The

District's administrative and business activities accounted for 15.47 percent of total costs. It is important to note that depreciation is included in other expenses for the year; expenses therefore include \$803,400 in depreciation expense.

Figure A-6
Expenses for Fiscal Year 2016

Expense Category:	Amount	Percentage
Instruction	\$ 5,827,990	47.20%
Pupil and Instruction Services	977,902	7.92%
Administrative and Business	1,910,200	15.47%
Maintenance and Operations	1,219,196	9.87%
Transportation	545,277	4.42%
Special Schools	791,480	6.41%
Other	1,075,269	8.71%
	\$ 12,347,314	100.00%

Governmental Activities

Careful management of expenses remains essential for the District to sustain its financial health. Among the significant cost savings realized during the year through the judicious use of budgeted funds were:

- Increased oversight of purchases to eliminate non-essential items.
- Continued energy management in order to reduce costs.
- Utilization of co-op programs for supplies and utilities has resulted in a cost savings for the District.

It is crucial that the District examine its expenses carefully. Increasing parental and student demands for new activities and programs must be evaluated thoroughly.

Figure A-7 presents the cost of the major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, special schools, capital outlay and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions:

Figure A-7

	Net Cost of Governmental Activities			
	Total Cost of Services		Net Cost of Services	
	2014/15	2015/16	2014/15	2015/16
Instruction	\$ 5,421,813	\$ 5,827,990	\$ 2,725,290	\$ 3,152,154
Pupil and Instruction Services	911,640	977,902	483,497	518,107
Administrative and Business	1,546,832	1,910,200	1,014,251	1,263,118
Maintenance and Operations	1,051,519	1,219,196	694,010	456,783
Transportation	534,395	545,277	358,622	395,202
Special Schools	587,605	791,480	(48,382)	10,054
Capital Outlay	111,438		111,438	
Other	620,100	884,885	620,100	625,366
	\$ 10,785,342	\$ 12,156,930	\$ 5,958,826	\$ 6,420,784

- The cost of all governmental activities this year was \$12.2 million.
- The federal and state governments subsidized certain programs with grants and contributions (\$2.95 million).
- A portion of governmental activities was financed with \$3.15 million in state aid based on the SFRA formula and federal aid.
- Approximately 30% of the District's costs (\$4.0 million) were financed with the County Tax Levy.
- The remainder of the funding came from tuition, miscellaneous revenue, and charges for services (\$3.11 million).

Business-Type Activities

Net position from the District's business-type activities increased by \$4,842. (Refer to Figure A-4).

- The Food Service Fund's net position increased by \$5,561 primarily due to an increase in daily sales.
- The Restaurant Fund's net position decreased by \$719 mainly due to an increase in cost of sales.

Financial Analysis of the District's Funds

The District's financial position improved significantly on a fund basis despite difficult economic times. The weak economy and State budget problems have had a direct impact upon the District's revenue sources. Interest earnings on investments remain significantly low.

The District must continue to practice sound fiscal management since these factors are expected to continue for the foreseeable future.

Budgetary Highlights

- The District has continued to perform maintenance and building improvements in order to protect and improve the facility. The completion of the HVAC replacement project has resulted in significant savings to the district in reduced energy costs.
- A Solar Power Purchasing Agreement for a solar field has been instituted and resulted in reduced energy expenses.
- A capital allocation from the County of Warren has supported the parking lot replacement project.

Capital Assets

Figure A-8

	Capital Assets (Net of Depreciation)						Total Percentage Change
	Government Activities		Business-Type Activities		Total School District		
	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	
Sites	\$ 174,251	\$ 174,251			\$ 174,251	174,251	0.00%
Site Improvements	130,857	131,000			130,857	131,000	0.11%
Buildings and Building Improvements	10,602,754	11,138,685			10,602,754	11,138,685	5.05%
Construction in Progress	267,554	133,911			267,554	133,911	-49.95%
Machinery and Equipment	794,871	739,633	\$ 19,078	\$ 20,353	813,949	759,986	-6.63%
	<u>\$ 11,970,287</u>	<u>\$ 12,317,480</u>	<u>\$ 19,078</u>	<u>\$ 20,353</u>	<u>\$ 11,989,365</u>	<u>\$ 12,337,833</u>	2.91%

- The change in Capital Assets is a result of the acquisition of assets in the amount of \$1,481,275 offset by depreciation expense of \$803,400 and deleted assets, net of accumulated depreciation of \$329,407.

Long-term Liabilities

At year-end, the District had \$2,008,362 of long term liabilities – an increase of \$299,561 due to a net increase in compensated absences of \$38,925 and an increase in net pension liability of \$269,486; offset by a decrease in capital leases payable of \$8,850 – as shown in Figure A-9. The County of Warren is responsible for the issuance and repayment of long-term debt in the form of bonds.

Figure A-9

Outstanding Long-Term Liabilities

	Total School District		Total Percentage Change
	2014/15	2015/16	
Other Long-Term Liabilities	\$ 235,779	\$ 265,854	12.76%
Net Pension Liability	1,473,022	1,742,508	18.29%
	<u>\$ 1,708,801</u>	<u>\$ 2,008,362</u>	17.53%

Factors Bearing on the District's Future Revenue/Expense Changes

At the time these financial statements were prepared and audited, the District was aware of the following existing conditions that could significantly affect its financial health in the future:

- Uncertainty of future grant amounts may impact the amount of aid that the District receives.
- Flat funding has constrained budget expenditures.
- Gradual increase in tuition rates generating additional revenue.
- Phillipsburg High School will be opening vocational programs that may impact enrollment.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers 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, 1500 Route 57, Washington, New Jersey 07882.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2016

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 407,409	\$ 53,786	\$ 461,195
Internal Balances	(7,840)	7,840	
Interfund Receivables	2,200		2,200
Receivables From State Government	556,000	55	556,055
Receivables From Federal Government	74,142	3,128	77,270
Receivables from Other Governments	576,606		576,606
Other Receivables	192,528		192,528
Inventories		3,577	3,577
Restricted Assets:			
Capital Reserve Account - Cash and Cash Equivalents	924,703		924,703
Capital Assets, Net			
Sites (Land) and Construction in Progress	308,162		308,162
Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	<u>12,009,318</u>	<u>20,353</u>	<u>12,029,671</u>
Total Assets	<u>15,043,228</u>	<u>88,739</u>	<u>15,131,967</u>
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>			
Changes in Assumptions - Pensions	187,131		187,131
Difference Between Expected and Actual Experience - Pensions	41,570		41,570
District Contribution Subsequent to the Measurement Date - Pensions	<u>97,061</u>		<u>97,061</u>
Total Deferred Outflows of Resources	<u>325,762</u>		<u>325,762</u>
<u>LIABILITIES</u>			
Accounts Payable	228,238	4,632	232,870
Payable to State Government	5,414		5,414
Payable to Federal Government	23,622		23,622
Unearned Revenue	8,648	1,711	10,359
Noncurrent Liabilities:			
Within One Year	20,699		20,699
Due Beyond One Year	<u>1,987,663</u>		<u>1,987,663</u>
Total Liabilities	<u>2,274,284</u>	<u>6,343</u>	<u>2,280,627</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Investment Gains - Pensions	28,016		28,016
Changes in Proportion - Pensions	<u>158,066</u>		<u>158,066</u>
Total Deferred Inflows of Resources	<u>186,082</u>		<u>186,082</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	12,310,143	20,353	12,330,496
Restricted for:			
Capital Projects	924,703		924,703
Unrestricted/(Deficit)	<u>(326,222)</u>	<u>62,043</u>	<u>(264,179)</u>
Total Net Position	<u>\$ 12,908,624</u>	<u>\$ 82,396</u>	<u>\$ 12,991,020</u>

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

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 2,626,753	\$ 479,530	\$ 701,059		\$ (1,446,164)		\$ (1,446,164)
Special Education	294,175	53,703	78,525		(161,947)		(161,947)
Vocational Education Instruction	2,850,535	520,383	965,042		(1,365,110)		(1,365,110)
School Sponsored/Other Instruction	281,064	51,310	50,821		(178,933)		(178,933)
Support Services:							
Student & Instruction Related Services	990,713	180,861	291,745		(518,107)		(518,107)
General Administrative Services	612,790	111,869	106,510		(394,411)		(394,411)
School Administrative Services	651,909	119,010	127,433		(405,466)		(405,466)
Central Services	466,607	85,182	65,153		(316,272)		(316,272)
Administrative Information Technology	179,791	32,822			(146,969)		(146,969)
Plant Operations and Maintenance	1,239,608	226,298		\$ 556,527	(456,783)		(456,783)
Pupil Transportation	545,277	99,544	50,531		(395,202)		(395,202)
Special Schools	792,342	476,170	306,118		(10,054)		(10,054)
Unallocated Depreciation	625,366				(625,366)		(625,366)
Total Governmental Activities	12,156,930	2,436,682	2,742,937	556,527	(6,420,784)		(6,420,784)
Business-Type Activities:							
Restaurant	18,788	18,069				\$ (719)	(719)
Food Service	171,596	89,871	87,286			5,561	5,561
Total Business-Type Activities	190,384	107,940	87,286			4,842	4,842
Total Primary Government	\$ 12,347,314	\$ 2,544,622	\$ 2,830,223	\$ 556,527	(6,420,784)	4,842	(6,415,942)

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

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenues:			
Taxes:			
County Taxes, Levied for General Purposes, Net	\$ 3,995,172		\$ 3,995,172
Federal and State Aid not Restricted	2,802,550		2,802,550
Miscellaneous Income	74,638		74,638
County Improvement Authorization	600,000		600,000
Total General Revenues	7,472,360		7,472,360
Change in Net Position	1,051,576	\$ 4,842	1,056,418
Net Position - Beginning	11,857,048	77,554	11,934,602
Net Position - Ending	\$ 12,908,624	\$ 82,396	\$ 12,991,020

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

FUND FINANCIAL STATEMENTS

Exhibit B-1

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 114,087	\$ 3,640	\$ 289,682	\$ 407,409
Interfund Receivable	2,200			2,200
Receivables From State Government			556,000	556,000
Receivables From Federal Government		74,142		74,142
Receivables From Other Governments	134,066		442,540	576,606
Other Receivables	192,528			192,528
Restricted Cash and Cash Equivalents	924,703			924,703
Total Assets	\$ 1,367,584	\$ 77,782	\$ 1,288,222	\$ 2,733,588
LIABILITIES AND FUND BALANCES				
Liabilities:				
Interfund Payable	\$ 7,840			\$ 7,840
Accounts Payable	87,236	\$ 40,808	\$ 3,133	131,177
Payable to State Government		5,414		5,414
Payable to Federal Government		23,622		23,622
Unearned Revenue	710	7,938		8,648
Total Liabilities	95,786	77,782	3,133	176,701
Fund Balances:				
Restricted:				
Capital Reserve	924,703			924,703
Committed:				
Capital Projects Fund			1,285,089	1,285,089
Assigned:				
Other Purposes	33,710			33,710
Unassigned	313,385			313,385
Total Fund Balances	1,271,798		1,285,089	2,556,887
Total Liabilities and Fund Balances	\$ 1,367,584	\$ 77,782	\$ 1,288,222	

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

Capital Assets Used in Governmental Activities are not Financial Resources and Therefore are not Reported in the Funds. The Cost of the Assets is \$20,149,199 and the Accumulated Depreciation is \$7,831,719.	12,317,480
Long-Term Liabilities, Including Compensated Absences and Capital Leases, are not due and Payable in the Current Period and Therefore are not Reported as Liabilities in the Funds.	(265,854)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(1,742,508)
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:	
Changes in Assumptions - Pensions	187,131
Difference Between Expected and Actual Experience - Pensions	41,570
Investment Gains - Pensions	(28,016)
Changes in Proportions - Pensions	(158,066)
Net Position of Governmental Activities	\$ 12,908,624

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

Exhibit B-2

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

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
REVENUES:				
Local Sources:				
County Tax Levy	\$ 3,995,172			\$ 3,995,172
Tuition from LEA's	1,960,512			1,960,512
Other Tuition	476,170			476,170
GED Testing Center Fees	8,584			8,584
Unrestricted Miscellaneous Revenues	66,054	\$ 10,188	\$ 527	76,769
Total - Local Sources	6,506,492	10,188	527	6,517,207
State Sources	4,018,133	13,681	556,000	4,587,814
Federal Sources		436,091		436,091
Total Revenues	10,524,625	459,960	556,527	11,541,112
EXPENDITURES:				
Current:				
Instruction:				
Regular Instruction	1,377,260	65,694		1,442,954
Special Education Instruction	156,683			156,683
Vocational Education Instruction	1,277,263	122,986		1,400,249
School-Sponsored/Other Instruction	176,421			176,421
Support Services and Undistributed Costs:				
Student and Other Instruction Related Services	521,278	71,764		593,042
General Administration Services	421,683			421,683
School Administration Services	387,009			387,009
Central Services	330,023			330,023
Administrative Information Technology	154,870			154,870
Plant Operations and Maintenance	1,033,000			1,033,000
Student Transportation	543,889			543,889
Unallocated Benefits	2,666,879			2,666,879
Capital Outlay	91,725	44,560	1,385,518	1,521,803
Special Schools	410,991	154,956		565,947
Total Expenditures	9,548,974	459,960	1,385,518	11,394,452
Excess/(Deficit) of Revenue Over/(Under) Expenditures	975,651		(828,991)	146,660
Other Financing Sources/(Uses):				
Transfers	(1,739,134)		1,739,134	
County Improvement Authorization			600,000	600,000
Total Other Financing Sources/(Uses)	(1,739,134)		2,339,134	600,000
Net Change in Fund Balances	(763,483)		1,510,143	746,660
Fund Balance - July 1	2,035,281		(225,054)	1,810,227
Fund Balance - June 30	\$ 1,271,798	\$ -0-	\$ 1,285,089	\$ 2,556,887

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

Exhibit B-3

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ 746,660

Amounts Reported for Governmental Activities in the Statement
of Activities (A-2) are Different Because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays differs from depreciation and deletion of capital assets, net of accumulated depreciation in the period.

Depreciation Expense	\$ (801,057)	
Deletion of Capital Assets, net of Accumulated Depreciation	(329,407)	
Capital Outlays	<u>1,477,657</u>	347,193

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 (+). (38,925)

Repayment of capital leases is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities. 8,850

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	(269,486)	
Change in Deferred Outflows:		
Changes in Assumptions	140,811	
Changes in Proportion		
Difference Between Expected and Actual Experience - Pensions	41,570	
Change in Deferred Inflows:		
Net Difference Between Projected and Actual Investment Earnings on Pension		
Plan Investments	59,768	
Changes in Proportion	<u>15,135</u>	

Change in Net Position of Governmental Activities (A-2) \$ 1,051,576

Exhibit B-4

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

	Business-Type Activities
	Non-Major Funds
	Enterprise Funds
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 53,786
Interfund Receivable - General Fund	7,840
Intergovernmental Accounts Receivable:	
State	55
Federal	3,128
Inventories	3,577
Total Current Assets	68,386
Non-Current Assets:	
Capital Assets	32,754
Less: Accumulated Depreciation	(12,401)
Total Non-Current Assets	20,353
Total Assets	88,739
<u>LIABILITIES:</u>	
Current Liabilities:	
Accounts Payable	4,632
Unearned Revenue	1,711
Total Liabilities	6,343
<u>NET POSITION:</u>	
Investment in Capital Assets	20,353
Unrestricted	62,043
Total Net Position	\$ 82,396

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

Exhibit B-5

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Business-Type Activities
	Non-Major Funds
	Enterprise Funds
Operating Revenue:	
Daily Sales:	
Reimbursable Programs	\$ 55,832
Non-Reimbursable Programs	33,984
Restaurant Sales	18,069
Miscellaneous Revenue	55
	107,940
Total Operating Revenue	
Operating Expenses:	
Cost of Sales:	
Reimbursable Programs	66,347
Non-Reimbursable Programs	24,539
Salaries	48,086
Employee Benefits and Payroll Taxes	11,605
Other Purchased Services	9,075
Supplies and Materials	14,226
Miscellaneous Expenditures	14,163
Depreciation Expense	2,343
	190,384
Total Operating Expenses	
Operating Loss	(82,444)
Non-Operating Revenue:	
State Sources:	
State School Lunch Program	1,690
Federal Sources:	
National School Lunch Program	60,296
School Breakfast Program	16,257
Food Distribution Program	9,043
	87,286
Total Non-Operating Revenue	
Change in Net Position	4,842
Net Position - Beginning of Year	77,554
Net Position - End of Year	\$ 82,396

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

Exhibit B-6

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

	Business-Type Activities <hr/> Non-Major Funds <hr/> Enterprise Funds <hr/>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 107,940
Payments to Food Service Contractor	(147,520)
Payments to/for Employees	(5,794)
Payments to Suppliers	(25,035)
Net Cash Used for Operating Activities	<hr/> (70,409) <hr/>
Cash Flows from Capital and Related Financing Activities:	
Purchase of Capital Assets	(3,618)
Net Cash Used for Capital and Related Financing Activities	<hr/> (3,618) <hr/>
Cash Flows from Noncapital Financing Activities:	
State Sources - Turnover from General Fund	1,529
Federal Sources - Turnover from General Fund	68,504
Net Cash Provided by Noncapital Financing Activities	<hr/> 70,033 <hr/>
Net Decrease in Cash and Cash Equivalents	(3,994)
Cash and Cash Equivalents, July 1	<hr/> 57,780 <hr/>
Cash and Cash Equivalents, June 30	<hr/> <u>\$ 53,786</u> <hr/>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (82,444)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	2,343
Food Distribution Program	9,043
Changes in Assets and Liabilities:	
(Decrease) in Accounts Payable	(349)
Increase in Unearned Revenue	615
Decrease in Inventory	383
Net Cash Used for Operating Activities	<hr/> <u>\$ (70,409)</u> <hr/>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Donated Commodities through the Food Distribution Program Valued at \$8,797 and Utilized Commodities Valued at \$9,043.

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

Exhibit B-7

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2016

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarships Trust</u>
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 105,428	\$ 99,994	
Interfund Receivable - Student Activities			\$ 829
Total Assets	<u>105,428</u>	<u>99,994</u>	<u>829</u>
<u>LIABILITIES:</u>			
Interfund Payable:			
General Fund	2,200		
Scholarship Trust	829		
Payroll Deductions and Withholdings	11,777		
Due to Student Groups	90,622		
Total Liabilities	<u>105,428</u>		
<u>NET POSITION:</u>			
Held in Trust for Unemployment Claims		99,994	
Restricted for Scholarships			829
Total Net Position	<u>\$ -0-</u>	<u>\$ 99,994</u>	<u>\$ 829</u>

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

Exhibit B-8

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

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarships Trust</u>
ADDITIONS:		
Contributions:		
Plan Members	\$ 8,704	
Total Contributions	<u>8,704</u>	
Total Additions	<u>8,704</u>	
DEDUCTIONS:		
Quarterly Contribution Reports	170	
Unemployment Benefit Claims	907	
Scholarships Awarded		\$ 400
Total Deductions	<u>1,077</u>	<u>400</u>
Change in Net Position	7,627	(400)
Net Position - Beginning of the Year	<u>92,367</u>	<u>1,229</u>
Net Position - End of the Year	<u>\$ 99,994</u>	<u>\$ 829</u>

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

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the "Board") of the Warren County Vocational-Technical 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 Warren County Board of Chosen Freeholders and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency and a resulting financial benefit or burden relationship, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. Accordingly, the Warren County Vocational-Technical School District is a component unit of the County of Warren under the provisions of Governmental Accounting Standards Board's Codification Section 2100. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significance) should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include a vocational-technical school located in the Township of Washington. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria other than the County of Warren.

B. Basis of Presentation:

District-Wide Financial Statements:

The statement of net position and the statement of activities present financial information about the District's governmental and business-type activities. These statements include the financial activities of the overall District in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other nonexchange transactions. Business-type activities are financed in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

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

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

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary and fiduciary - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following governmental funds:

General Fund: The General Fund is the general operating fund of the District and is used to account for and report all expendable financial resources not accounted for and reported in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay subfund.

As required by NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenue. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expenses by board resolution.

Special Revenue Fund: The Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Thus, the Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted or committed to expenditures for specified purposes.

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by proprietary funds). The financial resources are derived from bond ordinances that are specifically authorized by the County 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.

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

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

B. Basis of Presentation: (Cont'd)

Debt Service Fund: Because Vocational School capital projects are authorized by the County Board of Chosen Freeholders under a bond ordinance and the subsequent debt is funded directly from the County budget, the Debt Service Fund does not apply to the Warren County Vocational-Technical School District.

Additionally, the District reports the following fund types:

Enterprise Funds: The Enterprise Fund accounts for all revenue and expenses pertaining to the Board's Enterprise Funds. The District operates two Enterprise Funds, which are comprised of the Restaurant and the Food Service Funds. These Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students or to the public on a continuing basis are financed or recovered primarily through user charges.

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and include the Student Activities Fund, the Payroll Agency Fund, the Private Purpose Scholarships Trust Fund and the Unemployment Compensation Insurance Trust Fund.

C. Measurement Focus and Basis of Accounting

The district-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

It is the District's policy, that when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, to apply restricted resources first followed by unrestricted resources. Similarly, within unrestricted fund balance, it is the District's policy to apply committed resources first followed by assigned resources and then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net position may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

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

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

D. Budgets/Budgetary Control:

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 Warren County Board of School Estimate, which consists of three Warren County freeholders and two Warren County Vocational-Technical 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 budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

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

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

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last state aid payments for the current and prior years. 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.

The capital projects fund budgetary revenue differs from the GAAP revenue due to a difference in the recognition of SDA grants. In the capital projects fund, the District realizes the full amount of the grant revenue on a budgetary basis in the year awarded and realizes the grant revenue on a GAAP basis as it is expended and submitted for reimbursement.

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

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

D. Budgets/Budgetary Control: (Cont'd)

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 10,527,407	\$ 459,466
Differences - Budget to GAAP:		
Grant Accounting Budgetary basis differs from GAAP in that the Budgetary basis recognizes Encumbrances as Expenditures and Revenue whereas the GAAP basis does not.		
Current Year Encumbrances		(7,805)
Cancellation of Prior Year Encumbrances		(459)
Prior Year Encumbrances		8,758
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Statements	308,872	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(311,654)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 10,524,625</u>	<u>\$ 459,960</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 9,548,974	\$ 459,466
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		(7,805)
Cancellation of Prior Year Encumbrances		(459)
Prior Year Encumbrances		8,758
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 9,548,974</u>	<u>\$ 459,960</u>

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

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

D. Budgets/Budgetary Control: (Cont'd)

	Capital Projects Fund	
	Revenue	Fund Balance
Revenue and Other Financing Sources / Committed Fund Balance	\$ 3,285,661	\$ 709,785
Committed - Year End Encumbrances		1,521,304
	3,285,661	2,231,089
Reconciliation to Governmental Funds Statements (GAAP):		
SDA Grant Receivable not Recognized on GAAP Basis	(946,000)	(946,000)
SDA Revenue Recognized on a GAAP Basis	556,000	
Revenue and Other Financing Sources/Fund Balance per Governmental Funds (GAAP)	\$ 2,895,661	\$ 1,285,089

E. Cash and Cash Equivalents:

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

New Jersey school districts are limited as to the type of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A 17:9-41et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured.

All public depositories must pledge collateral, having a market value of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all the other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

F. Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

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

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

F. Interfund Transactions: (Cont'd)

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net position, except for amounts due between governmental and business-type activities, 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 funds, are recorded as an expenditure during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2016.

K. Capital Assets:

During the year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost including ancillary charges necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets were reviewed for impairment.

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

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

K. Capital Assets: (Cont'd)

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the District-wide statements and proprietary funds are as follows:

	<u>Estimated Useful Life</u>
Site Improvements	20 years
Buildings and Building Improvements	50 years
Machinery and Equipment	10 to 15 years
Computer and Related Technology	5 years
Vehicles	8 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures in the governmental fund upon acquisition. Capital assets are not capitalized and related depreciation is not reported in the fund financial statements.

L. Long Term Liabilities:

In the district-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or enterprise funds. Bond premium and discounts are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

M. Accrued Salaries and Wages

Beginning in fiscal year 2014, certain District employees, who provide services to the District over the ten-month academic year have the option to have their salaries evenly disbursed during the entire twelve month year. New Jersey statutes require that these earned undisbursed amounts be retained in a separate bank account. As of June 30, 2016, the bank account was closed and all amounts earned by these employees were disbursed by fiscal year end.

N. Compensated Absences

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), *Accounting for Compensated Absences*. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's various contracts/agreements. 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 contracts/agreements.

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

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

N. Compensated Absences (Cont'd)

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.

O. Unearned Revenue

Unearned revenue represents cash which has been received but not yet earned.

P. Fund Balance Appropriated

General Fund: Of the \$1,271,798, General Fund fund balance at June 30, 2016, \$33,710 is assigned for year end encumbrances; \$924,703 is restricted in the capital reserve account; and \$313,385 is unassigned which is \$311,654 less than the calculated maximum unassigned fund balance, on a GAAP Basis, due to the final two state aid payments which are not recognized until the fiscal year ending June 30, 2017.

Capital Projects Fund: The \$1,285,089 Capital Projects Fund fund balance at June 30, 2016 is \$946,000 less than on the budgetary basis because SDA grant receivable are not recognized on the GAAP basis until the reimbursement request is submitted to the State.

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 no excess surplus at June 30, 2016.

P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment 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 these 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 the last two state aid payments.

Q. Deficit Net Position:

The District has a deficit in unrestricted net position of \$326,222 in its governmental activities, which is due to compensated absences payable of \$258,517, net pension liability of \$1,742,508, investment gains in pensions of \$28,016, changes in proportion in pensions of \$158,066; offset by General Fund encumbrances at year end of \$33,710, General Fund unassigned fund balance of \$313,385, changes in pension assumptions of \$187,131, the difference between expected and actual pension experience of \$41,570 and Capital Projects Fund fund balance of \$1,285,089. This deficit does not indicate the District is in financial difficulties and is a permitted practice under generally accepted accounting principles. The District also has a deficit net position in the Restaurant Enterprise Fund of \$3,512 due to the deficit in operations in the current year and prior years. The District will resolve this deficit with contributions from either the General Fund or the other Enterprise Fund during the fiscal year ended June 30, 2017.

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

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

R. Net Position:

Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources for changes in assumptions in pensions, the difference between expected and actual pension experience and the District contribution subsequent to the measurement date related to pensions at June 30, 2016. The District had deferred inflows of resources at June 30, 2016 for the net difference between projected and actual investment earnings on pension plan investments and changes in proportion in pensions.

Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

S. Fund Balance Restrictions, Commitments and Assignments:

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications.

In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts has been restricted, committed or assigned.

A fund balance restriction has been established for a capital reserve.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has committed resources in the Capital Projects Fund at June 30, 2016.

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

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

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

The 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 on the budgetary basis at June 30, 2016.

T. Revenue - Exchange and Nonexchange Transactions

Revenue, resulting from exchange transactions in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: county taxes, interest and tuition.

U. Operating Revenue and Expenses:

Operating revenue are those revenues that are generated directly from the primary activity of the respective Enterprise Fund. For the School District, these revenues are sales or program fees, as applicable, for the various Enterprise Funds. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the respective Enterprise Fund.

V. Management Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

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

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

W. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State of New Jersey Public Employees' Retirement System (PERS) and the State of New Jersey Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's net position have been determined on the same basis as they are reported by the PERS and the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension Plan investments are reported at fair value.

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

Investments are stated at cost, which approximates market. The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB Statement No. 40, *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures*, requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk - In accordance with its cash management plan, the District ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk - The District limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed on the following page.

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 New Jersey school districts are permitted to invest their funds.

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

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

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 of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments:

New Jersey statutes permit the Board to purchase the following types of securities:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund; or

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

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

Investments: (Cont'd)

- (7) Agreements for the repurchase of fully collateralized securities if:
- (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in statute; and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2016, cash and cash equivalents of the District consisted of the following:

	<u>Cash and Cash Equivalents</u>	<u>Restricted Cash and Cash Equivalents Capital Reserve Account</u>	<u>Total</u>
Checking and Savings Accounts	\$ 666,617	\$ 924,703	\$ 1,591,320

During the period ended June 30, 2016, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2016, was \$1,591,320 and the bank balance was \$1,602,458.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by Board resolution on October 10, 2000 in the amount of \$500 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, a 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 amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

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

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

Beginning Balance, July 1, 2015	\$ 1,843,243
Add:	
Transfer from Unassigned Fund Balance per Board Resolution June, 2016	857,920
Less:	
Budgeted Withdrawal from Capital Reserve	(800,000)
Withdrawal per Board Resolution	(976,460)
Ending Balance, June 30, 2016	\$ 924,703

The June 30, 2016 LRFP balance of local support costs of uncompleted capital projects exceeds the balance in the Capital Reserve Account at June 30, 2016. The withdrawals from the capital reserve were for use in DOE approved facilities projects consistent with the District's LRFP.

NOTE 5. CAPITAL ASSETS

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

	Beginning Balance	Increases	Deletions/ Adjustments	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 174,251			\$ 174,251
Construction in Progress	267,554	\$ 1,342,491	\$ (1,476,134)	133,911
Total Capital Assets Not Being Depreciated	441,805	1,342,491	(1,476,134)	308,162
Capital Assets Being Depreciated:				
Site Improvements	408,984	\$ 17,961		426,945
Buildings and Building Improvements	16,262,167	70,356	1,084,312	17,416,835
Machinery and Equipment	1,960,927	46,849	\$ (10,519)	1,997,257
Total Capital Assets Being Depreciated	18,632,078	135,166	1,073,793	19,841,037
Governmental Activities Capital Assets	19,073,883	1,477,657	(402,341)	20,149,199
Less Accumulated Depreciation for:				
Site Improvements	(278,127)	(17,818)		(295,945)
Buildings and Building Improvements	(5,659,413)	(681,428)	62,691	(6,278,150)
Machinery and Equipment	(1,166,056)	(101,811)	10,243	(1,257,624)
	(7,103,596)	(801,057)	72,934	(7,831,719)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 11,970,287	\$ 676,600	\$ (329,407)	\$ 12,317,480
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 29,136	\$ 3,618		\$ 32,754
Less Accumulated Depreciation	(10,058)	(2,343)		(12,401)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	\$ 19,078	\$ 1,275	\$ -0-	\$ 20,353

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

NOTE 5. CAPITAL ASSETS (Cont'd)

The District expended \$1,342,491 towards construction projects in progress and transferred \$1,476,134 of completed capital projects to depreciable capital assets during the fiscal year. As of June 30, 2016, the District has \$2,231,089 in active construction in progress. Additionally, the District expended \$135,166 from its current year capital budget, disposed \$329,407 in capital assets, and depreciated \$801,057 from its governmental activities. The District purchased \$3,618 of capital assets and depreciated \$2,343 from its business-type activities during the fiscal year.

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 11,962
Vocational Education Instruction	143,989
School Sponsored/Other Instruction	4,587
Student and Instruction Related Services	4,461
Central Services	457
Operations and Maintenance	10,048
Special Schools	187
Unallocated	625,366
	<u>\$ 801,057</u>

NOTE 6. LONG-TERM LIABILITIES

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

	Balance 6/30/2015	Accrued	Retired	Balance 6/30/2016
Capital Leases Payable	\$ 16,187		\$ 8,850	\$ 7,337
Compensated Absences Payable	219,592	\$ 64,526	25,601	258,517
Net Pension Liability	1,473,022	269,486		1,742,508
	<u>\$ 1,708,801</u>	<u>\$ 334,012</u>	<u>\$ 34,451</u>	<u>\$ 2,008,362</u>

A. Bonds Payable:

Bonds are authorized in accordance with State law by the County of Warren 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 Warren Board of Chosen Freeholders are general obligation bonds of the County of Warren and therefore are not recorded as debt of the Warren County Vocational-Technical School District.

B. Compensated Absences

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The current portion of the compensated absences balance of the governmental funds is \$13,362 and is separated from the long-term portion of compensated absences of \$245,155.

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

NOTE 6. LONG-TERM LIABILITIES (Cont'd)

B. Compensated Absences (Cont'd)

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2016, no liability existed for compensated absences in the Enterprise Funds.

The General Fund will be used to liquidate compensated absences payable.

C. Capital Leases Payable

The District entered into a \$39,565 lease purchase agreement in April 2012 for a telephone system upgrade for the District, of which \$32,228 has been amortized. The capital lease is for a term of five years. The following is a schedule of the future minimum lease payments under the capital lease, and the present value of the net minimum lease payments at June 30, 2016.

<u>Year</u>	<u>Amount</u>
2017	\$ 7,695
Less: Amount Representing Interest	<u>(358)</u>
Present Value Net of Minimum Lease Payments	<u>\$ 7,337</u>

The current portion of capital leases payable at June 30, 2016 is \$7,337. The General Fund will be used to liquidate the capital lease payable.

D. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2016 is \$-0- and the long-term portion is \$1,742,508. See Note 8 for further information on the PERS.

NOTE 7. OPERATING LEASES PAYABLE

The District has a commitment to lease copiers under an operating lease which expires in 2019. Future minimum lease payments are as follows:

<u>Year Ending</u>	<u>Amount</u>
June 30, 2017	\$ 48,240
June 30, 2018	48,240
June 30, 2019	<u>20,100</u>
Total future minimum lease payments	<u>\$ 116,580</u>

NOTE 8. PENSION PLANS

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).

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

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS)

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.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, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th 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 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$66,736 for fiscal year 2016.

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

NOTE 8. PENSION PLANS (Cont'd)

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

Contributions (Cont'd)

The employee contribution rate was 7.06% effective July 1, 2015. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2016, the District reported a liability of \$1,742,508 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2015, the District's proportion was 0.0078%, which was a decrease of 0.0001% from its proportion measured as of June 30, 2014.

For the fiscal year ended June 30, 2016, the District recognized pension expense of \$78,931. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferral Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	6.44	\$ 37,300	
	2015	5.72	149,831	
Difference Between Expected and Actual Experience	2015	5.72	41,570	
Changes in Proportion	2014	6.44		\$ 141,362
	2015	5.72		16,704
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5.00		64,958
	2015	5.00		(36,942)
Contribution Made Subsequent to the Measurement Date	2015	1.00	97,061	
			<u>\$ 325,762</u>	<u>\$ 186,082</u>

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

NOTE 8. 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 pension expense as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2016	\$ 36,534
2017	36,535
2018	36,535
2019	58,188
2020	32,893
	<u>\$ 200,685</u>

Actuarial Assumptions

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

Inflation Rate	3.04%
Salary Increases:	
2012-2021	2.15 – 4.40% based on age
Thereafter	3.15 – 5.40% based on age
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback one year for females) are used to value disabled retirees.

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries.

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

NOTE 8. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad U.S. Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex. U.S.	3.50%	-0.40%
REIT	4.25%	5.12%

Discount Rate

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 3.80% as of June 30, 2015 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

NOTE 8. 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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2015 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Fiscal Year Ended June 30, 2015		
	1%	Current	1%
	Decrease (3.90%)	Discount Rate (4.90%)	Increase (5.90%)
District's proportionate share of the Net Pension Liability	\$ 2,165,724	\$ 1,742,508	\$ 1,387,686

Pension Plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the TPAF, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for TPAF:

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

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

NOTE 8. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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 before age 62 with 25 or more years of service credit and Tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2015, the State's pension contribution was less than the actuarially determined amount.

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2016, the State of New Jersey contributed \$280,982 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$1,348,376.

The employee contribution rate was 7.06% effective July 1, 2015. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2016, the State's proportionate share of the net pension liability associated with the District was \$22,083,171. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2015, the District's proportion was 0.0349%, which was an increase of 0.0006% from its proportion measured as of June 30, 2014.

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

NOTE 8. 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		22,083,171
Total	\$	22,083,171

For the fiscal year ended June 30, 2016, the State recognized pension expense on behalf of the District in the amount of \$1,348,376 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2016 financial statements.

The State reported collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions from the following sources:

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

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

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

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

NOTE 8. PENSION PLANS (Cont'd)

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

Actuarial Assumptions

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

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

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

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

Long Term Expected Rate of Return

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%

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

NOTE 8. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Emerging Markets Equity	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%

Discount Rate – TPAF

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

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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2015 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Fiscal Year Ended June 30, 2015		
	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
Total Net Pension Liability	\$ 26,245,024	\$ 22,083,171	\$ 18,497,486

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

NOTE 8. PENSION PLANS (Cont'd)

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

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 \$1,732 for the fiscal year ended June 30, 2016. Employee contributions to DCRP amounted to \$2,322 for the year ended June 30, 2016.

NOTE 9. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2015, there were 107,314 retirees receiving post-retirement medical benefits, and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides employer paid benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

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

NOTE 9. POST-RETIREMENT BENEFITS (Cont'd)

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

The State's on-behalf Post-Retirement Medical Contributions to TPAF for the District amounted to \$334,571, \$299,871 and \$237,757 for 2016, 2015 and 2014, respectively.

NOTE 10. 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 the State of NJ Health Benefits Plan.

Property and Liability Insurance

The District is a member of the New Jersey Schools Insurance Group (the "Group"). This public entity risk management pool provides general liability, property and automobile coverage, and workers' compensation for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. The Group is a risk-sharing public entity risk pool that is an insured and self-administered group of school boards 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 Group are elected.

As a member of this Group, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Group were to be exhausted, members would become responsible for their respective shares of the Group's liabilities. The 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 relates to the total assessment of the membership body. As a member of this Group, the District could be subject to supplemental assessments in the event of deficiencies.

The audit report for the year ending June 30, 2016 was not available as of the date of this report. Selected, summarized financial information for the Group as of June 30, 2015 is as follows:

Total Assets	\$ 294,626,089
Net Position	\$ 57,315,326
Total Revenue	\$ 124,104,560
Total Expenses	\$ 121,185,870
Change in Net Position	\$ 2,918,690
Members Dividends	\$ -0-

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

NOTE 10. RISK MANAGEMENT (Cont'd)Property and Liability Insurance (Cont'd)

Financial statements for the Group are available at the Group's Executive Director's office:

New Jersey Schools Insurance Group
6000 Midlantic Drive
Mount Laurel, NJ 08054
(609) 386-6060

New Jersey Unemployment Compensation Insurance

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

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2015-2016	\$ -0-	\$ -0-	\$ 8,704	\$ 1,077	\$ 99,994
2014-2015	-0-	-0-	11,195	2,100	92,367
2013-2014	-0-	-0-	7,770	36,271	83,272

NOTE 11. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 2,200	\$ 7,840
Proprietary Fund - Food Service Fund	7,840	
Fiduciary Fund - Student Activities		829
Fiduciary Fund - Private Purpose Scholarships Trust	829	
Fiduciary Fund - Payroll Agency Fund		2,200
	<u>\$ 10,869</u>	<u>\$ 10,869</u>

The interfund payable in the General Fund is for the May 2016 meal claim reimbursement collected in the General Fund due to the Food Service Fund. The interfund payable in the Payroll Agency Fund is for mentoring fees reimbursements due to the General Fund for the current and prior fiscal years. The interfund receivable in the Scholarships Trust is for scholarship donations collected in the Student Activities account on behalf of the Scholarships Trust in a prior year.

The General Fund transferred \$1,739,134 (\$762,674 from Capital Outlay and \$976,460 from the Capital Reserve) to the Capital Projects Fund for the local share of capital projects.

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

NOTE 12. 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 13. 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:

Lincoln Investment Planning
Vanguard
Fidelity Investments

Transamerica is the plan administrator for the District's Internal Revenue Code Section 457 plan.

NOTE 14. ACCOUNTS PAYABLE

Payables as of June 30, 2016 were:

	<u>Governmental Funds</u>			District Contri- bution Subsequent to the Measure- ment Date	Total Governmental Activities	<u>Business-Type Activities</u>
	General Fund	Special Revenue Fund	Capital Projects Fund			Food Service Fund
Due to State of New Jersey				\$ 97,061	\$ 97,061	
Vendors	\$ 87,236	\$ 40,808	\$ 3,133		131,177	\$ 4,632
	<u>\$ 87,236</u>	<u>\$ 40,808</u>	<u>\$ 3,133</u>	<u>\$ 97,061</u>	<u>\$ 228,238</u>	<u>\$ 4,632</u>

NOTE 15. 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 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.

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

NOTE 15. TAX CALENDAR (Cont'd)

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 District on a predetermined mutually agreed-upon schedule.

NOTE 16. CONTINGENT LIABILITIES

Grant Programs

The District participates in federal and state assisted grant programs. The programs are subject to program compliance audits by grantors or their representatives. The 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 claims and pending lawsuits including personnel matters. The District estimates that the potential claims against it resulting from such litigation and not covered by insurance would not materially affect the financial position of the District.

Encumbrances

At June 30, 2016, there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds:

General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<u>\$ 33,710</u>	<u>\$ 7,805</u>	<u>\$ 1,521,304</u>	<u>\$ 1,562,819</u>

On the District's Governmental Funds Balance Sheet as of June 30, 2016, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$7,805 less than the actual year-end encumbrances on a budgetary basis. On the GAAP basis, encumbrances are not recognized and are reflected as either a reduction in grants receivables or an increase in unearned revenue. The \$1,521,304 of year-end encumbrances in the Capital Projects Fund on a budgetary basis are included in the \$1,285,089 committed fund balance on a GAAP basis at June 30, 2016, which is less than the committed fund balance on a budgetary basis due to the SDA grant receivables not being recognized on the GAAP basis until the related reimbursement requests have been submitted to the State.

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TWO FISCAL YEARS
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2015</u>	<u>2016</u>
District's proportion of the net pension liability	0.0078675564%	0.0077624208%
District's proportionate share of the net pension liability	\$ 1,473,022	\$ 1,742,508
District's covered employee payroll	\$ 556,112	\$ 662,637
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	264.88%	262.97%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%

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

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TWO FISCAL YEARS
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$ 64,859	\$ 66,736
Contributions in relation to the contractually required contribution	<u>(64,859)</u>	<u>(66,736)</u>
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 662,637	\$ 919,041
Contributions as a percentage of covered employee payroll	9.79%	7.26%

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

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WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' PENSION AND ANNUITY FUND
LAST TWO FISCAL YEARS
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2015</u>	<u>2016</u>
State's proportion of the net pension liability attributable to the District	0.0342775159%	0.0349393659%
State's proportionate share of the net pension liability attributable to the District	\$ 18,320,217	\$ 22,083,171
District's covered employee payroll	\$ 3,582,157	\$ 3,516,549
State's proportionate share of the net pension liability attributable to the District as a percentage of its covered employee payroll	511.43%	627.98%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%

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

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND
LAST FISCAL YEAR
UNAUDITED

	Fiscal Year Ending June 30,	
	2015	2016
Contractually required contribution	\$ 985,800	\$ 1,348,376
Contributions in relation to the contractually required contribution	<u>(188,895)</u>	<u>(280,982)</u>
Contribution deficiency/(excess)	<u>\$ 796,905</u>	<u>\$ 1,067,394</u>
District's covered employee payroll	\$ 3,516,549	\$ 3,516,337
Contributions as a percentage of covered employee payroll	5.37%	7.99%

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

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

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

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

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

BUDGETARY COMPARISON SCHEDULES

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUE:					
Local Sources:					
County Tax Levy	\$ 3,995,172		\$ 3,995,172	\$ 3,995,172	
Tuition from LEA's	2,110,741		2,110,741	1,960,512	\$ (150,229)
Other Tuition	328,000		328,000	476,170	148,170
GED Testing Center Fees	9,000		9,000	8,584	(416)
Unrestricted Miscellaneous Revenues	14,838		14,838	66,054	51,216
Total - Local Sources	<u>6,457,751</u>		<u>6,457,751</u>	<u>6,506,492</u>	<u>48,741</u>
State Sources:					
Categorical Special Education Aid	269,146		269,146	269,146	
Equalization Aid	2,768,259		2,768,259	2,768,259	
Categorical Security Aid	25,413		25,413	25,413	
Transportation Aid	50,531		50,531	50,531	
Other State Aids	8,900		8,900	8,900	
Adult Education Programs Aid				27,874	27,874
TPAF Pension Contributions (On-Behalf - Non-Budgeted)				280,982	280,982
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				334,571	334,571
TPAF Social Security (Reimbursed - Non-Budgeted)				255,239	255,239
Total State Sources	<u>3,122,249</u>		<u>3,122,249</u>	<u>4,020,915</u>	<u>898,666</u>
Total Revenue	<u>9,580,000</u>		<u>9,580,000</u>	<u>10,527,407</u>	<u>947,407</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Grades 9-12 - Salaries of Teachers	1,465,577	\$ (131,644)	1,333,933	1,332,833	1,100
Other Purchased Services	2,500	2,315	4,815	4,815	
General Supplies	17,950	3,941	21,891	20,131	1,760

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Textbooks	\$ 12,600	\$ 2,713	\$ 15,313	\$ 15,313	
Regular Programs - Home Instruction:					
Salaries of Teachers	3,000		3,000	1,638	\$ 1,362
Purchased Professional-Educational Services	2,500	2,530	5,030	2,530	2,500
TOTAL REGULAR PROGRAMS - INSTRUCTION	<u>1,504,127</u>	<u>(120,145)</u>	<u>1,383,982</u>	<u>1,377,260</u>	<u>6,722</u>
Special Education Instruction - Resource Room:					
Salaries of Teachers	300,025	(97,000)	203,025	156,683	46,342
Total Special Education Instruction - Resource Room	<u>300,025</u>	<u>(97,000)</u>	<u>203,025</u>	<u>156,683</u>	<u>46,342</u>
Regular Vocational Programs:					
Salaries of Teachers	980,903	12,001	992,904	934,007	58,897
Other Purchased Services	4,000	4,387	8,387	8,286	101
General Supplies	134,500	6,784	141,284	121,405	19,879
Textbooks	13,000	(7,752)	5,248	4,439	809
Total Regular Vocational Programs	<u>1,132,403</u>	<u>15,420</u>	<u>1,147,823</u>	<u>1,068,137</u>	<u>79,686</u>
Special Vocational Programs:					
Salaries of Teachers	114,548	117,918	232,466	209,126	23,340
General Supplies	1,721	(1,721)			
Textbooks	600	(600)			
Total Special Vocational Programs	<u>116,869</u>	<u>115,597</u>	<u>232,466</u>	<u>209,126</u>	<u>23,340</u>
School-Sponsored Cocurricular Activities:					
Salaries	21,006	1,973	22,979	22,979	
Purchased Services	10,000	34,710	44,710	44,710	

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
School-Sponsored Cocurricular Activities:					
Supplies and Materials	\$ 20,920	\$ (8,829)	\$ 12,091	\$ 5,747	\$ 6,344
Total School-Sponsored Cocurricular Activities	<u>51,926</u>	<u>27,854</u>	<u>79,780</u>	<u>73,436</u>	<u>6,344</u>
School-Sponsored Athletics:					
Salaries	105,754	(4,648)	101,106	78,423	22,683
Purchased Services	11,800	5,965	17,765	17,765	
Supplies and Materials	6,100	697	6,797	6,797	
Total School-Sponsored Athletics	<u>123,654</u>	<u>2,014</u>	<u>125,668</u>	<u>102,985</u>	<u>22,683</u>
TOTAL INSTRUCTION	<u>3,229,004</u>	<u>(56,260)</u>	<u>3,172,744</u>	<u>2,987,627</u>	<u>185,117</u>
Undist. Expend. - Health Services:					
Salaries	74,353	5,555	79,908	79,905	3
Purchased Professional and Technical Services	3,000		3,000	2,853	147
Supplies and Materials	3,500	2,307	5,807	5,807	
Total Undist. Expend. - Health Services	<u>80,853</u>	<u>7,862</u>	<u>88,715</u>	<u>88,565</u>	<u>150</u>
Undist. Expend. - Speech, OT, PT and Related Services:					
Purchased Professional - Educational Services		73,617	73,617	64,192	9,425
Total Undist. Expend. - Speech, OT, PT and Related Services		<u>73,617</u>	<u>73,617</u>	<u>64,192</u>	<u>9,425</u>
Undist. Expend. - Guidance:					
Salaries of Other Professional Staff	184,246	(2,100)	182,146	182,139	7
Salaries of Secretarial and Clerical Assistants	34,067	(1,900)	32,167	32,086	81
Other Purchased Services	200		200	20	180
Supplies and Materials	7,000	(5,205)	1,795	1,592	203

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Undist. Expend. - Guidance: (Cont'd)					
Other Objects		\$ 325	\$ 325	\$ 325	
Total Undist. Expend. - Guidance	\$ 225,513	(8,880)	216,633	216,162	\$ 471
Undist. Expend. - Child Study Teams:					
Salaries of Other Professional Staff	217,140	(32,000)	185,140	145,413	39,727
Other Purchased Professional and Technical Services	1,000	1,500	2,500	2,166	334
Supplies and Materials	6,200	(4,016)	2,184	611	1,573
Total Undist. Expend. - Child Study Teams	224,340	(34,516)	189,824	148,190	41,634
Undist. Expend. - Improvement of Instructional Services:					
Salaries of Other Professional Staff	7,000	(6,726)	274	274	
Total Undist. Expend-Impr. Of Instruct. Services	7,000	(6,726)	274	274	
Undist. Expend. - Instructional Staff Training Services:					
Purchased Professional - Educational Services	7,000	(3,105)	3,895	3,895	
Total Undist. Expend. - Instructional Staff Training Services	7,000	(3,105)	3,895	3,895	
Undist. Expend. - Support Services - General Administration:					
Salaries	227,422	(14,901)	212,521	212,521	
Legal Services	22,000	25,209	47,209	47,209	
Audit Fees	41,000	1,000	42,000	42,000	
Purchased Technical Services	10,000	(5,598)	4,402	4,402	
Communications/Telephone	18,000		18,000	15,879	2,121
BOE Other Purchased Services	1,500	(276)	1,224	1,224	
Other Purchased Services	77,300	6,539	83,839	79,840	3,999
General Supplies	2,100	(781)	1,319	1,319	
Miscellaneous Expenditures	17,000	290	17,290	17,289	1

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Undist. Expend. - Support Services - General Administration: (Cont'd)					
BOE Membership Dues and Fees	\$ 500	\$ (500)			
Total Undist. Expend. - Support Services - General Administration	<u>416,822</u>	<u>10,982</u>	<u>\$ 427,804</u>	<u>\$ 421,683</u>	<u>\$ 6,121</u>
Undist. Expend. - Support Services - School Administration:					
Salaries of Principals/Assistant Principals	230,897	23,373	254,270	254,268	2
Salaries of Secretarial and Clerical Assistants	69,830		69,830	69,555	275
Purchased Professional and Technical Services	1,000	614	1,614	1,614	
Other Purchased Services	17,800	22,120	39,920	39,920	
Supplies and Materials	12,000	6,142	18,142	18,142	
Other Objects	2,000	1,510	3,510	3,510	
Total Undist. Expend. - Support Services - School Administration	<u>333,527</u>	<u>53,759</u>	<u>387,286</u>	<u>387,009</u>	<u>277</u>
Undist. Expend. - Central Services:					
Salaries	258,332	(10,000)	248,332	247,500	832
Purchased Technical Services	10,000	224	10,224	10,224	
Miscellaneous Purchased Services	78,500	(8,097)	70,403	68,661	1,742
Supplies and Materials	2,200		2,200	2,109	91
Miscellaneous Expenditures	2,500	(664)	1,836	1,529	307
Total Undist. Expend. - Central Services	<u>351,532</u>	<u>(18,537)</u>	<u>332,995</u>	<u>330,023</u>	<u>2,972</u>
Undist. Expend. - Administration Information Technology:					
Salaries	78,586	(7,000)	71,586	66,220	5,366
Purchased Technical Services	70,000		70,000	53,663	16,337
Supplies and Materials	50,000		50,000	34,987	15,013
Other Objects	400	(400)			
Total Undist. Expend. - Administration Information Technology	<u>198,986</u>	<u>(7,400)</u>	<u>191,586</u>	<u>154,870</u>	<u>36,716</u>

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Undist. Expend. - Required Maintenance for School Facilities:					
Salaries	\$ 277,306	\$ 49,450	\$ 326,756	\$ 325,104	\$ 1,652
Cleaning, Repair and Maintenance Services	237,400	129,436	366,836	366,836	
General Supplies	15,000	(14,700)	300	300	
Total Undist. Expend. - Required Maintenance for School Facilities	<u>529,706</u>	<u>164,186</u>	<u>693,892</u>	<u>692,240</u>	<u>1,652</u>
Undist. Expend. - Custodial Services:					
Salaries	197,716	(85,000)	112,716	110,637	2,079
Cleaning, Repair and Maintenance Services	10,100	(6,680)	3,420	3,420	
Other Purchased Property Services	34,500	(4,466)	30,034	30,034	
General Supplies	4,000	(3,000)	1,000	862	138
Energy (Natural Gas)	44,460	(7,668)	36,792	34,071	2,721
Energy (Electricity)	200,000	(38,941)	161,059	155,027	6,032
Total Undist. Expend. - Custodial Services	<u>490,776</u>	<u>(145,755)</u>	<u>345,021</u>	<u>334,051</u>	<u>10,970</u>
Undist. Expend. - Security:					
Salaries	18,000	(12,206)	5,794	5,794	
Purchased Professional & Technical Services	2,290	(1,375)	915	915	
Total Undist. Expend. - Security	<u>20,290</u>	<u>(13,581)</u>	<u>6,709</u>	<u>6,709</u>	
Undist. Expend. - Student Transportation Services:					
Salaries of Non-Instructional Aides	1,000	2,689	3,689	3,689	
Cleaning, Repair, & Maint. Services	1,000	340	1,340	1,340	
Contracted Srvs. - (Between Home and School) - Vendors	550,000		550,000	531,114	18,886
Contracted Srvs. (Other than Between Home & School) - Vendors	20,000	(20,000)			
Transportation Supplies	7,000	1,159	8,159	7,746	413
Total Undist. Expend. - Student Transportation Services	<u>579,000</u>	<u>(15,812)</u>	<u>563,188</u>	<u>543,889</u>	<u>19,299</u>

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Unallocated Benefits:					
Social Security Contributions	\$ 130,000	\$ (15,404)	\$ 114,596	\$ 114,596	
Other Retirement Contributions - Regular		5,000	5,000	1,732	\$ 3,268
Other Retirement Contributions - PERS	78,000		78,000	66,822	11,178
Other Retirement Contributions - Deferred PERS Pymt	5,000	(5,000)			
Unemployment Compensation	15,042	(15,042)			
Workmen's Compensation	45,000		45,000	39,346	5,654
Health Benefits	1,820,000	(237,624)	1,582,376	1,540,450	41,926
Tuition Reimbursement	26,000		26,000	21,372	4,628
Unused Sick Payment to Terminated / Retired Staff	24,000		24,000	11,769	12,231
Total Unallocated Benefits	<u>2,143,042</u>	<u>(268,070)</u>	<u>1,874,972</u>	<u>1,796,087</u>	<u>78,885</u>
On-Behalf Contributions:					
TPAF Pension Contributions (non-budgeted)				280,982	(280,982)
On-Behalf TPAF Post Retirement Contributions (non-budgeted)				334,571	(334,571)
Reimbursed TPAF Social Security Contributions (non-budgeted)				255,239	(255,239)
Total On-Behalf Contributions				<u>870,792</u>	<u>(870,792)</u>
Total Personal Services - Employee Benefits	<u>2,143,042</u>	<u>(268,070)</u>	<u>1,874,972</u>	<u>2,666,879</u>	<u>(791,907)</u>
TOTAL UNDISTRIBUTED EXPENDITURES	<u>5,608,387</u>	<u>(211,976)</u>	<u>5,396,411</u>	<u>6,058,631</u>	<u>(662,220)</u>
TOTAL GENERAL CURRENT EXPENSE	<u>8,837,391</u>	<u>(268,236)</u>	<u>8,569,155</u>	<u>9,046,258</u>	<u>(477,103)</u>
Facilities Acquisition and Construction Services:					
Salaries	10,000	10,840	20,840	20,840	
Construction Services	1,176,429	(672,512)	503,917	37,320	466,597

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Facilities Acquisition and Construction Services:					
Other Objects		\$ 29,894	\$ 29,894		\$ 29,894
Assessment for Debt Service on SDA Funding	\$ 33,565		33,565	\$ 33,565	
Total Facilities Acquisition and Construction Services	<u>1,219,994</u>	<u>(631,778)</u>	<u>588,216</u>	<u>91,725</u>	<u>496,491</u>
TOTAL CAPITAL OUTLAY	<u>1,219,994</u>	<u>(631,778)</u>	<u>588,216</u>	<u>91,725</u>	<u>496,491</u>
Special Schools:					
Post-Secondary - Instruction:					
Salaries of Teachers	246,435	80,000	326,435	287,983	38,452
General Supplies	28,000	53,107	81,107	67,962	13,145
Total Post - Secondary - Instruction	<u>274,435</u>	<u>133,107</u>	<u>407,542</u>	<u>355,945</u>	<u>51,597</u>
Adult Education - Local - Support Services:					
Salaries	39,000	1,020	40,020	40,020	
General Supplies	2,500	2,563	5,063	5,063	
Total Adult Education - Local - Support Services	<u>41,500</u>	<u>3,583</u>	<u>45,083</u>	<u>45,083</u>	
Vocational Evening - Local - Instruction:					
Salaries of Teachers	10,000		10,000	2,608	7,392
General Supplies	3,000		3,000	202	2,798
Total Vocational Evening - Local - Instruction	<u>13,000</u>		<u>13,000</u>	<u>2,810</u>	<u>10,190</u>
GED Testing Centers:					
Salaries	6,000		6,000	3,503	2,497
Supplies and Materials	3,000	650	3,650	3,650	
Total GED Testing Centers	<u>9,000</u>	<u>650</u>	<u>9,650</u>	<u>7,153</u>	<u>2,497</u>

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
TOTAL SPECIAL SCHOOLS	\$ 337,935	\$ 137,340	\$ 475,275	\$ 410,991	\$ 64,284
TOTAL EXPENDITURES	<u>10,395,320</u>	<u>(762,674)</u>	<u>9,632,646</u>	<u>9,548,974</u>	<u>83,672</u>
Excess of Revenues Over Expenditures	(815,320)	762,674	(52,646)	978,433	1,031,079
Other Financing Uses:					
Capital Outlay - Transfer to Capital Projects Fund		(762,674)	(762,674)	(762,674)	
Capital Reserve - Transfer to Capital Projects Fund		(976,460)	(976,460)	(976,460)	
Total Other Financing Uses		<u>(1,739,134)</u>	<u>(1,739,134)</u>	<u>(1,739,134)</u>	
Excess/(Deficit) of Revenues Over/(Under) Expenditures and Other Financing Uses	(815,320)	(976,460)	(1,791,780)	(760,701)	1,031,079
Fund Balance, July 1	<u>2,344,153</u>		<u>2,344,153</u>	<u>2,344,153</u>	
Fund Balance, June 30	<u>\$ 1,528,833</u>	<u>\$ (976,460)</u>	<u>\$ 552,373</u>	<u>\$ 1,583,452</u>	<u>\$ 1,031,079</u>

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Recapitulation:					
Restricted Fund Balance:					
Capital Reserve				\$ 924,703	
Assigned Fund Balance:					
Year End Encumbrances				33,710	
Unassigned Fund Balance				<u>625,039</u>	
				1,583,452	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payments not Recognized on GAAP basis				<u>(311,654)</u>	
Fund Balance per Governmental Funds (GAAP)				<u><u>\$ 1,271,798</u></u>	

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources		\$ 12,019	\$ 12,019	\$ 10,188	\$ (1,831)
State Sources	\$ 8,000	11,134	19,134	13,681	(5,453)
Federal Sources	392,000	133,312	525,312	435,597	(89,715)
Total Revenues	400,000	156,465	556,465	459,466	(96,999)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	89,000	113,994	202,994	185,736	17,258
Purchased Professional and Technical Services	179,000	(149,000)	30,000	10,185	19,815
Other Purchased Services		4,131	4,131	1,416	2,715
General Supplies	132,000	543	132,543	122,558	9,985
Total Instruction	400,000	(30,332)	369,668	319,895	49,773
Support Services:					
Salaries of Other Professional Staff		6,755	6,755	6,755	
Personal Services - Employee Benefits		52,685	52,685	52,685	
Purchased Professional Technical Services		49,413	49,413	19,756	29,657
Other Purchased Services		7,300	7,300	3,300	4,000
Supplies and Materials		24,672	24,672	12,515	12,157
Total Support Services		140,825	140,825	95,011	45,814
Facilities Acquisition and Construction Services:					
Instructional Equipment		45,972	45,972	44,560	1,412
Total Facilities Acquisition and Construction Services		45,972	45,972	44,560	1,412
Total Expenditures	\$ 400,000	\$ 156,465	\$ 556,465	\$ 459,466	\$ 96,999
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 10,527,407	\$ 459,466
Difference - Budget to GAAP:		
Grant Accounting Budgetary basis differs from GAAP in that the Budgetary basis recognizes Encumbrances as Expenditures and Revenue whereas the GAAP basis does not:		
Current Year Encumbrances		(7,805)
Cancellation of Prior Year Encumbrances		(459)
Prior Year Encumbrances		8,758
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	308,872	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(311,654)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 10,524,625</u>	<u>\$ 459,960</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 9,548,974	\$ 459,466
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		(7,805)
Cancellation of Prior Year Encumbrances		(459)
Prior Year Encumbrances		<u>8,758</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 9,548,974</u>	<u>\$ 459,960</u>

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

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

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

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

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last state aid payments for the current and prior years. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

WARREN COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Apprenticeship Coordinator	Adult Basic Skills Education	I.D.E.A. Part B, Basic	Private Donations
REVENUE:				
Local Sources				\$ 10,188
State Sources	\$ 13,681			
Federal Sources		\$ 91,571	\$ 125,088	
Total Revenue	13,681	91,571	125,088	10,188
EXPENDITURES:				
Instruction:				
Salaries of Teachers	10,295	73,835	89,721	
Purchased Professional and Technical Services				
Other Purchased Services	1,416			
General Supplies	1,970	111	3,098	1,600
Total Instruction	13,681	73,946	92,819	1,600
Support Services:				
Salaries of Other Professional Staff				
Personal Services - Employee Benefits		15,625	32,269	
Purchased Professional Technical Services		2,000		
Other Purchased Services				
Supplies and Materials				
Total Support Services		17,625	32,269	
Facilities Acquisition and Construction Services:				
Instructional Equipment				8,588
Total Facilities Acquisition and Construction Services				8,588
Total Expenditures	\$ 13,681	\$ 91,571	\$ 125,088	\$ 10,188

WARREN COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Carl D. Perkins</u>		<u>No Child Left Behind</u>		<u>Totals</u>
	<u>Secondary</u>	<u>Post Secondary</u>	<u>Title I</u>	<u>Title IIA</u>	
REVENUE:					
Local Sources					\$ 10,188
State Sources					13,681
Federal Sources	\$ 43,113	\$ 94,139	\$ 70,562	\$ 11,124	435,597
Total Revenue	<u>43,113</u>	<u>94,139</u>	<u>70,562</u>	<u>11,124</u>	<u>459,466</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	3,272		8,613		185,736
Purchased Professional and Technical Services			10,185		10,185
Other Purchased Services					1,416
General Supplies	26,392	57,022	29,420	2,945	122,558
Total Instruction	<u>29,664</u>	<u>57,022</u>	<u>48,218</u>	<u>2,945</u>	<u>319,895</u>
Support Services:					
Salaries of Other Professional Staff	2,600	4,155			6,755
Personal Services - Employee Benefits	502	1,037	3,252		52,685
Purchased Professional Technical Services		3,000	6,577	8,179	19,756
Other Purchased Services	3,300				3,300
Supplies and Materials			12,515		12,515
Total Support Services	<u>6,402</u>	<u>8,192</u>	<u>22,344</u>	<u>8,179</u>	<u>95,011</u>
Facilities Acquisition and Construction Services:					
Instructional Equipment	7,047	28,925			44,560
Total Facilities Acquisition and Construction Services	<u>7,047</u>	<u>28,925</u>			<u>44,560</u>
Total Expenditures	<u>\$ 43,113</u>	<u>\$ 94,139</u>	<u>\$ 70,562</u>	<u>\$ 11,124</u>	<u>\$ 459,466</u>

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID SCHEDULE OF EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOT APPLICABLE

CAPITAL PROJECTS FUND

Exhibit F-1

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Revenue and Other Financing Sources:	
State Sources - SDA Grant	\$ 946,000
Contribution from Private Source	527
County Improvement Authorization	600,000
Transfer from Capital Outlay	762,674
Transfer from Capital Reserve	976,460
	<hr/>
Total Revenue and Other Financing Sources	3,285,661
	<hr/>
Expenditures:	
Legal Services	43,027
Purchased Professional and Technical Services	116,124
Construction Services	1,226,367
	<hr/>
Total Expenditures	1,385,518
	<hr/>
Excess of Revenue and Other Financing Sources Over Expenditures	1,900,143
	<hr/>
Fund Balance - Beginning of Year	330,946
	<hr/>
Fund Balance - End of Year	\$ 2,231,089
	<hr/> <hr/>
<u>Recapitulation:</u>	
Committed Fund Balance	\$ 709,785
Committed - Year End Encumbrances	1,521,304
	<hr/>
Total Restricted Fund Balance - Budgetary Basis	2,231,089
	<hr/>
<u>Reconciliation to Governmental Funds Statements (GAAP):</u>	
SDA Grant Receivable not Recognized on the GAAP Basis	(946,000)
	<hr/>
Fund Balance per Governmental Funds (GAAP)	\$ 1,285,089
	<hr/> <hr/>

Exhibit F-1A

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
WINDOWS REPLACEMENT PROJECT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Prior Periods	Current Year	Totals	Revised Project Authorization
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 556,000		\$ 556,000	\$ 556,000
County Improvement Authorization		\$ 157,460	157,460	157,460
Transfer from Capital Outlay		762,674	762,674	762,674
Total Revenue and Other Financing Sources	556,000	920,134	1,476,134	1,476,134
Expenditures:				
Legal Services				5,000
Purchased Professional and Technical Services	76,983	22,393	99,376	109,000
Construction Services	190,571	1,186,187	1,376,758	1,362,134
Total Expenditures	267,554	1,208,580	1,476,134	1,476,134
Excess of Revenue and Other Financing Sources Over Expenditures	\$ 288,446	\$ (288,446)	\$ -0-	\$ -0-

Additional Project Information:

Project Numbers	5460-050-13-2003
Grant Date	01/06/14
County Improvement Authorization Date	04/08/15
County Improvement Authorization	\$ 157,460
Original Authorized Cost	\$ 1,390,000
Additional Authorized Cost	\$ 86,134
Revised Authorized Cost	\$ 1,476,134

Percentage Increase over Original Authorized Cost	0%
Percentage Completion	100%
Original Target Completion Date	12/31/15
Revised Target Completion Date	06/30/16

Exhibit F-1B

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
SOLAR PROJECT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Project Authorization</u>
Revenue:				
Contribution from Private Source	\$ 110,634	\$ 527	\$ 111,161	\$ 111,161
Total Revenue	<u>110,634</u>	<u>527</u>	<u>111,161</u>	<u>111,161</u>
Expenditures:				
Legal Services	<u>68,134</u>	<u>43,027</u>	<u>111,161</u>	<u>111,161</u>
Total Expenditures	<u>68,134</u>	<u>43,027</u>	<u>111,161</u>	<u>111,161</u>
Excess of Revenue Over Expenditures	<u>\$ 42,500</u>	<u>\$ (42,500)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Additional Project Information:

Project Numbers	N/A
Grant Date	N/A
County Improvement Authorization Date	N/A
County Improvement Authorization	\$ -0-
Original Authorized Cost	\$ 110,634
Additional Authorized Cost	\$ 527
Revised Authorized Cost	\$ 111,161
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	100%
Original Target Completion Date	12/31/15
Revised Target Completion Date	N/A

Exhibit F-1C

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
HVAC UPGRADES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant		\$ 884,000	\$ 884,000	\$ 884,000
County Improvement Authorization		413,400	413,400	413,400
Transfer from Capital Reserve		912,600	912,600	912,600
Total Revenue and Other Financing Sources		2,210,000	2,210,000	2,210,000
Legal Services				
Purchased Professional and Technical Services		81,365	81,365	185,912
Construction Services		40,180	40,180	2,024,088
Total Expenditures		121,545	121,545	2,210,000
Excess of Revenue and Other Financing Sources Over Expenditures	\$ -0-	\$ 2,088,455	\$ 2,088,455	\$ -0-

Additional Project Information:

Project Numbers	5460-050-13-2001
Grant Date	06/02/16
County Improvement Authorization Date	04/08/15
County Improvement Authorization	\$ 413,400
Original Authorized Cost	\$ 2,210,000
Additional Authorized Cost	\$ -0-
Revised Authorized Cost	\$ 2,210,000
Percentage Increase over Original Authorized Cost	
	0%
Percentage Completion	
	5%
Original Target Completion Date	
	12/31/16
Revised Target Completion Date	
	N/A

Exhibit F-1D

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
LIBRARY ROOF REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Prior Periods	Current Year	Totals	Project Authorization
Revenue and Other Financing Sources:				
State Sources - SDA Grant		\$ 62,000	\$ 62,000	\$ 62,000
County Improvement Authorization		29,140	29,140	29,140
Transfer from Capital Reserve		63,860	63,860	63,860
Total Revenue and Other Financing Sources		155,000	155,000	155,000
Purchased Professional and Technical Services		12,366	12,366	20,360
Construction Services				134,640
Total Expenditures		12,366	12,366	155,000
Excess of Revenue and Other Financing Sources Over Expenditures	\$ -0-	\$ 142,634	\$ 142,634	\$ -0-

Additional Project Information:

Project Numbers	5460-050-14-1004
Grant Date	06/02/16
County Improvement Authorization Date	04/08/15
County Improvement Authorization	\$ 29,140
Original Authorized Cost	\$ 155,000
Additional Authorized Cost	\$ -0-
Revised Authorized Cost	\$ 155,000
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	8%
Original Target Completion Date	12/31/16
Revised Target Completion Date	N/A

PROPRIETARY FUNDS

Exhibit G-1

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2016

	<u>Non-Major Funds</u>		<u>Totals</u>
	<u>Food Service</u>	<u>Restaurant</u>	
<u>ASSETS:</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 53,786		\$ 53,786
Interfund Receivable - General Fund	7,840		7,840
Intrafund Receivable	4,386		4,386
Intergovernmental Accounts Receivable:			
State	55		55
Federal	3,128		3,128
Inventories	2,703	\$ 874	3,577
Total Current Assets	<u>71,898</u>	<u>874</u>	<u>72,772</u>
Non-Current Assets:			
Capital Assets	32,754		32,754
Less: Accumulated Depreciation	(12,401)		(12,401)
Total Non-Current Assets	<u>20,353</u>		<u>20,353</u>
Total Assets	<u>92,251</u>	<u>874</u>	<u>93,125</u>
<u>LIABILITIES:</u>			
Current Liabilities:			
Intrafund Payable		4,386	4,386
Accounts Payable	4,632		4,632
Unearned Revenue	1,711		1,711
Total Liabilities	<u>6,343</u>	<u>4,386</u>	<u>10,729</u>
<u>NET POSITION:</u>			
Investment in Capital Assets	20,353		20,353
Unrestricted/(Deficit)	65,555	(3,512)	62,043
Total Net Position	<u>\$ 85,908</u>	<u>\$ (3,512)</u>	<u>\$ 82,396</u>

Exhibit G-2

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Non-Major Funds</u>		<u>Totals</u>
	<u>Food Service</u>	<u>Restaurant</u>	
Operating Revenue:			
Daily Sales:			
Reimbursable Programs	\$ 55,832		\$ 55,832
Non-Reimbursable Programs	33,984		33,984
Restaurant Sales		\$ 18,069	18,069
Miscellaneous Revenue	55		55
Total Operating Revenue	<u>89,871</u>	<u>18,069</u>	<u>107,940</u>
Operating Expenses:			
Cost of Sales:			
Reimbursable Programs	66,347		66,347
Non-Reimbursable Programs	24,539		24,539
Salaries	42,292	5,794	48,086
Benefits and Payroll Taxes	11,605		11,605
Other Purchased Services	9,075		9,075
Supplies and Materials	1,232	12,994	14,226
Miscellaneous Expenditures	14,163		14,163
Depreciation Expense	2,343		2,343
Total Operating Expenses	<u>171,596</u>	<u>18,788</u>	<u>190,384</u>
Operating Loss	<u>(81,725)</u>	<u>(719)</u>	<u>(82,444)</u>
Non-Operating Revenue:			
State Sources:			
State School Lunch Program	1,690		1,690
Federal Sources:			
National School Lunch Program	60,296		60,296
School Breakfast Program	16,257		16,257
Food Distribution Program	9,043		9,043
Total Non-Operating Revenue	<u>87,286</u>		<u>87,286</u>
Change in Net Position	5,561	(719)	4,842
Net Position/(Deficit) - Beginning of Year	<u>80,347</u>	<u>(2,793)</u>	<u>77,554</u>
Net Position/(Deficit) - End of Year	<u>\$ 85,908</u>	<u>\$ (3,512)</u>	<u>\$ 82,396</u>

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

	Non-Major Funds		Totals
	Food Service	Restaurant	
Cash Flows from Operating Activities:			
Intrafund Advanced	\$ (675)	\$ 675	\$ -0-
Receipts from Customers	89,871	18,069	107,940
Payments to Food Service Contractor	(147,520)		(147,520)
Payments to/for Employees		(5,794)	(5,794)
Payments to Suppliers	(12,085)	(12,950)	(25,035)
Net Cash Used for Operating Activities	(70,409)		(70,409)
Cash Flows from Capital and Related Financing Activities:			
Purchase of Capital Assets	(3,618)		(3,618)
Net Cash Used for Capital and Related Financing Activities	(3,618)		(3,618)
Cash Flows from Noncapital Financing Activities:			
State Sources - Turnover from General Fund	1,529		1,529
Federal Sources - Turnover from General Fund	68,504		68,504
Net Cash Provided by Noncapital Financing Activities	70,033		70,033
Net Decrease in Cash and Cash Equivalents	(3,994)	-0-	(3,994)
Cash and Cash Equivalents, July 1	57,780	-0-	57,780
Cash and Cash Equivalents, June 30	\$ 53,786	\$ -0-	\$ 53,786
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:			
Operating Loss	\$ (81,725)	\$ (719)	\$ (82,444)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:			
Depreciation	2,343		2,343
Food Distribution Program	9,043		9,043
Changes in Assets and Liabilities:			
(Increase) in Intrafund Receivable	(675)		(675)
Increase in Intrafund Payable		675	675
(Decrease) in Accounts Payable	(349)		(349)
Increase in Unearned Revenue	615		615
Decrease in Inventory	339	44	383
Net Cash Used for Operating Activities	\$ (70,409)	\$ -0-	\$ (70,409)

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Donated Commodities through the Food Distribution Program Valued at \$8,797 and Utilized Commodities Valued at \$9,043.

FIDUCIARY FUNDS

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL
FIDUCIARY FUND
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2016

	<u>Agency</u>		<u>Total Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarships Trust</u>
	<u>Student Activity</u>	<u>Payroll</u>			
<u>ASSETS:</u>					
Cash and Cash Equivalents	\$ 91,451	\$ 13,977	\$ 105,428	\$ 99,994	
Interfund Receivable - Student Activities					\$ 829
Total Assets	91,451	13,977	105,428	99,994	829
<u>LIABILITIES:</u>					
Interfund Payable:					
General Fund		2,200	2,200		
Scholarship Trust	829		829		
Payroll Deductions and Withholdings		11,777	11,777		
Due to Student Groups	90,622		90,622		
Total Liabilities	91,451	13,977	105,428		
<u>NET POSITION:</u>					
Held in Trust for Unemployment Claims				99,994	
Restricted for Scholarships					829
Total Net Position	\$ -0-	\$ -0-	\$ -0-	\$ 99,994	\$ 829

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

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarships Trust</u>
ADDITIONS:		
Contributions:		
Plan Members	\$ 8,704	
Total Contributions	<u>8,704</u>	
Total Additions	<u>8,704</u>	
DEDUCTIONS:		
Quarterly Contribution Reports	170	
Unemployment Claims	907	
Scholarships Awarded		\$ 400
Total Deductions	<u>1,077</u>	<u>400</u>
Change in Net Position	7,627	(400)
Net Position - Beginning of the Year	<u>92,367</u>	<u>1,229</u>
Net Position - End of the Year	<u>\$ 99,994</u>	<u>\$ 829</u>

Exhibit H-3

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 91,491	\$ 191,972	\$ 192,012	\$ 91,451
Total Assets	<u>\$ 91,491</u>	<u>\$ 191,972</u>	<u>\$ 192,012</u>	<u>\$ 91,451</u>
 <u>LIABILITIES:</u>				
Due to Student Groups	\$ 90,262	\$ 191,972	\$ 191,612	\$ 90,622
Interfund Payable - Scholarship Trust	<u>1,229</u>	<u></u>	<u>400</u>	<u>829</u>
Total Liabilities	<u>\$ 91,491</u>	<u>\$ 191,972</u>	<u>\$ 192,012</u>	<u>\$ 91,451</u>

Exhibit H-4

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

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 18,092	\$ 5,501,886	\$ 5,506,001	\$ 13,977
Total Assets	<u>\$ 18,092</u>	<u>\$ 5,501,886</u>	<u>\$ 5,506,001</u>	<u>\$ 13,977</u>
<u>LIABILITIES:</u>				
Interfund Payable:				
General Fund	\$ 1,100	\$ 1,100		\$ 2,200
Payroll Deductions and Withholdings	11,682	5,495,340	\$ 5,495,245	11,777
Accrued Salaries and Wages	<u>5,310</u>	<u>5,446</u>	<u>10,756</u>	
Total Liabilities	<u>\$ 18,092</u>	<u>\$ 5,501,886</u>	<u>\$ 5,506,001</u>	<u>\$ 13,977</u>

LONG-TERM DEBT

Exhibit I-1

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

<u>Purpose</u>	<u>Int. Rate</u>	<u>Original Issue</u>	<u>Balance July 1, 2015</u>	<u>Matured</u>	<u>Balance June 30, 2016</u>
Telephone System Upgrade	N/A	\$ 39,565	\$ 16,187	\$ 8,850	\$ 7,337
			<u>\$ 16,187</u>	<u>\$ 8,850</u>	<u>\$ 7,337</u>

N/A - Not Available

STATISTICAL SECTION

STATISTICAL SECTION
(UNAUDITED)

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

Contents

Exhibit

Financial Trends

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

J-1 thru J-5

Revenue Capacity

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

J-6 thru J-9

Debt Capacity

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

J-10 thru J-13

Demographic and Economic Information

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

J-14 thru J-15

Operating Information

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

J-16 thru J-20

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

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

	June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities:										
Investment in Capital Assets	\$ 8,126,810	\$ 8,339,461	\$ 8,796,181	\$ 9,158,631	\$ 9,800,914	\$ 10,747,235	\$ 11,683,041	\$ 12,398,704	\$ 11,954,100	\$ 12,310,143
Restricted	1,116,818	1,445,239	1,862,085	2,129,043	1,347,025	626,675	249,484	249,484	1,843,243	1,016,703
Unrestricted/(Deficit)	96,216	430,462	29,013	37,564	496,988	871,294	740,207	(1,672,103)	(1,940,295)	(326,222)
Total Governmental Activities Net Position	<u>\$ 9,339,844</u>	<u>\$ 10,215,162</u>	<u>\$ 10,687,279</u>	<u>\$ 11,325,238</u>	<u>\$ 11,644,927</u>	<u>\$ 12,245,204</u>	<u>\$ 12,672,732</u>	<u>\$ 10,976,085</u>	<u>\$ 11,857,048</u>	<u>\$ 13,000,624</u>
Business-Type Activities:										
Net Investment in Capital Assets	\$ 10,312	\$ 14,919	\$ 11,076	\$ 9,023	\$ 7,856	\$ 14,568	\$ 12,886	\$ 11,204	\$ 19,078	\$ 20,353
Unrestricted	115,513	123,531	119,449	133,410	139,475	69,016	60,106	61,284	58,476	62,043
Total Business-Type Activities Net Position	<u>\$ 125,825</u>	<u>\$ 138,450</u>	<u>\$ 130,525</u>	<u>\$ 142,433</u>	<u>\$ 147,331</u>	<u>\$ 83,584</u>	<u>\$ 72,992</u>	<u>\$ 72,488</u>	<u>\$ 77,554</u>	<u>\$ 82,396</u>
District-Wide:										
Investment in Capital Assets	\$ 8,137,122	\$ 8,354,380	\$ 8,807,257	\$ 9,167,654	\$ 9,808,770	\$ 10,761,803	\$ 11,695,927	\$ 12,409,908	\$ 11,973,178	\$ 12,330,496
Restricted	1,116,818	1,445,239	1,862,085	2,129,043	1,347,025	626,675	249,484	249,484	1,843,243	1,016,703
Unrestricted/(Deficit)	211,729	553,993	148,462	170,974	636,463	940,310	800,313	(1,610,819)	(1,881,819)	(264,179)
Total District Net Position	<u>\$ 9,465,669</u>	<u>\$ 10,353,612</u>	<u>\$ 10,817,804</u>	<u>\$ 11,467,671</u>	<u>\$ 11,792,258</u>	<u>\$ 12,328,788</u>	<u>\$ 12,745,724</u>	<u>\$ 11,048,573</u>	<u>\$ 11,934,602</u>	<u>\$ 13,083,020</u>

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

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses:										
Governmental Activities:										
Instruction										
Regular	\$ 1,993,460	\$ 2,019,338	\$ 1,984,721	\$ 1,890,846	\$ 2,208,005	\$ 2,265,252	\$ 2,321,939	\$ 2,322,452	\$ 2,489,650	\$ 2,626,753
Special Education							241,789	281,497	510,386	294,175
Vocational Education	1,752,686	1,802,771	2,141,211	1,951,536	1,901,753	1,963,984	1,937,761	1,945,478	2,180,719	2,850,535
School-Sponsored/Other Instruction	171,563	182,697	195,432	170,535	194,553	200,534	192,079	210,559	241,058	281,064
Support Services:										
Student and Instruction Related Services	695,149	736,861	662,970	844,747	674,590	710,375	803,379	748,235	911,640	990,713
General Administrative Services	447,119	447,426	431,330	452,410	412,945	459,292	469,024	483,031	552,679	612,790
School Administrative Services	620,439	505,711	423,542	377,972	392,116	432,545	301,859	323,952	396,171	651,909
Central Services	325,803	306,977	271,835	279,613	290,643	292,383	294,801	379,016	410,849	466,607
Administrative Information Technology	149,450	133,198	176,786	274,952	214,348	229,091	249,572	211,850	187,133	179,791
Plant Operations and Maintenance	933,869	1,062,702	1,123,228	976,706	1,002,682	940,738	961,995	1,026,112	1,051,519	1,239,608
Pupil Transportation	444,511	481,634	529,736	507,188	573,661	540,480	562,593	545,217	534,395	545,277
Special Schools	445,072	409,323	476,551	592,594	689,544	705,868	670,174	624,870	587,605	792,342
Capital Outlay	70,303	190,326	48,854	78,231	36,220	19,994	34,190	35,821	111,438	
Unallocated Depreciation	205,489	218,839	239,602	274,012	364,911	364,991	416,122	664,365	620,100	625,366
Total Governmental Activities Expenses	8,254,913	8,497,803	8,705,798	8,671,342	8,955,971	9,125,527	9,457,277	9,802,455	10,785,342	12,156,930
Business-Type Activities:										
Internet Access	91,204	97,604	107,737	42,091	16,044	731				
Adaptive Gym	1,456									
Educational Technology Training Center	36,522									
Restaurant	34,161	25,419	11,633	12,857	15,331	20,715	14,177	17,457	17,561	18,788
Food Service	146,806	167,610	169,046	166,340	157,508	177,511	152,525	159,593	161,167	171,596
Total Business-Type Activities Expense	310,149	290,633	288,416	221,288	188,883	198,957	166,702	177,050	178,728	190,384
Total District Expenses	8,565,062	8,788,436	8,994,214	8,892,630	9,144,854	9,324,484	9,623,979	9,979,505	10,964,070	12,347,314
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Tuition From Other LEAs						1,162,151	1,110,668	1,167,077	2,044,114	1,960,512
Services Provided to Other LEAs								84,000		
Special Schools (Other Tuition)	129,614	156,501	177,439	407,633	403,151	388,041	374,142	320,687	404,046	476,170
Operating Grants and Contributions	2,255,672	2,172,469	1,327,296	1,337,220	1,140,390	1,343,568	1,589,882	1,401,647	2,267,722	2,742,937
Capital Grants and Contributions									110,634	556,527
Total Governmental Activities Program Revenues	2,385,286	2,328,970	1,504,735	1,744,853	1,543,541	2,893,760	3,074,692	2,973,411	4,826,516	5,736,146

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

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Program Revenues (Cont'd):										
Business-Type Activities:										
Charges for Services:										
Internet Access	\$ 132,292	\$ 101,248	\$ 84,690	\$ 43,132	\$ 11,975					
Adaptive Gym	110									
Educational Technology Training Center	41,418									
Restaurant	24,986	24,489	18,282	15,971	17,168	\$ 13,584	\$ 9,016	\$ 16,142	\$ 14,595	\$ 18,069
Food Service	132,185	143,239	138,074	126,903	102,283	102,885	77,205	82,293	79,690	89,871
Operating Grants and Contributions	30,287	32,059	39,200	46,493	62,176	76,092	69,888	78,110	89,506	87,286
Total Business-Type Activities Program Revenues	<u>361,278</u>	<u>301,035</u>	<u>280,246</u>	<u>232,499</u>	<u>193,602</u>	<u>192,561</u>	<u>156,109</u>	<u>176,545</u>	<u>183,791</u>	<u>195,226</u>
Total District Program Revenues	<u>2,746,564</u>	<u>2,630,005</u>	<u>1,784,981</u>	<u>1,977,352</u>	<u>1,737,143</u>	<u>3,086,321</u>	<u>3,230,801</u>	<u>3,149,956</u>	<u>5,010,307</u>	<u>5,931,372</u>
Net (Expense)/Revenue:										
Governmental Activities	(5,869,627)	(6,168,833)	(7,201,063)	(6,926,489)	(7,412,430)	(6,231,767)	(6,382,585)	(6,829,044)	(5,958,826)	(6,420,784)
Business-Type Activities	51,129	10,402	(8,170)	11,211	4,719	(6,396)	(10,593)	(505)	5,063	4,842
Total District-Wide Net Expense	<u>(5,818,498)</u>	<u>(6,158,431)</u>	<u>(7,209,233)</u>	<u>(6,915,278)</u>	<u>(7,407,711)</u>	<u>(6,238,163)</u>	<u>(6,393,178)</u>	<u>(6,829,549)</u>	<u>(5,953,763)</u>	<u>(6,415,942)</u>
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
County Taxes Levied for General Purposes, Net	4,012,290	3,978,054	3,995,172	3,995,172	3,995,172	3,995,172	3,995,172	3,995,172	3,995,172	3,995,172
Tuition from Other LEA's	1,045,075	1,059,573	1,154,075	1,179,067	1,130,881					
Federal and State Aid not Restricted	1,394,544	1,461,847	2,420,175	2,281,554	2,532,518	2,665,682	2,763,872	2,792,568	2,801,683	2,802,550
Investment Earnings	886	631	29,976	21,783	11,257	9,768	961			
Miscellaneous Income	214,808	463,066	73,347	86,872	62,291	104,065	50,108	53,343	42,934	74,638
Residual Equity Transfer:										
Educational Technology Training Center	37,744									
Adaptive Gym			435							
Internet Access						57,357				
Cancellation of Prior Year Accounts Payable		80,980								
County Improvement Authorization	125,000									600,000
Total Governmental Activities	<u>6,830,347</u>	<u>7,044,151</u>	<u>7,673,180</u>	<u>7,564,448</u>	<u>7,732,119</u>	<u>6,832,044</u>	<u>6,810,113</u>	<u>6,841,083</u>	<u>6,839,789</u>	<u>7,472,360</u>

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

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Revenues and Other Changes in Net Position:										
Business-Type Activities:										
Investment Earnings	\$ 2,954	\$ 2,223	\$ 2,839	\$ 697	\$ 179	\$ 6	\$ 1	\$ 1	\$ 3	
Residual Equity Transfer:										
Educational Technology Training Center	(37,744)		(435)							
Internet Access						(57,357)				
Cancellation of Prior Year Accounts Receivable	(52,538)		(2,159)							
Cancellation of Prior Year Accounts Payable	10,564									
Total Business-Type Activities	<u>(76,764)</u>	<u>2,223</u>	<u>245</u>	<u>697</u>	<u>179</u>	<u>(57,351)</u>	<u>1</u>	<u>1</u>	<u>3</u>	
Total District-Wide	<u>6,753,583</u>	<u>7,046,374</u>	<u>7,673,425</u>	<u>7,565,145</u>	<u>7,732,298</u>	<u>6,774,693</u>	<u>6,810,114</u>	<u>6,841,084</u>	<u>6,839,792</u>	<u>\$ 7,472,360</u>
Change in Net Position:										
Governmental Activities	960,720	875,318	472,117	637,959	319,689	600,277	427,528	12,039	880,963	1,051,576
Business-Type Activities	<u>(25,635)</u>	<u>12,625</u>	<u>(7,925)</u>	<u>11,908</u>	<u>4,898</u>	<u>(63,747)</u>	<u>(10,592)</u>	<u>(504)</u>	<u>5,066</u>	<u>4,842</u>
Total District	<u>\$ 935,085</u>	<u>\$ 887,943</u>	<u>\$ 464,192</u>	<u>\$ 649,867</u>	<u>\$ 324,587</u>	<u>\$ 536,530</u>	<u>\$ 416,936</u>	<u>\$ 11,535</u>	<u>\$ 886,029</u>	<u>\$ 1,056,418</u>

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

	June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund:										
Reserved/Restricted	\$ 1,113,408	\$ 1,446,260	\$ 1,862,085	\$ 2,129,043	\$ 1,347,025	\$ 626,675	\$ 249,484	\$ 249,484	\$ 1,843,243	\$ 924,703
Assigned					389,664	962,093	883,278	22,200	15,320	33,710
Unreserved/Unassigned	<u>301,301</u>	<u>611,517</u>	<u>200,323</u>	<u>168,142</u>	<u>250,013</u>	<u>105,621</u>	<u>54,909</u>	<u>249,145</u>	<u>176,718</u>	<u>313,385</u>
Total General Fund	<u>\$ 1,414,709</u>	<u>\$ 2,057,777</u>	<u>\$ 2,062,408</u>	<u>\$ 2,297,185</u>	<u>\$ 1,986,702</u>	<u>\$ 1,694,389</u>	<u>\$ 1,187,671</u>	<u>\$ 520,829</u>	<u>\$ 2,035,281</u>	<u>\$ 1,271,798</u>
All Other Governmental Funds:										
Unreserved/Unassigned, Reported In:										
Special Revenue Fund/(Deficit)	\$ (1,021)	\$ (1,021)								
Capital Projects Fund/(Deficit)	4,431								\$ (225,054)	
Committed										\$ 1,285,089
Total All Other Governmental Funds	<u>\$ 3,410</u>	<u>\$ (1,021)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (225,054)</u>	<u>\$ 1,285,089</u>
Total All Governmental Funds:										
Reserved/Restricted	\$ 1,113,408	\$ 1,446,260	\$ 1,862,085	\$ 2,129,043	\$ 1,347,025	\$ 626,675	\$ 249,484	\$ 249,484	\$ 1,843,243	\$ 924,703
Assigned					389,664	962,093	883,278	22,200	15,320	33,710
Committed										1,285,089
Unreserved/Unassigned/(Deficit)	<u>304,711</u>	<u>610,496</u>	<u>200,323</u>	<u>168,142</u>	<u>250,013</u>	<u>105,621</u>	<u>54,909</u>	<u>249,145</u>	<u>(48,336)</u>	<u>313,385</u>
Total All Governmental Funds	<u>\$ 1,418,119</u>	<u>\$ 2,056,756</u>	<u>\$ 2,062,408</u>	<u>\$ 2,297,185</u>	<u>\$ 1,986,702</u>	<u>\$ 1,694,389</u>	<u>\$ 1,187,671</u>	<u>\$ 520,829</u>	<u>\$ 1,810,227</u>	<u>\$ 2,556,887</u>

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

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues:										
County Tax Levy	\$ 4,012,290	\$ 3,978,054	\$ 3,995,172	\$ 3,995,172	\$ 3,995,172	\$ 3,995,172	\$ 3,995,172	\$ 3,995,172	\$ 3,995,172	\$ 3,995,172
Tuition from LEA's	1,045,075	1,059,573	1,154,075	1,179,067	1,130,881	1,162,151	1,110,668	1,167,077	2,044,114	1,960,512
Other Tuition	129,614	156,501	177,439	407,633	403,151	388,041	374,142	320,687	404,046	476,170
GED Testing Center Fees				9,100	8,750	9,620	7,840	8,033	8,447	8,584
Services Provided to Other LEAs								84,000		
Interest Earned on Capital Reserve Funds	756	538	4,979	3,285	5,090	2,890	383			
Restricted Miscellaneous Revenue		52,856	32,636							
Unrestricted Miscellaneous Revenue	214,938	410,603	66,685	100,170	63,408	104,623	46,646	45,310	150,302	76,769
State Sources	3,137,000	3,236,400	3,328,474	2,624,762	3,270,100	3,494,753	3,795,064	3,773,637	3,879,823	4,587,814
Federal Sources	513,216	397,616	418,020	990,112	399,108	511,197	554,890	420,578	387,496	436,091
Total Revenue	9,052,889	9,292,141	9,177,480	9,309,301	9,275,660	9,668,447	9,884,805	9,814,494	10,869,400	11,541,112
Expenditures:										
Instruction:										
Regular Instruction	1,410,497	1,434,996	1,482,242	1,407,087	1,599,392	1,592,921	1,597,428	1,559,162	1,472,725	1,442,954
Special Education Instruction							137,956	187,069	291,832	156,683
Vocational Education Instruction	1,136,149	1,218,458	1,572,291	1,454,671	1,356,221	1,340,277	1,225,572	1,238,308	1,300,154	1,400,249
School-Sponsored/Other Instruction	115,675	132,010	156,898	132,898	147,551	147,068	141,205	153,123	156,576	176,421
Support Services:										
Student and Instruction Related Services	530,448	536,498	530,932	675,798	504,806	546,932	594,669	564,705	567,737	593,042
General Administrative Services	427,245	407,592	386,340	407,486	358,485	396,168	371,945	385,279	396,277	421,683
School Administrative Services	422,632	361,687	320,056	287,612	287,058	306,068	212,793	237,257	264,094	387,009
Central Services	227,349	243,734	214,429	228,333	225,911	213,385	212,658	296,203	299,715	330,023
Administrative Information Technology	129,488	108,264	152,470	281,226	205,623	209,169	225,278	186,422	161,103	154,870
Plant Operations and Maintenance	835,944	968,305	1,030,366	975,333	912,418	833,317	853,356	887,836	904,773	1,033,000
Pupil Transportation	444,511	481,634	529,736	507,188	573,642	540,480	562,347	544,717	534,040	543,889
Unallocated Benefits	1,849,178	1,796,258	1,547,670	1,527,717	1,711,950	1,919,154	2,173,589	2,141,600	2,384,175	2,666,879
Special Schools	366,826	329,694	411,015	686,584	570,256	570,830	516,337	497,464	432,491	1,521,803
Capital Outlay	473,118	715,354	837,818	502,591	1,132,830	1,441,913	1,566,390	1,602,191	414,310	565,947
Total Expenditures	8,369,060	8,734,484	9,172,263	9,074,524	9,586,143	10,057,682	10,391,523	10,481,336	9,580,002	11,394,452
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	683,829	557,657	5,217	234,777	(310,483)	(389,235)	(506,718)	(666,842)	1,289,398	146,660

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

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Other Financing Sources/(Uses):										
Capital Leases (Non-Budgeted)						\$ 39,565				
Transfers In	\$ 242,247									
Residual Equity Transfer:										
Educational Technology Training Center	20,734									
Adaptive Gym			\$ 435							
Internet Access						57,357				
Cancellation of Prior Year Accounts Payable		\$ 80,980								
Transfers	(242,247)									
County Improvement Authorization	125,000									\$ 600,000
Total Other Financing Sources/(Uses)	<u>145,734</u>	<u>80,980</u>	<u>435</u>			<u>57,357</u>				<u>600,000</u>
Net Change in Fund Balances	<u>\$ 829,563</u>	<u>\$ 638,637</u>	<u>\$ 5,652</u>	<u>\$ 234,777</u>	<u>\$ (310,483)</u>	<u>\$ (331,878)</u>	<u>\$ (506,718)</u>	<u>\$ (666,842)</u>	<u>\$ 1,289,398</u>	<u>\$ 746,660</u>
Debt Service as a Percentage of Noncapital Expenditures	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

N/A Not Applicable

Source: School District Financial Reports

WARREN COUNTY VOCATIONAL-TECHNICAL 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 from LEA's	Interest on Investments	Miscellaneous	Adult Education Tuition	Refunds of Prior Year Expenditures	Services Provided to Other LEAs	GED Testing Center Fees	Total
2007	\$ 1,045,075	\$ 50,084	\$ 110,732	\$ 129,614	\$ 54,748			\$ 1,390,253
2008	1,059,573	75,535	335,213	156,501	52,856			1,679,678
2009	1,154,075	29,976	40,711	177,439	32,636			1,434,837
2010	1,179,067	21,783	77,772	407,633			\$ 9,100	1,695,355
2011	1,130,881	11,257	53,541	403,151			8,750	1,607,580
2012	1,162,151	9,768	94,445	388,041			9,620	1,664,025
2013	1,110,668	961	42,268	374,142			7,840	1,535,879
2014	1,167,077		45,310	320,687		\$ 84,000	8,033	1,625,107
2015	2,044,114		34,487	404,046			8,447	2,491,094
2016	1,960,512		66,054	476,170			8,584	2,511,320

Source: District Financial Records

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY, COUNTY OF WARREN
LAST TEN YEARS
UNAUDITED

Year Ended December 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate	Estimated Actual (County Equalized Value)
2006	\$ 253,936,027	\$ 6,871,265,889	\$ 509,228,050	\$ 38,329,719	\$ 965,061,249	\$ 624,897,950	\$ 179,114,600	\$ 9,441,833,484	\$ 28,331,232	\$ 9,470,164,716	\$ 930,856,098	N/A	\$ 11,733,999,903
2007	278,142,627	7,534,209,311	590,326,550	38,050,682	1,040,506,204	621,086,750	177,534,200	10,279,856,324	28,455,816	10,308,312,140	1,046,965,438	N/A	13,059,781,320
2008	270,791,087	7,619,896,271	600,590,000	37,064,433	1,050,424,784	620,088,900	175,541,000	10,374,396,475	28,271,444	10,402,667,919	1,060,788,164	N/A	13,822,543,191
2009	256,865,167	7,654,844,051	615,471,500	38,747,232	1,060,704,897	550,840,850	176,048,900	10,353,522,597	27,217,257	10,380,739,854	1,097,260,750	N/A	13,368,469,742
2010	251,516,967	8,168,300,057	618,799,900	38,129,997	1,251,803,552	644,499,200	223,769,200	11,196,818,873	32,138,774	11,228,957,647	1,255,927,713	N/A	13,469,104,644
2011	226,612,417	8,074,315,307	594,783,500	37,505,720	1,236,692,452	627,479,200	218,177,404	11,015,566,000	30,259,289	11,045,825,289	1,240,646,048	N/A	12,821,727,118
2012	199,368,367	7,893,151,225	601,147,400	37,856,335	1,210,337,553	619,331,100	218,642,404	10,779,834,384	31,055,796	10,810,890,180	1,231,347,161	N/A	12,064,011,840
2013	187,827,887	7,826,483,885	594,520,700	37,656,226	1,204,982,162	609,937,850	223,602,500	10,685,011,210	25,834,841	10,710,846,051	1,246,473,784	N/A	11,312,251,145
2014	173,905,752	7,468,609,785	588,213,200	38,352,949	1,179,627,962	573,813,750	244,622,900	10,267,146,298	22,876,697	10,290,022,995	1,230,066,004	N/A	10,631,545,458
2015	164,482,052	7,486,498,434	585,906,750	43,106,922	1,153,798,402	564,186,450	246,351,800	10,244,330,810	15,008,677	10,259,339,487	1,234,520,704	N/A	10,687,356,135

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

N/A Not Applicable

Exhibit J-8

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

<u>Taxpayer</u>	2015		
	Taxable Assessed Value	Rank	% of Total County Net Assessed Value
Merrill Creek Reservoir	\$ 219,963,000	1	2.14%
Mansfield Plaza	68,981,700	2	0.67%
Food Manufacturers, Inc.	45,316,900	3	0.44%
DSM Nutritional Products, Inc.	43,000,000	4	0.42%
Green Eagle Properties	33,190,600	5	0.32%
Pohatcong Associates	24,235,000	6	0.24%
Phillipsburg Greenwich, LLC	19,837,400	7	0.19%
Phillipsburg Mall	19,500,800	8	0.19%
Greenwich Station, LP	19,485,500	9	0.19%
Middlebury Associates	18,839,000	10	0.18%
	<u>\$ 512,349,900</u>		<u>4.99%</u>

<u>Taxpayer</u>	2006		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Merrill Creek Reservoir	\$ 231,098,200	1	2.44%
DSM Nutritional Products, Inc.	104,230,700	2	1.10%
Mansfield Plaza	54,248,700	3	0.57%
Crown American Financing	39,860,400	4	0.42%
Inland Western/ Target Corp	32,415,100	5	0.34%
National Realty Dev. Co.	31,984,300	6	0.34%
Food Manufacturers, Inc.	27,499,700	7	0.29%
Crown American / Preit Serv.	25,082,500	8	0.26%
Green Eagle Properties	23,000,000	9	0.24%
Greenwich Station, LP	19,485,500	10	0.21%
	<u>\$ 588,905,100</u>		<u>6.22%</u>

Source: Warren County Board of Taxation

Exhibit J-9

WARREN COUNTY VOCATIONAL-TECHNICAL 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	
2007	\$ 4,012,290	\$ 4,012,290	100.00%	\$ -0-
2008	3,978,054	3,978,054	100.00%	-0-
2009	3,995,172	3,995,172	100.00%	-0-
2010	3,995,172	3,995,172	100.00%	-0-
2011	3,995,172	3,995,172	100.00%	-0-
2012	3,995,172	3,995,172	100.00%	-0-
2013	3,995,172	3,995,172	100.00%	-0-
2014	3,995,172	3,995,172	100.00%	-0-
2015	3,995,172	3,995,172	100.00%	-0-
2016	3,995,172	3,995,172	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 vocational school district the entire County tax balance, in the amount voted upon or certified prior to the end of the school year.

Source: School District records

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities				Bond Anticipation Notes (BANs)	Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Capital Leases	Capital Leases		Capital Leases				
2007	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	0.0000%	\$ -0-	
2008	-0-	-0-	-0-	-0-	-0-	-0-	-0-	0.0000%	-0-	
2009	-0-	-0-	-0-	-0-	-0-	-0-	-0-	0.0000%	-0-	
2010	-0-	-0-	-0-	-0-	-0-	-0-	-0-	0.0000%	-0-	
2011	-0-	-0-	-0-	-0-	-0-	-0-	-0-	0.0000%	-0-	
2012	-0-	-0-	37,376	-0-	-0-	-0-	37,376	0.0008%	0.35	
2013	-0-	-0-	31,108	-0-	-0-	-0-	31,108	0.0006%	0.29	
2014	-0-	-0-	24,076	-0-	-0-	-0-	24,076	0.0005%	0.23	
2015	-0-	-0-	16,187	-0-	-0-	-0-	16,187	0.0003%	0.15	
2016	-0-	-0-	7,337	-0-	-0-	-0-	7,337	0.0001%	0.07	

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.

Exhibit J-14

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS
UNAUDITED

Year	Population ^a	Warren County Per Capita Personal Income ^b	Total County Personal Income ^c	Unemployment Rate ^d
2007	109,684	\$ 41,922	\$ 4,598,172,648	3.70%
2008	109,897	43,857	4,819,752,729	5.00%
2009	109,638	42,693	4,680,775,134	8.80%
2010	108,691	43,187	4,694,038,217	9.10%
2011	108,145	44,917	4,857,548,965	8.40%
2012	107,538	46,172	4,965,244,536	8.20%
2013	106,721	46,495	4,961,992,895	7.20%
2014	106,855	48,645	5,197,961,475	6.10%
2015	106,869	48,645 *	5,198,642,505 ***	5.20%
2016	106,869 **	48,645 *	5,198,642,505 ***	N/A

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

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

*** - Latest available population data (2015) and latest available Warren County per capita personal income (2014) was used for calculation purposes

N/A - Information unavailable.

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

^b Per Capita Personal Income provided by the NJ Dept of Labor and Workforce Development

^c Total County personal income estimated based upon population times County per capita personal income

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

Exhibit J-15

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
PRINCIPAL EMPLOYERS, COUNTY OF WARREN
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

Employer	2015		
	Employees	Rank (Optional)	Percentage of Total Employment
Mars Chocolate North America	1,250	1	2.31%
St. Luke's Warren Hospital	1,000	2	1.84%
Hackettstown Medical Center - Atlantic Health Systems	1,000	3	1.84%
Phillipsburg Board of Education	1,000	4	1.84%
County of Warren	1,000	5	1.84%
Centenary College	500	6	0.92%
Genesis Healthcare	500	7	0.92%
Shop Rite of Phillipsburg	500	8	0.92%
Wal-Mart	500	9	0.92%
McWane Ductile	500	10	0.92%
	<u>7,750</u>		<u>14.29%</u>
Total Employment	<u>54,217</u>		
Employer	2006		
	Employees	Rank (Optional)	Percentage of Total Employment
Masterfoods USA	1,600	1	2.81%
Warren Hospital	1,000	2	1.75%
County of Warren	836	3	1.47%
Hackettstown Medical Center	794	4	1.39%
Mallinckrodt/ Baker, Inc.	500	5	0.88%
Alcan Packaging	450	6	0.79%
Abilities of Northwest Jersey, Inc.	440	7	0.77%
Genesis Health Center	425	8	0.75%
Shop Rite of Greenwich	365	9	0.64%
Centenary College	350	10	0.61%
	<u>6,760</u>		<u>11.86%</u>
Total Employment	<u>57,005</u>		

Source: County of Warren

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

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Instruction:										
Regular	21.0	19.2	22.0	25.0	29.0	34.0	34.0	34.0	34.0	33.0
Vocational	19.0	14.8	15.0	17.0	22.0	17.0	17.0	18.0	18.0	17.0
Adult/Continuing Education Programs	3.0	3.0	3.0	3.0	3.0	6.0	6.0	5.0	5.0	5.0
Support Services:										
Student and Instruction Related Services	8.5	9.0	9.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
School Administrative Services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
General Administrative Services	5.5	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Central Services	3.0	3.0	3.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Plant Operations and Maintenance	8.0	8.0	8.0	8.0	7.0	7.0	5.0	8.0	8.0	8.0
Special Schools	4.0	4.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Total	<u>74.0</u>	<u>69.0</u>	<u>69.0</u>	<u>73.0</u>	<u>81.0</u>	<u>84.0</u>	<u>82.0</u>	<u>85.0</u>	<u>85.0</u>	<u>83.0</u>

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures^a</u>	<u>Cost Per Pupil^d</u>	<u>Percentage Change</u>	<u>Teaching Staff^b</u>	<u>Pupil/Teacher Ratio High School</u>	<u>Average Daily Enrollment (ADE)^c</u>	<u>Average Daily Attendance (ADA)^c</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2007	417.0	\$ 7,529,116	\$ 18,055	9.70%	46	1:9.7	417.0	395.4	1.96%	94.82%
2008	446.0	7,689,436	17,241	-4.51%	48	1:9.3	446.0	400.0	6.95%	89.69%
2009	449.0	7,923,430	17,647	2.35%	49	1:9.1	429.2	407.6	-3.77%	94.97%
2010	456.0	7,885,349	17,292	-2.01%	47	1:10.9	441.2	415.2	2.80%	94.11%
2011	469.0	7,883,057	16,808	-2.80%	47	1:10.0	454.7	429.7	3.06%	94.50%
2012	456.0	8,044,939	17,642	4.96%	44	1:10.4	443.1	420.6	-2.55%	94.92%
2013	481.0	8,308,796	17,274	-2.09%	45	1:10.7	438.3	416.3	-1.08%	94.98%
2014	498.0	8,381,681	16,831	-2.57%	46	1:10.8	459.5	442.5	4.84%	96.30%
2015	482.0	8,733,201	18,119	7.65%	47	1:10.0	480.0	452.1	4.46%	94.19%
2016	477.0	9,306,702	19,511	7.68%	47	1:10.0	473.9	446.0	-1.27%	94.11%

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 represents operating expenditures divided by enrollment. This cost per pupil may be different from other cost per pupil calculations.

Sources: School District records

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>District Buildings</u>										
High School										
Square Feet	151,926	151,926	151,926	151,926	151,926	151,926	151,926	179,000	179,000	179,000
Capacity (students)	484	484	484	484	484	484	484	550	550	550
Enrollment	417	446	449	456	469	456	481	498	482	477
Board Office										
Square Feet	5,046	5,046	5,046	5,046	5,046	5,046	5,046	5,046	5,046	5,046
Number of Schools at June 30, 2016										
High School = 1										

Note: Enrollment is based on the annual October district count.

Source: School District Facilities Office

Exhibit J-19

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS
UNAUDITED

Undistributed Expenditures - Required Maintenance for School Facilities
Account # 11-000-261-xxx

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>High</u> <u>School</u>	<u>Board</u> <u>Office</u>	<u>Total</u>
2007	\$ 180,983	\$ 9,525	\$ 190,508
2008	273,907		273,907
2009	357,512		357,512
2010	393,619		393,619
2011	362,773		362,773
2012	402,626		402,626
2013	468,162		468,162
2014	491,797		491,797
2015	489,581		489,581
2016	692,240		692,240

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

Source: School District records.

Exhibit J-20

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2016
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - New Jersey Schools Insurance Group		
Property Section:		
Blanket Building and Contents	\$ 27,925,917	\$ 5,000
Flood Coverage	10,000,000	10,000
Liability Section:		
Comprehensive General Liability	11,000,000	
Automobile Liability	11,000,000	
Employee Benefit Liability	11,000,000	1,000
Workers' Compensation:		
Statutory Benefits	As Required by the State of New Jersey	
School Leaders Professional Liability/Employment Practices Liability		
Per Claim/Aggregate Per Member	11,000,000	5,000
Per Occurrence	11,000,000	5,000
Employers' Liability:		
Per Occurrence/Aggregate	2,000,000	
Crime:		
Employee Dishonesty	250,000	1,000
Forgery or Alteration	100,000	500
Money and Securities:		
Inside	100,000	500
Outside	100,000	500
Public Official Bond - Selective Insurance:		
Treasurer of School Monies	200,000	
Board Secretary/Business Administrator	200,000	

Source: District's Insurance Agent

SINGLE AUDIT SECTION



Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mt. Arlington, NJ 07856
973-328-1825 | 973-328-0507 Fax

Lawrence Business Center
11 Lawrence Road
Newton, NJ 07860
973-383-6699 | 973-383-6555 Fax

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
Warren County Vocational-Technical School District
County of Warren, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Warren County Vocational-Technical School (the "District"), a component unit of the County of Warren as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 19, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The Honorable President and Members
of the Board of Education
Warren County Vocational-Technical School District
Page 2

Compliance and Other Matters

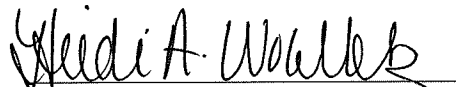
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

Purpose of this Report

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

October 19, 2016
Mount Arlington, New Jersey

NISIVOCCIA LLP


Heidi A. Wohlleb
Licensed Public School Accountant #2140
Certified Public Accountant



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Report on Compliance For Each Major State Program;
 Report on Internal Control Over Compliance

Independent Auditors' Report

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

Report on Compliance for Each Major State Program

We have audited the Board of Education of the Warren County Vocational-Technical School's (the "District's"), a component unit of the County of Warren, compliance with the types of compliance requirements described in the *New Jersey State Aid/ Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the fiscal year ended June 30, 2016. The District's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the District's compliance.

The Honorable President and Members
of the Board of Education
Warren County Vocational-Technical School District
Page 2

Opinions on Each Major State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and NJOMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

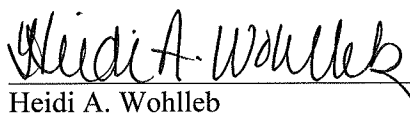
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance or NJOMB 15-08. Accordingly, this report is not suitable for any other purpose.

October 19, 2016
Mount Arlington, New Jersey

NISIVOCCIA LLP



Heidi A. Wohlleb
Licensed Public School Accountant #2140
Certified Public Accountant

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

Federal Grantor/Pass Through Grantor/ Program/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2015			Cash Received	Budgetary Expenditures	Adjustment	Cancellation of Prior Year Encumbrance Payable	Balance at June 30, 2016			Amounts Provided to Subrecipients
					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor	
<u>U.S. Department of Agriculture</u>															
Passed-through State Department of Agriculture:															
Child Nutrition Cluster:															
Food Distribution Program	10.555	N/A	7/1/15-6/30/16	\$ 8,797			\$ 8,797	\$ (7,947)				\$ 850			
Food Distribution Program	10.555	N/A	7/1/14-6/30/15	8,484		\$ 1,096		(1,096)							
National School Lunch Program	10.555	N/A	7/1/15-6/30/16	60,296			58,154	(60,296)			\$ (2,142)				
National School Lunch Program	10.555	N/A	7/1/14-6/30/15	64,026	\$ (1,911)		1,911								
School Breakfast Program	10.553	N/A	7/1/15-6/30/16	16,257			15,271	(16,257)			(986)				
School Breakfast Program	10.553	N/A	7/1/14-6/30/15	14,931	(851)		851								
Total Child Nutrition Cluster					(2,762)	1,096	84,984	(85,596)			(3,128)	850			
Total U.S. Department of Agriculture					(2,762)	1,096	84,984	(85,596)			(3,128)	850			
<u>U.S. Department of Education</u>															
<u>Special Revenue Fund:</u>															
Rural Education Achievement Program	84.358A	S358A107754	7/1/12-9/30/13	49,481			\$ 232						\$ 232		
Total Rural Education Achievement Program							232						232		
Passed-through State Department of Education:															
No Child Left Behind:															
Title I	84.010A	NCLB546016C	7/1/15-6/30/16	144,303			41,016	(70,562)			(29,546)				
Title I	84.010A	NCLB546015C	7/1/14-6/30/15	90,508	(5,936)		9,514						3,578		
Title I	84.010A	NCLB546014C	7/1/13-6/30/14	82,883			8,861						8,861		
Total Title I					(5,936)		50,530	(70,562)			(29,546)		12,439		
Title IIA	84.367A	NCLB546016C	7/1/15-6/30/16	18,237			5,695	(11,124)			(5,429)				
Title IIA	84.367A	NCLB546015C	7/1/14-6/30/15	14,809			571						571		
Total Title IIA							571	(11,124)			(5,429)		571		
Carl D. Perkins Secondary	84.048	PERK546016	7/1/15-6/30/16	43,141			43,141	(43,113)					28		
Carl D. Perkins Secondary	84.048	PERK546015	7/1/14-6/30/15	61,910			4,011	546					4,557		
Carl D. Perkins Post Secondary	84.048	PERK546016	7/1/15-6/30/16	95,539			93,190	(94,139)			(949)				
Carl D. Perkins Post Secondary	84.048	PERK546014	7/1/13-6/30/14	80,563			5,335						5,335		
Total Carl D. Perkins							9,346	(137,252)			(949)		9,920		
Special Education Cluster:															
I.D.E.A. Part B, Basic	84.027	IDEA546016	7/1/15-6/30/16	125,088			125,088	(125,088)							
I.D.E.A. Part B, Basic	84.027	IDEA546015	7/1/14-6/30/15	122,677	(1,673)		1,673			\$ 460			460		
Total Special Education Cluster					(1,673)		126,761	(125,088)		460			460		
Passed Through Morris County Technical School:															
Adult Basic Skills Education	84.002	ABS-14-16-37	7/1/15-6/30/16	91,911			51,655	(91,571)				(39,916)			
Adult Basic Skills Education	84.002	ABS-14-15-37	7/1/14-6/30/15	83,011	(32,683)		32,333		\$ 350						
Total Passed Through Morris County Technical School					(32,683)		83,988	(91,571)	350			(39,916)			
Total U.S. Department of Education					(40,292)	19,010	403,851	(435,597)	350	460	(75,840)	23,622			
Total Federal Awards					\$ (43,054)	\$ 1,096	\$ 19,010	\$ 488,835	\$ (521,193)	\$ 350	\$ 460	\$ (78,968)	\$ 850	\$ 23,622	\$ -0-

N/A - Not Available/Applicable

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

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

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2015			Balance at June 30, 2016			MEMO
				Budgetary	Due to	Cash	Budgetary	Due to	Budgetary	Cumulative
				Accounts Receivable	Grantor	Received	Expenditures	GAAP Accounts Receivable	Grantor	Receivable
<u>NJ Department of Education:</u>										
<u>General Fund State Aid:</u>										
Equalization Aid	16-495-034-5120-078	7/1/15-6/30/16	\$ 2,768,259			\$ 2,494,384	\$ (2,768,259)		\$ (273,875)	\$ 2,768,259
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	50,531			45,532	(50,531)		(4,999)	50,531
Special Education Categorical Aid	16-495-034-5120-089	7/1/15-6/30/16	269,146			242,518	(269,146)		(26,628)	269,146
Categorical Security Aid	16-495-034-5120-084	7/1/15-6/30/16	25,413			22,899	(25,413)		(2,514)	25,413
PARCC Readiness	16-495-034-5120-098	7/1/15-6/30/16	4,450			4,010	(4,450)		(440)	4,450
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	4,450			4,010	(4,450)		(440)	4,450
Adult Education Programs Aid	16-100-034-5120-510	7/1/15-6/30/16	27,874			25,116	(27,874)		(2,758)	27,874
Reimbursed TPAF Social Security Contributions	16-495-034-5094-003	7/1/15-6/30/16	255,239			255,239	(255,239)			255,239
Equalization Aid	15-495-034-5120-078	7/1/14-6/30/15	2,768,259	\$ (273,853)		273,853				2,768,259
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	50,531	(4,999)		4,999				50,531
Special Education Categorical Aid	15-495-034-5120-089	7/1/14-6/30/15	269,146	(26,626)		26,626				269,146
Categorical Security Aid	15-495-034-5120-084	7/1/14-6/30/15	25,413	(2,514)		2,514				25,413
PARCC Readiness	15-495-034-5120-098	7/1/14-6/30/15	4,450	(440)		440				4,450
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	4,450	(440)		440				4,450
Total General Fund State Aid				(308,872)		3,402,580	(3,405,362)		(311,654)	6,527,611
<u>Food Service Fund:</u>										
State School Lunch Program	16-100-010-3350-023	7/1/15-6/30/16	1,690			1,635	(1,690)	\$ (55)	(55)	1,690
State School Lunch Program	15-100-010-3350-023	7/1/14-6/30/15	1,750	(51)		51				1,750
Total Enterprise Fund				(51)		1,686	(1,690)	(55)	(55)	3,440
Total NJ Department of Education				(308,923)		3,404,266	(3,407,052)	(55)	(311,709)	6,550,897
<u>Special Revenue Fund:</u>										
<u>NJ Department of Labor and Workforce Development:</u>										
Apprenticeship Coordinator	N/A	7/1/14-6/30/16	27,000		\$ 4,323	14,111	(13,681)	\$ 4,753		21,547
Apprenticeship Coordinator	N/A	7/1/13-6/30/14	10,000		661			661		9,339
Total Department of Labor and Workforce Development					4,984	14,111	(13,681)	5,414		30,886
Total Special Revenue Fund					4,984	14,111	(13,681)	5,414		55,881
<u>NJ Schools Development Authority:</u>										
<u>Capital Projects Fund:</u>										
Educational Facilities Construction and Financing Act: Windows Replacement Project	5460-050-13-2003	1/6/14-6/30/16	556,000				(556,000)	(556,000)	(556,000)	556,000
Total NJ Schools Development Authority							(556,000)	(556,000)	(556,000)	556,000
Total State Awards				\$ (308,923)	\$ 4,984	\$ 3,418,377	\$ (3,976,733)	\$ (556,055)	\$ 5,414	\$ (867,709)

N/A - Not Available/Applicable

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

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Warren County Vocational-Technical School under programs of the federal and state governments for the fiscal year ended June 30, 2016. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented on the accrual basis of accounting. These bases of accounting are described in Note 1 to the District's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the General Fund and Special Revenue 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 those payments are 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 capital projects fund is presented in the accompanying schedules on the budgetary basis with the exception of the revenue recognition of the Schools Development Authority grants which are realized as revenue upon their award on the budgetary basis, whereas the GAAP basis recognizes the revenue to the extent of actual expenditures and when funds are submitted for reimbursement.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$2,782) for the General Fund, \$494 for the Special Revenue Fund and (\$390,000) for the Capital Projects Fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General, Special Revenue and Capital Projects Funds. Additionally, the schedule of expenditures of state awards does not include the TPAF On-Behalf Pension Contributions and Post Retirement Contributions revenue of \$280,982 and \$334,571 respectively. Awards and revenue are reported on the Board's basic financial statements on a GAAP basis as presented in the table on the following page.

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

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 4,018,133	\$ 4,018,133
Special Revenue Fund	\$ 436,091	13,681	449,772
Capital Projects Fund		556,000	556,000
Enterprise Fund - Food Service Fund	85,596	1,690	87,286
Total Federal and State Awards	<u>\$ 521,687</u>	<u>\$ 4,589,504</u>	<u>\$ 5,111,191</u>

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. OTHER

Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2016.

NOTE 7. NJ SCHOOLS DEVELOPMENT AUTHORITY (NJSDA GRANTS)

The District has been awarded \$1,502,000 of grants which are recorded in the Capital Projects Fund from the New Jersey Schools Development Authority (NJSDA) under the Educational Facilities Construction and Financing Act. As of June 30, 2016, \$556,000 of the grant funds have been expended and drawn down on a GAAP basis. In the Capital Projects Fund, the District realizes the full amount of the grant revenue on a budgetary basis in the year awarded and realizes the grant revenue on a GAAP basis as it is expended and submitted for reimbursement. Expenditures reported under the NJSDA grant on the Schedule of Expenditures of State Awards represent reimbursement requests submitted to the NJSDA.

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for its major state award programs for the District expresses an unmodified opinion on all major state programs.
- The District was not subject to the single audit provisions of the Uniform Guidance for fiscal year end June 30, 2016 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Circular.
- 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 state programs for the current fiscal year consisted of the following:

<u>State:</u>	<u>Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
Equalization Aid	16-495-034-5120-078	7/1/15-6/30/16	\$ 2,768,259	\$ 2,768,259
Special Education Categorical Aid	16-495-034-5120-089	7/1/15-6/30/16	269,146	269,146
Categorical Security Aid	16-495-034-5120-084	7/1/15-6/30/16	25,413	25,413
PARCC Readiness	16-495-034-5120-098	7/1/15-6/30/16	4,450	4,450
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	4,450	4,450
Adult Education Programs Aid	16-100-034-5120-510	7/1/15-6/30/16	27,874	27,874

- The District was determined to be a "low-risk" auditee for state programs.
- The threshold used for distinguishing between Type A and B state programs was \$750,000.

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

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

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

Summary of Auditors' Results: (Cont'd)

Findings and Questioned Costs for Federal Awards:

- Not applicable since federal expenditures were below the single audit threshold.

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.

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

Status of Prior Year Findings:

The District had no prior year audit findings.