

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

BOARD OF EDUCATION

OF THE

MONMOUTH COUNTY VOCATIONAL SCHOOLS

(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)

NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Prepared by

**Monmouth County Vocational Schools
Board of Education
Finance Department**

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)

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INTRODUCTORY SECTION

Monmouth County Vocational School District

Timothy M. McCorkell
Superintendent

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Freehold, NJ 07728-5033
732-431-7944
fax 732-409-6736

Anthony Schaible
Assistant Superintendent

Collette C. Flatt
*Business Administrator
Board Secretary*

November 30, 2017

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

Dear Board Members:

The comprehensive annual financial report of the Monmouth County Vocational School District (“District”) for the fiscal year ended June 30, 2017 is hereby submitted. This CAFR includes the District’s Basic Financial Statement prepared in accordance with Governmental Accounting Standards Board Statement 34. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Monmouth County Vocational School District’s Board of Education (“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 financial position and results of operation of the various funds and account groups 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 general-purpose financial statements and schedules, as well as the auditor’s report thereon. 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 the Single Audit Act and the state Treasury OMB Circular Letter 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid Payments. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements set forth in Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB’s Circular 15-08, Single audit Policy for Recipients of Federal Grants, State Grants and State Aid. Information related to this single audit, including the auditor’s report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

Monmouth County Vocational School District is a component unit of Monmouth County within the criteria adopted by the GASB Statement No. 14. The State Department of Education requires the District’s financial statements be reported separately. All funds and account groups of the District are included in this report. The Monmouth County Vocational School District’s Board of Education and all of its schools constitute the District’s reporting entity.

The District provides a full range of vocational-technical educational services appropriate to secondary students, special needs students, post-secondary students and part-time adult students throughout the Monmouth County area.

The District completed the 2016-2017 fiscal year with a total enrollment at year-end of 4,809 students. The following details the breakdown of the enrollment:

2016-2017 MCVSD ENROLLMENT

High School Programs

Shared Time

Vocational Programs	580
Career Center	455

Full Time

Academy of Allied Health & Science	299
Academy of Law & Public Safety	82
Biotechnology High School	329
CLASS Academy	54
Communications High School	311
High Technology High School	289
Marine Academy of Science & Technology	289

Total High School	2,688
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Adult Programs

Adult Basic Education Program	136
Brookdale Adult Culinary Program	121
Evening School (Part Time)	907
Practical Nursing	55
Post Graduates	24

Total Adult Programs	1,243
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Specialty Programs

Pre-Vocational Evaluation (Career Center)	393
Summer School - Vocational	27
Summer School – Career Academies	315
Registered Apprentices	143

Total Specialty Programs	878
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GRAND TOTAL	4,809
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2. ECONOMIC CONDITION AND OUTLOOK:

Monmouth County is located 47 miles south of New York City in Central New Jersey. It is 472 square miles. Its western borders are Mercer and Middlesex counties; on the south by Burlington and Ocean counties; on the east by the Atlantic Ocean; and on the north by the Raritan and Sandy Hook bays. The county is located within the New York City metropolitan region, which consists of southern Connecticut and New York State and Northeastern New Jersey. There are 52 municipalities in Monmouth County.

Monmouth County is a desirable area to live in because of its easy access to all major modes of transportation. It is sandwiched between the major cities of New York City and Philadelphia. The beauty and diversity of the region are beyond compare, and it can boast about the excellent school districts.

The leading trends that are evolving in Monmouth County in areas of income, employment, education and mobility are the following:

The median household income is based on the income distribution of all households, including those with no income. Monmouth County is comprised of 233,105 households, 73% of them are owner occupied, with a median value of \$385,100. The median household income was \$85,242. This information comes from the 2015 American Community Survey.

The population of Monmouth County was estimated to be 625,846 people for 2016. The ratio of male to female persons is 49% to 51%, respectively. Most of the population is 85.1% is white, 7.7% is black, and 5.3% is Asian. Other races make up the remaining population. Approximately 10% of the overall population identify themselves as Hispanic or Latino. According to the U.S. Department of Commerce, in Monmouth County almost 93% of our population over 25 years old, have obtained a high school degree or higher.

This school year Class Academy was showcased on Classroom Close Up and recognized by the New Jersey Educational Association. Biotechnology High School was ranked 8th by Niche on their list of the Best Public High Schools in New Jersey, and in June 2017, 94% of the graduating class earned an IB Diploma. MAST received the followed awards: NJ Technology Education Association Image Award, Navy Junior Reserve Officer Training Corps Distinguished Unit with Academic Honors Award, and the Blue Star School for Personal Financial Literacy Education Award. Finally, High Technology High School was recognized this year as #1 STEM School in the US, per the US News report, #1 High School in NJ, per US News, school with the Highest SAT Average in NJ, per NJ.com, and State Chess Champions.

3. MAJOR INITIATIVES:

The following major initiatives took place during the 2016-17 school year:

The District finalized plans for an Advanced Manufacturing Shared-time program. After several Open Houses, the program opened in September 2017 with 20 students in space the District is leasing at Festo Didactic, Inc. in Eatontown. The District continues to work with Monmouth County and the National Park Service for the addition of Building 23 on Fort Hancock to the MAST campus. Building 56 has been added to these plans, which are at the architect's design level as of this writing.

MCVSD expanded it's adult programs in Healthcare by partnering with Meridian Health. Meridian has assumed financial responsibility for an additional three Certified Nursing Assistant (CNA) courses during the 2016-17 school year. In addition, they funded preparation and remedial courses for our adult healthcare students.

The District began investigating the feasibility of constructing a Polytechnical High School, which would be a centrally located, full time CTE high school to replace the shared time programs. Presentations were made to the MCVSD Board of Education, the Monmouth County Board of Chosen Freeholders, and the

administration of Brookdale Community College. These groups were very supportive and the District has begun preliminary talks with an architect.

We continue to implement the Long Range Facilities Plan. Many improvement projects like a new roof, windows, doors, and HVAC rooftop units were replaced over the summer months.

The Monmouth County Vocational School District has formed innovative partnerships with local industry, neighboring districts and the County to share services and enhance programs in an effort to meet the needs of an ever-changing, dynamic community. These services include snow removal, food service arrangements, off-site curricular/apprenticeship programs, new teacher training and continuous instructional services at the Monmouth County Correctional Institution.

4. INTERNAL ACCOUNTING CONTROLS:

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles ("GAAP"). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that:

- a) The cost of a control should not exceed the benefits likely to be derived; and
- b) The valuation of costs and benefits requires estimates and judgments by management.

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

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

5. 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. This budget is adopted for the General Fund, and the Special Revenue Fund. Project-length budgets are approved for the capital improvements accounted for in the Capital Projects Fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance account system is used to record outstanding purchase commitments on a line-item basis. Open encumbrances at year-end are either cancelled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2017.

6. ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board ("GASB"). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in Note 1 of the Notes to the Financial Statements.

7. FINANCIAL INFORMATION AT FISCAL YEAR-END:

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

8. INDEPENDENT AUDIT:

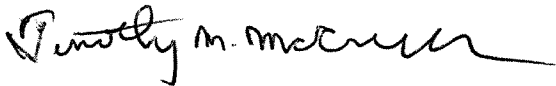
State statutes require an annual audit by independent certified public accountants and public school accountants. The Board selected Gerard Stankiewicz, CPA, PSA of the accounting firm of Samuel Klein and Company, CPAs. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements set forth in Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB's Circular 15-08, Single audit Policy for Recipients of Federal Grants, State Grants and State Aid. The auditor's report on the general-purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

9. ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Monmouth County Vocational School District's Board of Education 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 our financial and accounting staff.

Respectfully submitted,

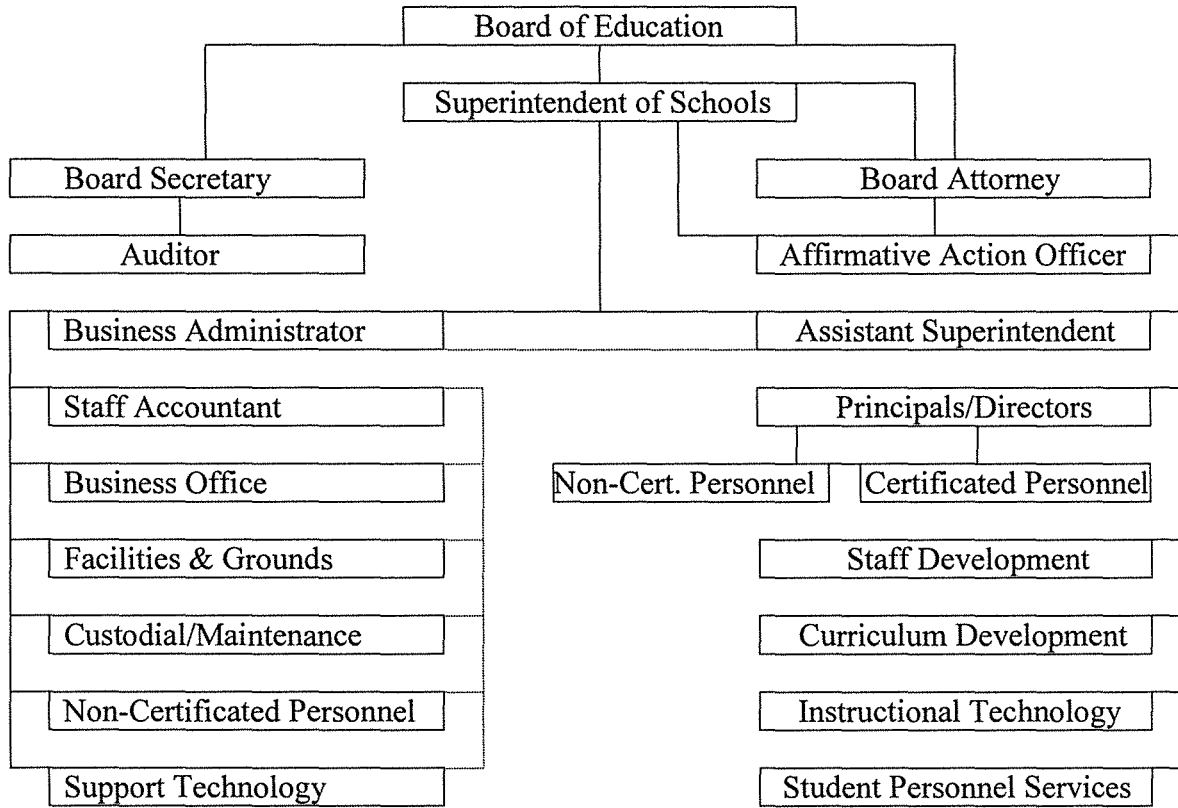


Mr. Timothy M. McCorkell
Superintendent



Ms. Collette C. Flatt
Business Administrator
Board Secretary

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT



_____ Line of Authority
 Line of Cooperation

Revised: November 17, 2015

MONMOUTH COUNTY VOCATIONAL SCHOOLS
BOARD OF EDUCATION
MONMOUTH COUNTY, NEW JERSEY

ROSTER OF OFFICIALS
JUNE 30, 2017

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Clement V. Sommers, President	2017
Dennis Ingoglia, Vice President	2020
Joseph A. Manfredi	2018
Brian D. McAndrew	2019
Lester W. Richens, Ed.D., Interim Executive County Superintendent	

Other Officials

Timothy M. McCorkell, Superintendent

Collette C. Flatt, Business Administrator/Board Secretary

Sanford D. Brown, Esq., Solicitor

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

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ATTORNEY

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Liberty Insurance Associates
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OFFICIAL DEPOSITORY

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Freehold, NJ 07728

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Monmouth County Vocational School District
County of Monmouth
Freehold, New Jersey

Report on the Financial Statement

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 Monmouth County Vocational School District (a component unit of the County of Monmouth), County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2017 and the related Notes to 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.

Auditor's Responsibility

Our responsibility is to express an opinion 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 of 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.

INDEPENDENT AUDITOR'S REPORT
(CONTINUED)

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities each major fund and the aggregate remaining fund information of the Board of Education of the Monmouth County Vocational School District, a component unit of the County of Monmouth), as of June 30, 2017, and the respective changes in financial position and where applicable, cash flows thereof for the 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 Discussion and Analysis and Budgetary Comparison Information and schedule of the District's proportionate share of the net pension liability – PERS, schedule of District contributions, schedule of the State's proportionate share of the net pension liability associated with the District – TPAF and budgetary comparison information as identified in the table of contents 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 Monmouth County Vocational School District's (a component unit of the County of Monmouth) basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, and statistical section are presented for purposes of additional analysis, as required by the Division of Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* respectively, 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.

INDEPENDENT AUDITOR'S REPORT
(CONTINUED)

The accompanying Combining and Individual Fund Financial Statements, Long-term Debt Schedules and the Schedule of Expenditures of Federal Awards and State Financial Assistance are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 accompanying Combining and Individual Fund Financial Statements, Long-term Debt Schedules and the Schedule of Expenditures of Federal Awards and State Financial Assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other information identified above has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2017, on our consideration of the Board of Education of the Monmouth County Vocational School District's (a component unit of the County of Monmouth) internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Monmouth County Vocational School District's internal control over financial reporting and compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Monmouth County Vocational School District internal control over financial reporting compliance.



Gerard Stankiewicz
Certified Public Accountant
Licensed Public School Accountant #912



SAMUEL KLEIN AND COMPANY

Freehold, New Jersey
November 30, 2017

REQUIRED SUPPLEMENTARY INFORMATION – PART I

**MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS**

The Management's Discussion and Analysis (MD&A) of the Monmouth County Vocational School District's Board of Education provides an overview of the School Board's financial activities for the fiscal year ended June 30, 2017. It should be read in conjunction with the Comprehensive Annual Financial Report's (CAFR) Letter of Transmittal which is found in the Introductory Section, and the School Board's financial statements found in the Financial Section and the notes thereto.

The MD&A is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – "Basic Financial Statement-and Management's Discussion and Analysis-for State and Local Governments".

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Monmouth County Vocational School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole school district, presenting both an aggregate view of the School District's finances and a longer term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of the Monmouth County Vocational School District, the General Fund is by far the most significant.

The School Board's auditor has provided assurance in his independent auditor's report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts of the Financial Section.

The School Board prepared the Introductory Section and the Statistical Section without association by the independent auditors. Accordingly, the School Board assumes full responsibility for the accuracy of these sections.

Reporting the School District as a Whole

Comparative Statement of Net Position and Comparative Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School district as a whole looks at all financial transactions and asks the question, "How did we do financially during 2017?". The Comparative Statement of Net Position and the Comparative Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and change to the position. The change in net position is important because it tells the reader that, for the school district as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2016-2017 fiscal year include the following:

As reported in the Statement of Activities in section A-2 the cost of all of the School Board's governmental and business-type activities this year, including a charge for depreciation of \$3,226,721, was \$60,432,661. Of this amount, \$959,218 was paid through various operating grants, contributions and charges for services. Consequently, the net expense of \$59,390,305 after taking into consideration these fees and subsidies, amounts that were paid by the County of Monmouth (county contributions and contributed capital), the State of New Jersey (state education aid and entitlement grants), restricted Federal aid, other LEA's (tuition), and from other miscellaneous revenue (interest, in-kind fees and fund transfers).

In the Comparative Statement of Net Position and the Comparative Statement of Activities, the School District is divided into two kinds of activities:

Governmental Activities — All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities and extracurricular activities.

Business Type Activities — This service is provided on a charge for goods or services basis to recover all the expenses of the goods and services provided. The Food Service enterprise fund is reported as business activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains two (2) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for the general fund and special revenue fund and both are considered to be major funds.

The District adopts an annual appropriated budget for its general fund and special revenue fund. Budgetary comparison statements have been provided as required supplementary information for the general fund, special revenue fund and debt service fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 27-29 of this report.

Proprietary Funds

The District maintains one proprietary fund type merely as an accommodation to a small group of students. Enterprise fund is used to report the same functions presented as a business-type activities in the government-wide financial statements. The District uses an enterprise fund to account for the operations of its food service program. The basic proprietary fund financial statements can be found on pages 30-32 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

The District uses agency funds to account for resources held for student activities and groups, unemployment compensation claims, contractual retainage and payroll related liabilities. The fiduciary fund financial statements can be found on pages 33-34 of and 93-97 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 35-74 of this report.

Other Information

The combining statements referred to earlier in connection with governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 89-92 of this report.

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Net position may serve over time as a useful indicator of government's financial position.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets and the depreciation of capital assets.

The Statement of Net Position provides the financial perspective of the District as a whole.

Table 1 provides a comparative summary of the School District's net position for 2017 and 2016.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the assets, deferred inflows and outflows and liabilities of the District, with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the net position of the District changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flow. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The Government-wide financial statements can be found on pages 25-26 of this report.

THE SCHOOL BOARD'S FUNDS

The School Board uses funds to control and manage money for particular purposes. The Fund's basic financial statements allow the School Board to demonstrate its stewardship over and accountability for resources received from the County of Monmouth, State of New Jersey and other entities. These statements also allow the reader to obtain more insight into the financial workings of the School Board, and assess further the School Board's overall financial health.

As the School Board completed the fiscal year ended June 30, 2017 it reported a combined net position balance of \$79,017,262. The Reconciliation of the Statement of Revenue and Expenditures, and Change in Net Position of Governmental Funds to the Statement of Activities presents the reader with a detailed explanation of the differences between the net change in fund balances and change in net position.

The School Board's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

Over the course of the year, the School Board revises its budget as it attempts to take into consideration unexpected changes in revenue and expenditures.

A schedule showing the School Board's original and final budget compared with actual operating results is provided in the section of the CAFR, entitled Budgetary Comparison Schedules. The School Board generally expended less than had been budgeted in its General Fund since it practices conservative budgetary practices in which revenues are forecast very conservatively and expenditures are budgeted with worst-case scenarios in mind.

The Statement of Net Position provides the financial perspective of the District as a whole.

Table 1 provides a comparative summary of the School District's net position for 2017 and 2016.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$79,017,262 at the close of fiscal 2017. The following table provides a summary of net position at June 30, 2017 and 2016 relating to the District's governmental and business-type activities:

Table 1 – Comparative Summary of Net Position

	June 30,	
	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>		
Current and Other Assets	\$ 10,392,758	\$ 10,992,562
Capital Assets, Net	<u>84,832,094</u>	<u>87,279,739</u>
Total Assets	<u>\$ 95,224,852</u>	<u>\$ 98,272,301</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Pension	<u>\$ 4,739,888</u>	<u>2,237,613</u>
<u>LIABILITIES</u>		
Current and Other Liabilities	\$ 511,051	\$ 502,083
Pension Liability	15,453,664	11,704,127
Long-term Liabilities	<u>4,982,763</u>	<u>5,048,987</u>
Total Liabilities	<u>\$ 20,947,478</u>	<u>\$ 17,255,197</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Pension	<u></u>	<u>\$ 188,180</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 160,220	\$ 87,279,739
Restricted	(5,975,053)	160,220
Unrestricted/(Deficit)	<u>84,832,094</u>	<u>(4,373,422)</u>
Total Net Position	<u>\$ 79,017,262</u>	<u>\$ 83,066,537</u>

The District's combined net position were \$79,017,262 on June 30, 2017. This is a decrease of \$4,049,275, or 4.87% from the prior year.

The largest portion of the District's net position is its net investment in capital assets (e.g., land, construction-in-progress, buildings and improvements, and machinery, equipment and vehicles). The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending.

Capital assets, net decreased from the prior year due to the write off of an asset that had been overvalued on the capital asset inventory which was the result of an ongoing review of capital assets detail.

Total liabilities increased due to an increase in the net pension liability.

Unrestricted net position decreased mainly due to increases in the pension liquidity. General fund encumbrances at June 30, 2017 totaled \$254,454 as compared with \$303,851 at June 30, 2016.

Table 2 shows the comparative changes in net position from fiscal year 2017 and 2016.

Table 2 – Comparative Statement of Changes in Net Position

	<u>2016-2017</u>	<u>2015-2016</u>
<u>Revenues</u>		
General Revenues:		
County Contribution	\$ 16,662,178	\$ 16,662,178
State Aid	21,837,518	18,458,855
Federal Aid	1,046,725	1,038,327
Miscellaneous Income	2,470,993	2,145,013
Tuition	<u>13,307,178</u>	<u>13,355,769</u>
Total Revenues	<u>\$ 55,324,592</u>	<u>\$ 51,660,142</u>
<u>Functions/Program Expenses</u>		
Instruction:		
Regular Vocational Programs	\$ 473,059	\$ 583,174
Special Vocational Programs	18,163,497	17,991,924
Support services:		
Student and Instruction Related Services	3,113,337	2,920,084
School Administrative Services	2,310,748	2,239,396
Other Administrative Services	1,869,315	1,952,085
Operation and Maintenance of Plant	5,690,326	5,212,639
Pupil Transportation	107,476	91,652
Unallocated Benefits	23,174,448	18,557,649
Special Schools	2,220,595	2,146,266
Unallocated Depreciation	3,226,721	3,076,949
Business-type Activities:		
Food Service	<u>83,138</u>	<u>92,318</u>
Total Expenses	\$ 60,432,660	\$ 54,864,136
Less: Program Revenues	<u>(980,060)</u>	<u>(783,715)</u>
District-Wide Net Expenses	\$ 59,452,600	\$ 54,080,421
Net Change	(4,128,008)	(2,420,279)
Less: Capital Assets, Adjustment	(2,472,131)	5,143,957
Donated Assets	13,102	-
Contributed Capital	<u>2,537,762</u>	<u>4,043,884</u>
Change in Net Position (A-2)	<u>\$ (4,049,275)</u>	<u>\$ 6,767,562</u>

The School District's Funds

All governmental funds (i.e., general fund and special revenue fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$47,251,673 and expenditures were \$47,793,470.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a comparative summary of the revenues of the general fund and special revenue fund for the fiscal years ended June 30, 2017 and June 30, 2016, and the amount of increase and decreases in relation to prior year revenues.

Comparative Summary of Revenues

<u>Revenue</u>	<u>2016-2017</u>		<u>2015-2016</u>		<u>Increase/ (Decrease) from 2015-2016 to 2016-2017</u>
	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent of Total</u>	
Local Sources	\$ 32,440,349	68.65%	\$ 32,169,560	69.44%	\$ 270,789
State Sources	13,764,599	29.13%	13,121,869	28.32%	642,730
Federal Sources	<u>1,046,725</u>	<u>2.22%</u>	<u>1,038,326</u>	<u>2.24%</u>	<u>8,399</u>
	<u>\$ 47,251,673</u>	<u>100.00%</u>	<u>\$ 46,329,755</u>	<u>100.00%</u>	<u>\$ 921,918</u>

Local revenues increased primarily because of higher tuition revenue.

Federal revenues increased slightly.

State revenue increased primarily due to an increase of state aid in the general fund and on-behalf pension payments.

The following schedule presents a comparative summary of general fund and special revenue fund exclusive of capital lease expenditures for the fiscal years ended June 30, 2017 and June 30, 2016, and the increases and decreases in relation to prior year amounts.

Comparative Summary of Expenditures

<u>Expenditures</u>	<u>2016-2017</u>		<u>2015-2016</u>		<u>Increase/ (Decrease) from 2015-2016 to 2016-2017</u>
	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent of Total</u>	
Current Expense:					
Instruction	\$ 18,630,445	38.98%	\$ 18,631,880	40.47%	\$ (1,435)
Undistributed Expenditures	26,242,087	54.91%	24,624,475	53.49%	1,617,612
Capital Outlay	700,343	1.46%	633,851	1.37%	66,492
Special Schools	2,220,595	4.65%	2,146,266	4.66%	74,329
	<u>\$ 47,793,470</u>	<u>100.00%</u>	<u>\$ 46,036,472</u>	<u>100.00%</u>	<u>\$ 1,756,998</u>

Changes in expenditures were the results of varying factors. Current expense increased due to increase in health benefits and utility costs.

Of the 2016-2017 closing fund balance of \$10,165,277, \$254,454 is committed for yearend encumbrances, \$2,703,619 is assigned-designated for the subsequent year's budget \$2,950,000 is restricted as a maintenance reserve, \$455,317 is excess surplus and \$1,672,104 is unassigned which is within the limits permitted by law.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

For the 2016-2017 school year, the School Board was able to sustain its general fund budget through the county contribution (via the county regular tax levy), state education aid, tuition, and local revenue sources. This was accomplished through tightened spending. State Aid makes up approximately 41.36% of the general fund revenue, increasing from 37.74% last year. The remaining revenue is comprised of 30.12% county tax levy, 24.05% from tuition from other LEA's and 4.47% is from miscellaneous revenue, which among other things includes adult and post-secondary tuition. The county also continues to contribute towards the District's capital needs which during the fiscal year amounted to \$2,537,362 is reflected as non-recurring revenue since it doesn't support the operating budget.

The deficit \$5,999,484 in unrestricted net position for all governmental activities represents the accumulated results of all past years' operations. It means that if the School Board had to pay off all bills today, including all of the School Board's noncurrent liabilities (early retirement obligation, compensated absences and the net pension liability), the School Board would be in deficit in the amount of \$5,999,484. There is no likelihood that all \$20.436 million in liabilities for compensated absences, early retirement obligations, and the net pension liability would come due in one year.

At this time, the most important factor affecting the budget is the combined effects of the national and State economies and the State aid formula. The tax levy and tuition will be the areas that will need to absorb any increase in budget obligations. The effect of any decrease in future funding or enrollments may negatively impact revenue. The School Board anticipates maintaining the current level of enrollment for the 2016-2017 fiscal year, but due to the elective nature of its programs the School Board cannot accurately forecast future enrollment.

CAPITAL ASSETS

At June 30, 2017, the School Board had approximately \$133.19 million invested in a broad range of capital assets, including land, buildings, furniture, vehicles, computers, instructional equipment and other equipment. The amount presented is net of accumulated depreciation to date. Table 4 shows fiscal 2017 balances compared to 2016.

Table 4 – Capital Assets (Net of Depreciation) at June 30

	Governmental Activities	
	<u>2016-2017</u>	<u>2015-2016</u>
Land	662,000	\$ 3,102,000
Construction in Progress	85,849	98,067
Building and Building Improvements	80,038,558	80,404,760
Machinery and Equipment	<u>4,045,687</u>	<u>3,674,911</u>
Total Capital Assets - Net of Depreciations	<u>\$ 84,832,094</u>	<u>\$ 87,279,738</u>

Refer to Notes to Financial Statements (Note 5) for more detailed information.

Debt Administration

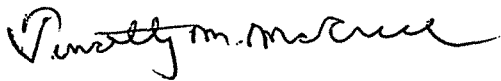
The School District had outstanding debt at June 30th as follows:

	<u>2017</u>	<u>2016</u>
Compensated Absences	\$ 4,584,241	\$ 4,573,850
Pension Liability ERIP	<u>398,522</u>	<u>475,137</u>
Totals	<u>\$ 4,982,763</u>	<u>\$ 5,048,987</u>

Refer to Notes to Financial Statements (Note 7) for more detailed information.

CONTACTING THE SCHOOL BOARD'S FINANCIAL MANAGEMENT

The School Board's financial report is designed to provide citizen groups, taxpayers, parents, students, other local officials, and investors and creditors with a general overview of the School Board's finances and to show the School Board's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact Collette C. Flatt, Business Administrator, 4000 Kozloski Road, P.O. Box 5033, Freehold, NJ, 07728-5033, (732) 431-7942, extension 7944.



Timothy M. McCorkell
Superintendent



Collette C. Flatt
Business Administrator/Board Secretary

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

BOARD OF EDUCATION
MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
JUNE 30, 2017

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 8,569,864.93	\$ 23,792.47	\$ 8,593,657.40
Receivables	1,785,834.43	638.63	1,786,473.06
Other Receivable	12,627.54		12,627.54
Capital Assets, Net	<u>84,832,094.03</u>		<u>84,832,094.03</u>
Total Assets	<u>\$ 95,200,420.93</u>	<u>\$ 24,431.10</u>	<u>\$ 95,224,852.03</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension	<u>\$ 4,739,888.00</u>		<u>\$ 4,739,888.00</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 511,051.29		\$ 511,051.29
Pension Liability	15,453,664.00		15,453,664.00
Noncurrent Debt:			
Due Within One Year	535,039.10		535,039.10
Due Beyond One Year	<u>4,447,723.90</u>		<u>4,447,723.90</u>
Total Liabilities	<u>\$ 20,947,478.29</u>		<u>\$ 20,947,478.29</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension			
<u>NET POSITION</u>			
Net Investment in Capital Assets	\$ 84,832,094.03		\$ 84,832,094.03
Restricted	160,220.40		160,220.40
Unrestricted/(Deficit)	<u>(5,999,483.79)</u>	<u>\$ 24,431.10</u>	<u>(5,975,052.69)</u>
Total Net Position	<u>\$ 78,992,830.64</u>	<u>\$ 24,431.10</u>	<u>\$ 79,017,261.74</u>

See accompanying notes to financial statements.

BOARD OF EDUCATION
MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
JUNE 30, 2017

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 473,060.10		\$ 471,216.38	\$ (1,843.72)		\$ (1,843.72)
Vocational Education	18,163,496.92			(18,163,496.92)		(18,163,496.92)
Support Services:						
Student and Instruction Related Services	3,113,336.66		371,806.78	(2,741,529.88)		(2,741,529.88)
Other Administrative Services	2,310,747.91			(2,310,747.91)		(2,310,747.91)
School Administrative Services	1,869,315.03			(1,869,315.03)		(1,869,315.03)
Plant Operations and Maintenance	5,690,326.06			(5,690,326.06)		(5,690,326.06)
Pupil Transportation	107,476.46			(107,476.46)		(107,476.46)
Special Schools	2,220,595.04			(2,220,595.04)		(2,220,595.04)
Unallocated Benefits	23,174,447.83		116,195.00	(23,058,252.83)		(23,058,252.83)
Unallocated Depreciation	3,226,721.00			(3,226,721.00)		(3,226,721.00)
Total Governmental Activities	\$ 60,349,523.01		\$ 959,218.16	\$ (59,390,304.85)		\$ (59,390,304.85)
Business-Type Activities:						
Food Service	\$ 83,137.82	\$ 8,798.80	\$ 12,043.42		\$ (62,295.60)	\$ (62,295.60)
Total Business-Type Activities	\$ 83,137.82	\$ 8,798.80	\$ 12,043.42		\$ (62,295.60)	\$ (62,295.60)
Total	\$ 60,432,660.83	\$ 8,798.80	\$ 971,261.58	\$ (59,390,304.85)	\$ (62,295.60)	\$ (59,452,600.45)
General Revenues						
County Contribution -						
General Purposes				\$ 16,662,178.00		\$ 16,662,178.00
Tuition Received				13,307,178.00		13,307,178.00
Federal and State Aid				22,884,243.62		22,884,243.62
Miscellaneous Income				2,470,992.82		2,470,992.82
Transfers				(59,713.70)	\$ 59,713.70	
Total General Revenues				55,264,878.74	59,713.70	55,324,592.44
Excess of Revenue over Expense				\$ (4,125,426.11)	\$ (2,581.90)	\$ (4,128,008.01)
Non-Operating Revenues:						
Donated Assets				\$ 13,102.33		\$ 13,102.33
Contributed Capital - County				2,537,761.57		2,537,761.57
Capital Asset (Adjustment)				(2,472,131.00)		(2,472,131.00)
Total Non-Operating Revenues				78,732.90		78,732.90
Change in Net Position				\$ (4,046,693.21)	\$ (2,581.90)	\$ (4,049,275.11)
Net Position - Beginning as Adjusted				\$ 83,039,523.85	\$ 27,013.00	\$ 83,066,536.85
Net Position - Ending				\$ 78,992,830.64	\$ 24,431.10	\$ 79,017,261.74

See accompanying notes to financial statements.

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

BOARD OF EDUCATION
MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Cash Equivalents	\$ 8,690,624.42		\$ 89,834.49	\$ 8,780,458.91
Intergovernmental Accounts Receivable	69,276.92	\$ 210,593.98	70,385.91	350,256.81
Interfunds Receivable	12,627.54			12,627.54
Tuition Receivable	1,412,668.00			1,412,668.00
Refund and Other Receivable	22,909.62			22,909.62
	<u>10,208,106.50</u>	<u>210,593.98</u>	<u>160,220.40</u>	<u>10,578,920.88</u>
Total Assets	<u>\$ 10,208,106.50</u>	<u>\$ 210,593.98</u>	<u>160,220.40</u>	<u>\$ 10,578,920.88</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Cash and Cash Equivalents Overdraft		\$ 210,593.98		\$ 210,593.98
Accounts Payable	\$ 42,829.29			42,829.29
	<u>42,829.29</u>	<u>210,593.98</u>		<u>253,423.27</u>
Total Liabilities	<u>\$ 42,829.29</u>	<u>\$ 210,593.98</u>		<u>\$ 253,423.27</u>
Fund Balances:				
Restricted:				
For Capital Purposes	\$		\$ 160,220.40	\$ 160,220.40
Maintenance Reserve	2,950,000.00			2,950,000.00
Excess Surplus - Designated for Subsequent Year's Expenditures	2,703,618.69			2,703,618.69
Reserve for Excess Surplus Designated for Subsequent Year's Expenditures	455,317.10			455,317.10
Designated for Subsequent Year's Expenditures	2,129,783.31			2,129,783.31
Assigned for Other Purposes	254,454.07			254,454.07
Unassigned	1,672,104.04			1,672,104.04
	<u>10,165,277.21</u>		<u>160,220.40</u>	<u>10,325,497.61</u>
Total Fund Balances	<u>\$ 10,165,277.21</u>		<u>160,220.40</u>	<u>\$ 10,325,497.61</u>
Total Liabilities and Fund Balance	<u>\$ 10,208,106.50</u>	<u>\$ 210,593.98</u>	<u>\$ 160,220.40</u>	<u>\$ 10,578,920.88</u>
Total Fund Balances above				\$ 10,325,497.61
Amounts reported for <i>governmental activities</i> 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 governmental funds. The cost of capital assets is \$133,192,283.03 and the accumulated depreciation is \$48,360,189.00. (see Note 5)				
				84,832,094.03
Noncurrent liabilities, including compensated absence are not due and payable in the current period and therefore are not reported as liabilities in the funds. (see Note 6)				
				(4,982,763.00)
Certain liabilities are not due and payable in the current period, and therefore are not reported in the funds:				
Accrued Pension Liability				
(Accrued pension is a current liability that will be paid from the general fund, attributed to the fiscal year ended June 30, 2017, however will be raised in the budget for the fiscal year ending June 30, 2018)				
				4,271,666.00
Net Pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds. (See Note 9)				
				<u>(15,453,664.00)</u>
				<u>\$ 78,992,830.64</u>
				Net position of governmental activities (A-1)

See Accompanying Notes to Financial Statements

BOARD OF EDUCATION
MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Project Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local sources:				
County Contribution	\$ 16,662,178.00			\$ 16,662,178.00
Tuition Charges	13,307,178.00			13,307,178.00
Non-Resident Fees	130,876.00			130,876.00
Other Restricted Miscellaneous	833,219.36			833,219.36
Miscellaneous	1,498,475.46	\$ 8,422.00		1,506,897.46
Total - Local Sources	32,431,926.82	8,422.00		32,440,348.82
State Sources	13,472,313.40	292,285.47		13,764,598.87
Federal Sources		1,046,724.91		1,046,724.91
Total Revenues	\$ 45,904,240.22	\$ 1,347,432.38		\$ 47,251,672.60
EXPENDITURES				
Current:				
Regular Instruction	\$ 1,843.10	\$ 471,216.38		\$ 473,059.48
Vocational Education	18,157,385.91			18,157,385.91
Support Services and Undistributed Costs:				
Student and Instruction Related Services	2,740,607.51	371,806.78		3,112,414.29
School Administrative Services	2,309,970.47			2,309,970.47
Other Administrative Services	1,868,686.11			1,868,686.11
Plant Operations and Maintenance	5,688,411.58			5,688,411.58
Pupil Transportation	107,440.30			107,440.30
Employee Benefits	13,038,968.83	116,195.00		13,155,163.83
Special Schools	2,220,595.04			2,220,595.04
Capital Outlay	312,129.11	388,214.22		700,343.33
Total Expenditures	\$ 46,446,037.96	\$ 1,347,432.38		\$ 47,793,470.34
Excess/(Deficiency) of Revenues over/(under) Expenditures	\$ (541,797.74)			\$ (541,797.74)
Other Financing Sources/(Uses):				
Transfer In/(Out)				
Food Service Fund	\$ (59,713.70)			\$ (59,713.70)
Local Share - Capital Reserve	(160,220.40)		\$ 160,220.40	
Total Other Financing Sources/(Uses)	\$ (219,934.10)		\$ 160,220.40	\$ (59,713.70)
Net Change in Fund Balance	\$ (761,731.84)		\$ 160,220.40	\$ (601,511.44)
Fund Balance - July 1	10,927,009.05			10,927,009.05
Fund Balance - June 30	\$ 10,165,277.21		\$ 160,220.40	\$ 10,325,497.61

See Accompanying Notes to Financial Statements

BOARD OF EDUCATION
MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ (601,511.44)

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 depreciated expense. This is the amount by which capital outlays exceeded depreciation in the period.

Capital outlay	\$ 3,251,207.23	
Depreciation expense	(3,226,721.00)	
Capital Assets, adjustments	<u>(2,472,131.00)</u>	(2,447,644.77)

Early Retirement Pension Payments (ERIP) are reported in governmental funds as expenditures; however in the statement of activities, the cost has been previously charged against net position and a long-term (noncurrent liability) has been established. The annual amount is a reconciling item. 76,615.00

Net pension obligation related to PERS which is attributable to June 30, 2016 not reported in governmental funds; however, it is reported in the statement of activities (1,063,761.00)

In the statement of activities, certain operating expenses, e.g. compensated absences (vacations) 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. (10,391.00)

Change in Net Position of Governmental Activities (A-2) \$ (4,046,693.21)

See Accompanying Notes to Financial Statements

BOARD OF EDUCATION
MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
ENTERPRISE FUND - PROPRIETARY FUND - FOOD SERVICE FUND
STATEMENT OF NET POSITION
JUNE 30, 2017

ASSETS

Current Assets:	
Cash and Cash Equivalents	\$ 23,792.47
Accounts Receivable:	
Federal	631.04
State	<u>7.59</u>
Total Current Assets	<u>\$ 24,431.10</u>

NET POSITION

Unrestricted	<u>\$ 24,431.10</u>
Total Net Position	<u><u>\$ 24,431.10</u></u>

See Accompanying Notes to Financial Statements

BOARD OF EDUCATION
MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
ENTERPRISE FUND - PROPRIETARY FUND - FOOD SERVICE FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Exhibit B-5

<u>OPERATING REVENUES</u>	<u>Food Service</u>
Local Sources:	
Daily sales - non-reimbursable programs	\$ <u>8,798.80</u>
Total operating revenues	\$ <u>8,798.80</u>
 <u>OPERATING EXPENSES</u> 	
Cost of sales	\$ <u>83,137.82</u>
Total operating expenses	\$ <u>83,137.82</u>
Operating income/(loss)	\$ <u>(74,339.02)</u>
 <u>NONOPERATING REVENUES</u> 	
State sources:	
State school lunch program	\$ 153.61
Federal sources:	
National school lunch program	6,800.68
National breakfast program	3,388.31
Food distribution program	<u>1,700.82</u>
Total nonoperating revenues	\$ <u>12,043.42</u>
Income/(loss) before contributions and transfers	\$ <u>(62,295.60)</u>
Operating transfers:	
Interfund - operating transfer in/(out)	<u>59,713.70</u>
Change in net position	\$ <u>(2,581.90)</u>
Net position - beginning	<u>27,013.00</u>
Net position - ending	\$ <u><u>24,431.10</u></u>

See Accompanying Notes to Financial Statements

BOARD OF EDUCATION
MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
ENTERPRISE FUND - PROPRIETARY FUND - FOOD SERVICE FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Food Service</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers	\$ 8,798.80
Payments to Suppliers	<u>(83,137.82)</u>
Net Cash Provided by/(Used for) Operating Activities	\$ <u>(74,339.02)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
State Sources	\$ 157.63
Federal Sources	11,930.40
Transfer from General Fund	<u>59,713.70</u>
Net Cash Provided by/(Used for) Noncapital Financing Activities	\$ <u>71,801.73</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	\$ <u>(2,537.29)</u>
Balance - Beginning of Year	26,329.86
Balance - End of Year	\$ <u><u>23,792.57</u></u>
Reconciliation of Operating Income/(Loss) to Net Cash <u>Provided/(Used) by Operating Activities</u>	
Operating Gain/(Loss)	\$ <u>(74,339.02)</u>
Net Cash Provided by/(Used for) by Operating Activities	\$ <u><u>(74,339.02)</u></u>

See Accompanying Notes to Financial Statements

BOARD OF EDUCATION
MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
COMBINED STATEMENT OF FIDUCIARY FUND NET POSITION
TRUST AND AGENCY FUNDS
JUNE 30, 2017

	<u>Trust Funds</u>	<u>Agency Funds</u>	<u>Total Fiduciary Fund</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 218,000.99	\$ 291,636.23	\$ 509,637.22
Total Assets	<u>\$ 218,000.99</u>	<u>\$ 291,636.23</u>	<u>\$ 509,637.22</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 7,163.46	\$ 24,638.37	\$ 31,801.83
Payable to Student Groups		262,819.74	262,819.74
Retainage Percentage Due Contractor	121,066.93		121,066.93
Interfunds Payable - General Fund	<u>8,449.42</u>	<u>4,178.12</u>	<u>12,627.54</u>
Total Liabilities	<u>\$ 136,679.81</u>	<u>\$ 291,636.23</u>	<u>\$ 428,316.04</u>
<u>NET POSITION</u>			
Held in Trust for Unemployment Claims and Other Purposes	\$ 68,111.34		\$ 68,111.34
Unreserved	<u>13,209.84</u>		<u>13,209.84</u>
Total Net Position	<u>\$ 81,321.18</u>		<u>\$ 81,321.18</u>

See Accompanying Notes to Financial Statements

BOARD OF EDUCATION
MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
COMBINING STATEMENT OF CHANGE IN NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Trust</u>		
	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Trust Fund</u>	<u>Total Fund</u>
<u>ADDITIONS</u>			
Contributions:			
Plan Members Contributions	\$ 46,715.39	\$ 14,500.00	\$ 61,215.39
	<u>46,715.39</u>	<u>14,500.00</u>	<u>61,215.39</u>
Total Contributions	\$ <u>46,715.39</u>	\$ <u>14,500.00</u>	\$ <u>61,215.39</u>
Total Additions	\$ <u>46,715.39</u>	\$ <u>14,500.00</u>	\$ <u>61,215.39</u>
<u>DEDUCTIONS</u>			
Unemployment Claims	\$ 38,544.40		\$ 38,544.40
Scholarships Awarded		\$ 14,000.00	\$ 14,000.00
	<u>38,544.40</u>	<u>14,000.00</u>	<u>52,544.40</u>
Total Deductions	\$ <u>38,544.40</u>	\$ <u>14,000.00</u>	\$ <u>52,544.40</u>
Change in Net Position	\$ 8,170.99	\$ 500.00	\$ 8,670.99
Total Net Position - Beginning of the Year	<u>59,940.35</u>	<u>12,709.84</u>	<u>72,650.19</u>
Total Net Position - Ending of the Year	<u>\$ 68,111.34</u>	<u>\$ 13,209.84</u>	<u>\$ 81,321.18</u>

See Accompanying Notes to Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

1. DESCRIPTION OF THE SCHOOL DISTRICT AND 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 appointed by the County Board of Chosen Freeholders (the "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. The operations of the District include public school vocational education for secondary, post-secondary and adult students in the County of Monmouth, New Jersey. The District also operates five (5) career academics, a vocational education program and many shared time programs.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year.

GASB Statement 14 established criteria to be used to determine which component units should be included in the financial statements of the oversight entity. In accordance with this statement the District is a component unit of the County of Monmouth; however, the financial statements of the District are not reported in the County's financial statements in accordance with reporting requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the "Board") of the Monmouth County Vocational School District (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental 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. Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements that provide a more detailed level of financial information.

1. Government-Wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the District as a whole excluding fiduciary activities such as student activities. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by state and federal aid, tuition and county contributions, from business-type activities generally financed in whole or in part with fees charged to external parties.

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Basis of Presentation (Continued)

1. Government-Wide Financial Statements (Continued)

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include (1) charges for services which report fees and other charges to users of the District's services and (2) operating grants and contributions. These revenues are subject to externally imposed restrictions to these program uses. Tax levies and other revenue sources not properly included with program revenues are reported as general revenues.

2. Fund Financial Statements

Fund financial statements are provided for governmental, proprietary and fiduciary funds. The New Jersey Department of Education (the "Department") 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 Department believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

B. Fund Accounting

The District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

1. Governmental Funds

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 all expendable financial resources except those required to be accounted for in another fund.

Special Revenue Fund – The District accounts for the proceeds of specific revenue sources (other than expendable trusts, major capital projects, enterprise or internal service funds) that are legally restricted to expenditures for specified purposes in the special revenue fund.

Capital Projects Fund – The capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). A county vocational school district by statute does not raise money for capital improvements through issuance of debt (N.J.S.18A:54-31).

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. **Fund Accounting (Continued)**

1. **Governmental Funds (Continued)**

Debt Service Fund – The debt service fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs. A county vocational school district by statute does not raise money for capital improvements through issuance of debt (N.J.S. 18A:54-31).

2. **Proprietary Fund**

The District reports the following proprietary fund:

Enterprise Fund – The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, in which the intent of the District is that the costs of providing goods or services to the District on a continuing basis be financed or recovered primarily through user charges.

3. **Fiduciary Funds**

The District reports the following fiduciary funds:

Trust and Agency Funds – The trust and agency funds are used to account for assets held by the District on behalf of outside parties, including other governments or on behalf of other funds within the District.

Unemployment Compensation Trust Fund – The trust fund is used to account for assets held under the terms of a formal trust agreement. The District reimburses the costs of unemployment benefits paid by the New Jersey Department of Labor.

Private-Purpose Trust Fund – The trust fund encompasses other trust fund arrangements for which principal and income benefit individuals outside of the school district. The District issued scholarships to students.

Agency Funds (Payroll, Student Activities Fund, Pell Grant Program, Stafford Loan Program and Contractor Retainage) – Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus

1. Government-Wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the District are included on the Statement on Net Position.

2. Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement, all assets and all liabilities associated with the operation of these funds are included on the statement of net position. Fund equity (i.e., net position) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Fiduciary funds are reported using the economic resources measurement focus.

D. Basis of Accounting

The modified accrual basis of accounting is used for measuring financial position and operating results of all governmental fund types, expendable trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. State equalization monies are recognized as revenue during the period in which they are appropriated. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general noncurrent debt which are recorded when due.

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting (Continued)

Ad Valorem (Property) Taxes are susceptible to accrual and under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy – county contribution (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an “accounts receivable”.

In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The District’s proprietary funds have elected not to apply the standards issued by FASB after November 30, 1989.

The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and nonexpendable trust funds. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgets/Budgetary Control

Annual appropriated budgets are prepared each year in advance for the general, special revenue, and debt service funds. The budgets are submitted to the county office for review and approval and are subject to certain criteria within the tax levy CAP and appropriation CAP automatically enacted without voter approval. In the case of the District, the budget is subject to approval by the County Board of School Estimate. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. 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. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year subject to the limitation of N.J.A.C 6A:23A-2.3 (et seq.).

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 accounting principles generally accepted in the United States of America with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and 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 revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The over-expenditures related to on-behalf payments in the general fund are due to the inclusion of the non-budgeted on-behalf payments made by the State of New Jersey as District expenditures. These amounts are offset by related revenues and as such do not represent budgetary over-expenditures.

The following presents a reconciliation of the General Fund revenue and Special Revenue Fund revenue from the budgetary basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual – General and Special Revenue Funds basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types.

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgets/Budgetary Control (Continued)

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources:		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules.	\$ 45,890,256.22	\$ 1,347,432.28
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized.	None	None
State aid payment recognized per GAAP standards in the current year previously recognized for budgetary purposes.	817,989.00	None
The last State aid payment is recognized as revenue for budgetary purposes and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33).	\$ <u>(804,005.00)</u>	<u>None</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	\$ <u>45,904,240.22</u>	\$ <u>1,347,432.28</u>
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule.	\$ 46,606,258.36	\$ 1,347,432.28
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 supplies are received for financial reporting purposes.	<u>None</u>	<u>None</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	\$ <u>46,606,258.36</u>	\$ <u>1,347,432.28</u>

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. 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 reservations of 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 deferred revenues 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.

G. Assets, Liabilities and Equity

1. Cash, Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types 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. 17:9-41 et. 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 public 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 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 other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

2. Inventories and Prepaid Expenses

Inventories and prepaid expenses, which benefit future periods, are recorded in the enterprise funds. All expenses in the other funds are recorded as expenditures during the year of purchase.

Inventories in the Proprietary Funds 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, 2017.

3. Allowance for Uncollectible Accounts

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

4. Tuition Receivable

Tuition charges were established by the Board of Education based on estimated costs.

5. Interfund Receivables/Payables

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.

6. Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$2,000.00. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

6. Capital Assets (Continued)

All reported capital assets except for land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method under the half year convention over the following useful lives:

<u>Asset Class</u>	<u>Estimated Lives</u>
School Buildings	40 years
Building Improvements	20 years
Electrical/Plumbing	30 years
Vehicles	6-8 years
Office and Computer Equipment	5-20 years
Instructional Equipment	5-10 years
Grounds Equipment	5-15 years
Food Service Equipment	7-20 years

7. Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

The entire sick leave and vacation leave liabilities are reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is in the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

In proprietary and similar trust funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

8. Accrued Liabilities and Noncurrent Obligations

All payables, accrued liabilities and noncurrent obligations are reported in the government-wide financial statements.

In general, payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the governmental funds. However, the noncurrent portion of capital leases, compensated absences and loans payable that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable, available financial resources.

9. Net Position

GASB Statement Number 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* became effective for financial statements for periods beginning after December 15, 2011 and established standards for reporting deferred outflows of resources, deferred inflows of resources and net position. The adoption of this statement resulted in a change in the presentation of the statement of net position to what is now referred to as the statement of net position and the term "net assets" is changed to "net position" throughout the financial statements. Net Position represents the difference between assets, deferred outflows, deferred inflows and liabilities in the government-wide financial statements. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any noncurrent debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

10. Unearned Revenue

Unearned revenue in all funds represent program revenues that have been received but not yet earned.

11. Fund Equity

Contributed capital represents the amount of fund capital contributed to the proprietary funds from other funds. Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

12. Fund Balance

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB 54") established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Under GASB 54, fund balances in the governmental funds financial statements are reported under the modified accrual basis of accounting and classified into the following five (5) categories, as defined below:

- a. Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Assets included in this fund balance category include prepaid assets, inventories, noncurrent receivables and corpus of any permanent funds.
- b. Restricted – includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers or through enabling legislation.
- c. Committed – includes amounts that can be used only for the specific purposes imposed by a formal action of the government's highest level of decision-making authority. The District's highest level of decision-making authority is the Board of Education (the "Board") and formal action is taken by resolution of the Board at publicly held meetings. Once committed, amounts cannot be used for other purposes unless the Board revised or changes the specified use by taking the same action (resolution) taken to originally commit these funds.
- d. Assigned – amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Interest is expressed by either the Board or Business Administrator, to whom the Board has delegated the authority to assign amounts to be used for specific purposes, including the encumbering of funds.
- e. Unassigned – includes all spendable amounts not contained in the other classifications in the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a position unassigned fund balance amount. In the other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. For the unrestricted fund balance, the District first spends committed funds, then assigned funds, and finally, unassigned funds.

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

13. Proprietary Funds Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the School District enterprise fund, (the Food Service) are charges to customers for sales of food service. Operating expenses for enterprise funds include the cost of sales and services, administrative expense and depreciation on Capital Assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

14. Non-Monetary Transactions

Commodities received under the Federal Food Distribution Program are received by the district and are recorded as nonoperating revenue when received in the food service enterprise fund at market value. The use of the commodities is included in cost of sales.

15. Allocation of Expenses

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were not allocated. Depreciation expense is included in the direct expense column of the Statement of Activities.

16. On-Behalf Payments

Revenues and expenditures of the general fund include payments made by the State of New Jersey social security and post-retirement medical pension contributions for the certified teachers and other members of the New Jersey Teachers Pension and Annuity Fund. The amounts are not required to be included in the District's annual budget.

17. Extraordinary and Special Items

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

18. Accounting and Financial Reporting for Pensions

In fiscal year 2015, the District implemented GASB 68. This Statement amends GASB Statement No. 27. It improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirement of Statement No. 27, *Accounting for Pension by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement.

The District has also implemented GASB Statement 71, Pension Transition for Contributions made Subsequent to the Measurement Date—an amendment to GASB No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events.

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

19. Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

H. Other Accounting Standards

The District is currently reviewing the following for applicability and potential impact on the financial statements:

- *GASB Statement No. 75. Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB).

Effective Date: The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged. The District has not yet determined the impact of the Statement on its financial statements.

- *GASB Statement No. 83. Certain Asset Retirement Obligations.* This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The District does not expect this Statement to impact its financial statements.

- *GASB Statement No. 84. Fiduciary Activities.* This objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify component units and postemployment benefit arrangements that are fiduciary activities.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The District does not expect this Statement to impact its financial statements.

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Other Accounting Standards (Continued)

- *GASB Statement No. 85. Omnibus 2017.* This objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 27, 2017. The District does not expect this Statement to impact its financial statements.

- *GASB Statement No. 86. Certain Debt Extinguishment Issues.* The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 27, 2017. The District does not expect this Statement to impact its financial statements.

- *GASB Statement No. 87. Leases.* The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

I. Subsequent Events

Management has reviewed and evaluated all events and transactions from June 30, 2017 through November 30, 2017, the date that the financial statements are issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure.

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

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. Cash equivalents are defined as short-term, highly liquid securities that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only securities with original maturities of three (3) months or less meet this definition.

Investments are stated at cost, which approximates market. The District classifies certificates of deposit that have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments. The District is in compliance with GASB Statement No. 3 as amended by GASB Statement No. 40.

A. Deposits

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey that are insured by the Federal Deposit 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.

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 \$25,000,000.00.

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

B. Investments

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

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America. This includes instruments such as Treasury bills, notes and bonds.
- Government money market mutual funds.
- Any federal agency or instrumentality obligation authorized by Congress that matures within 397 days from the date of purchase, and has a fixed rate of interest not dependent on any index or external factors.
- Bonds or other obligations of the school district or local unit of which the school district is a part.
- Any other obligations with maturities not exceeding 397 days, as permitted by the Division of Investments, New Jersey State Department of Treasury.
- Local government investment pools.
- New Jersey State Cash Management Fund.
- Repurchase agreements of fully collateralized securities, subject to special conditions.

The District had no securities as of June 30, 2017 that would be considered investments as defined by GASB No. 3 as amended by GASB No. 40.

C. Detail of Cash

As of June 30, 2017 the District had funds in interest bearing checking account totaling \$11,036,586.70.

Reconciliation by Fund:	
Governmental	\$ 9,427,993.92
Fiduciary	1,584,800.31
Proprietary	<u>23,792.47</u>
	<u>\$ 11,036,586.70</u>

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

4. INTERGOVERNMENTAL ACCOUNTS RECEIVABLE

Intergovernmental Accounts Receivable at June 30, 2017 consisted of Federal source, State source, County source and other LEA's for tuitions. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	<u>Governmental Fund</u> <u>Financial</u> <u>Statements</u>	<u>Business</u> <u>Type</u> <u>Activities</u>
General Fund		
Intergovernmental Accounts Receivable:		
State Aid - TPAF - FICA Reimbursement	\$ <u>69,276.92</u>	
Tuition Receivable - LEA's	\$ <u>1,412,668.00</u>	
Other:		
Department of the Navy	\$ 6,402.92	
Lead Testing	9,425.00	
Summer Jail	2,625.00	
Central Jersey Appreciation	<u>4,456.70</u>	
	\$ <u>22,909.62</u>	
Special Revenue Fund		
Federal:		
Title I Part A	\$ 49,665.00	
IDEA	82,774.00	
Carl D. Perkins Post Secondary	11,704.00	
Adult Basic Education	2,884.98	
State:		
County Vocational	<u>63,566.00</u>	
	\$ <u>210,593.98</u>	
Capital Projects Fund		
Due from County of Monmouth	\$ <u>70,385.91</u>	
Proprietary Fund:		
Enterprise Fund		
Federal Source		\$ 631.04
State Source		<u>7.59</u>
		\$ <u>638.63</u>

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

5. CAPITAL ASSETS, NET

Capital asset activity for the fiscal year ended June 30, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Transfers (Retirements)</u>	<u>Ending Balance</u>
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 3,102,000.00		\$ (2,440,000.00)	\$ 662,000.00
Construction in Progress	<u>98,067.36</u>	<u>\$ 85,849.23</u>	<u>(98,067.36)</u>	<u>85,849.23</u>
Total capital assets not being depreciated	<u>3,200,067.36</u>	<u>85,849.23</u>	<u>(2,538,067.36)</u>	<u>747,849.23</u>
Capital assets being depreciated:				
Building and Building Improvements	121,171,944.44	2,262,741.19		123,434,685.63
Machinery and Equipment	<u>8,041,195.00</u>	<u>1,000,684.17</u>	<u>(32,131.00)</u>	<u>9,009,748.17</u>
Total at historical cost	<u>129,213,139.44</u>	<u>3,263,425.36</u>	<u>(32,131.00)</u>	<u>132,444,433.80</u>
Less accumulated depreciation for:				
Building and Building Improvements	(40,767,184.00)	(2,628,944.00)		(43,396,128.00)
Machinery and Equipment	<u>(4,366,284.00)</u>	<u>(597,777.00)</u>		<u>(4,964,061.00)</u>
Total accumulated depreciation	<u>(45,133,468.00)</u>	<u>(3,226,721.00)</u>		<u>(48,360,189.00)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>\$ 84,079,671.44</u>	<u>\$ 36,704.36</u>	<u>\$ (32,131.00)</u>	<u>\$ 84,084,244.80</u>
Governmental activities capital assets, net	<u>\$ 87,279,738.80</u>	<u>\$ 122,553.59</u>	<u>\$ (2,570,198.36)</u>	<u>\$ 84,832,094.03</u>

Detail of additions

<u>Governmental Activities:</u>	
General Fund	\$ 312,129.11
Special Revenue Fund	388,214.22
Capital Projects Fund	2,537,361.57
Other	<u>13,502.33</u>
	<u>\$ 3,251,207.23</u>

Detail of Transfers/Retirements

CIP Transfer	\$ 98,067.36
Capital Asset Adjustments	<u>2,472,131.00</u>
	<u>\$ 2,570,198.36</u>

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

6. NONCURRENT DEBT

During the fiscal year ended June 30, 2017 the following changes occurred in noncurrent liabilities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>	<u>Noncurrent Portion</u>
<u>Governmental Activities:</u>						
Compensated						
Absences Payable	\$ 4,573,850	\$ 10,391		\$ 4,584,241	\$ 458,424	\$ 4,125,817
Unfunded ERIP Liability *	475,137		\$ (76,615)	398,522	76,615	321,907
	<u>\$ 5,048,987</u>	<u>\$ 10,391</u>	<u>\$ (76,615)</u>	<u>\$ 4,982,763</u>	<u>\$ 535,039</u>	<u>\$ 4,447,724</u>

* Annual payment of \$76,615.00 through April 1, 2021 which was a result of an early retirement incentive program (ERIP) offered by the State in 2001 and accepted by the District.

7. PENSION PLANS

Description of Plans: All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund that have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division of Pension issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund.

Teachers' Pension and Annuity Fund (TPAF)

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 contribution, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

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.

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

7. PENSION PLANS (CONTINUED)

Description of Plans (Continued)

Teachers' Pension and Annuity Fund (TPAF) (Continued)

The following represents the membership tiers for TPAF:

<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 tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 or more years of service credit before age 62, 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 member 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.

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 PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

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.

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

7. PENSION PLANS (CONTINUED)

Description of Plans (Continued)

Public Employees' Retirement System (PERS) (Continued)

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 or more years of service credit before age 62, 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 member 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 55 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.

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7. PENSION PLANS (CONTINUED)

Funding Policy: The contribution policy is set by New Jersey Statutes and contributions are required by active members and contributing members. Plan member and employer contributions may be amended by State of New Jersey legislation. Under the provisions of Chapter 78, P.L. 2011, employee contribution rates for TPAF and PERS increased from 5.5% to 6.5% of employees' annual compensation. An additional increase is to be phased in over the next seven years that will bring the total pension contribution rate to 7.5% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate in both the TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

Three-Year Trend Information for PERS (Paid on-behalf of the District)

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Annual Pension</u> <u>Net Cost</u> <u>to District</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Employee</u> <u>Contribution</u>
2017	\$ 463,543	100%	\$ 250,400
2016	448,255	100%	248,973
2015	417,709	100%	247,237

Three-Year Trend Information for TPAF (Paid on-behalf of the District)

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Cost</u> <u>(APC)</u>	<u>APC</u> <u>Contributed</u>	<u>Pension</u>		<u>TPAF</u> <u>FICA</u>
			<u>Total</u> <u>On-Behalf of</u>	<u>Employee</u> <u>Contribution</u>	
2017	\$ None	100%	\$ 2,143,744	\$ 1,437,465	\$ 1,403,792
2016	None	100%	1,513,843	1,408,896	1,408,069
2015	None	100%	1,065,458	1,349,492	1,375,847

During the fiscal year ended June 30, 2017, the State of New Jersey contributed \$2,143,744 to the TPAF for normal pension and insurance. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$1,403,792 during the year ended June 30, 2017 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the basic financial statements, and the individual fund statements and schedules as a revenue and expenditure in accordance with GASB 24.

Legislation enacted during 1993 provided early retirement incentives for certain members of TPAF and PERS who met certain age and service requirements and who applied for retirement between certain dates in the 1994 fiscal year. The early retirement incentives included: (a) an additional five years of service credit for employees at least age 50 with a minimum of 25 years of service; (b) free health benefits for employees at least 60 years old with at least 20 years of service; and (c) an additional \$500 per month for two years for employees at least age 60 with 10 but less than 20 years of service. The Board assumed the increased cost for the early retirement as it affected their district.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

7. PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS)

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

Public Employees Retirement System (PERS)

The information for PERS was abstracted from State of New Jersey Public Employees' Retirement System Schedules of Employer Allocations and Schedules of Pension Amounts by Employer as of June 30, 2016 Independent Auditor's Report dated April 6, 2017.

At June 30, 2017, the District reported a liability of \$15,453,664 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 (the *Measurement Date*), and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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 school districts, actuarially determined.

	June 30,	
	2016	2015
District Proportionate Share	0.0521781239 %	0.0521389342 %
Difference - Increase	0.0000391897	

For the year ended June 30, 2017, the District recognized pension expense of \$1,527,304. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions	\$ 3,201,174	
Difference between expected and actual experience	287,391	
Net difference between projected and actual earnings on pension plan investments	589,262	
Changes in proportion	193,839	\$ -
District contributions subsequent to the measurement date	468,222	
Total	\$ 4,739,888	\$ -

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
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7. PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

The \$4,739,888 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2017, the plan measurement date is June 30, 2016) will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30</u>	<u>Amount</u>
2017	\$ 918,086
2018	918,086
2019	1,063,633
2020	893,607
2021	284,414

Additional Information

Collective balances are as follows:

	<u>June 30, 2017</u> <i>(Measurement Date: June 30, 2016)</i>
Collective deferred outflows of resources	\$ 8,685,338,300
Collective deferred inflows of resources	870,133,595
Collective net pension liability (Local Group)	29,617,131,759
District's proportion (Local Group)	0.0521781239 %

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which rolled forward to June 30, 2016. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	3.08 Percent
Salary Increases:	
Through 2026	1.65-4.15 Percent (based on age)
Thereafter	2.65-5.15 Percent (based on age)
Investment Rate of Return	7.65 Percent

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

7. PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Mortality Rates

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

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 (*measurement date*) are summarized in the following table:

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

7. PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Long-Term Rate of Return (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00 %	0.87 %
U.S. Treasuries	1.50	1.74
Investment Grade Credit	8.00	1.79
Mortgages	2.00	1.67
High Yield Bonds	2.00	4.56
Inflation-Indexed Bonds	1.50	3.44
Broad U.S. Equities	26.00	8.53
Developed Foreign Equities	13.25	6.83
Emerging Market Equities	6.50	9.95
Private Equity	9.00	12.40
Hedge Funds / Absolute Return	12.50	4.68
Real Estate (Property)	2.00	6.91
Commodities	0.50	5.45
Global Debt ex U.S.	5.00	-0.25
REIT	5.25	5.63
	<u>100.00 %</u>	

Discount Rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the *Bond Buyer* GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

7. PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Sensitivity of The Collective Net Pension Liability to Changes in the Discount Rate.

The following presents the collective net pension liability of the participating employers as of June 30, 2016 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1- percentage-point higher than the current rate:

	June 30, 2016		
	1% Decrease <u>2.98%</u>	At Current Discount Rate <u>3.98%</u>	1% Increase <u>4.98%</u>
District's proportionate share of the pension liability	\$ 18,936,661	\$ 15,453,664	\$ 12,578,147

Pension Plan Fiduciary Net Position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS) or by visiting their website at www.state.nj.us/treasury/pensions/pers1.

Teachers Pensions and Annuity Fund (TPAF)

Data for the TPAF was abstracted from the State of New Jersey Teachers' Pension and Annuity Fund Schedules of Employer and Nonemployer Allocations and Schedules of Pension Amounts by Employer and Nonemployer as of June 30, 2016 Independent Auditor's Reports dated July 13, 2017.

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. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

The portion of the TPAF Net Pension Liability that was associated with the District recognized at June 30, 2017 was as follows:

Net Pension Liability:	
District's proportionate share	None
State's proportionate share associated with the District	\$ 148,741,872
	\$ 148,741,872

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
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7. PENSION PLANS (CONTINUED)

Teachers Pensions and Annuity Fund (TPAF) (Continued)

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. The net pension liability associated with the District 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 school districts and the State, actuarially determined. At June 30, 2016, the proportion of the TPAF net pension liability associated with the District was .1890793704%.

	June 30,	
	2016	2015
District Proportionate Share	0.1890793704 %	0.1970470750 %
Difference - Decrease	(0.0079677046)	

For the year ended June 30, 2017, the District recognized on-behalf pension expense and revenue of \$11,175,882 for contributions provided by the State.

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation	2.50 Percent
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.65 Percent

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60-year average of Social Security data from 1953 to 2013.

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

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

7. PENSION PLANS (CONTINUED)

Teachers Pensions and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2016 are summarized in the table as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00 %	0.39 %
US Government Bonds	1.50	1.28
US Credit Bonds	13.00	2.76
US Mortgages	2.00	2.38
US Inflation-Indexed Bonds	1.50	1.41
US High Yield Bonds	2.00	4.70
US Equity Market	26.00	5.14
Foreign-Developed Equity	13.25	5.91
Emerging Markets Equity	6.50	8.16
Private Real Estate Property	5.25	3.64
Timber	1.00	3.86
Farmland	1.00	4.39
Private Equity	9.00	8.97
Commodities	0.50	2.87
Hedge Funds - MultiStrategy	5.00	3.70
Hedge Funds - Equity Hedge	3.75	4.72
Hedge Funds - Distressed	3.75	3.49
	<u>100.00 %</u>	

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YEAR ENDED JUNE 30, 2017

7. PENSION PLANS (CONTINUED)

Teachers Pensions and Annuity Fund (TPAF) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the *Bond Buyer* GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the most recent fiscal years. 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 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the proportionate share of the net pension liability associated with the District as of June 30, 2017 (*measurement date June 30, 2016*) calculated using the discount rate as disclosed above as well as what the State's proportionate share of the net pension liability associated with the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease <u>2.22%</u>	At Current Discount Rate <u>3.22%</u>	At 1% Increase <u>4.22%</u>
State's proportionate share of the net pension liability associated with the District	\$ 178,449,661	\$ 149,427,360	\$ 125,726,906

Pension Plan Fiduciary Net Position

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

Additional Information

Collective balances of the Local Group at June 30, 2016 are as follows:

Deferred outflows of resources	\$ 17,440,003,201
Deferred inflows of resources	195,027,919
Net pension liability	78,666,367,052
State's proportionate share associated with the District	0.1890793704

Collective pension expense-Local Group for the plan for the measurement period ended June 30, 2016 is \$5,915,082,626.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
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8. 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 eligible for 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 Chapter 126, P.L. 1992, which provides free health 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 \$214.10 million toward Chapter 126 benefits for 19,056 eligible retired members in fiscal year 2015.

The State will set the contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with parameters of GASB 45. The ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to SHBP Fund for PERS retirees' post-retirement benefits on behalf of the District was not determined or made available by the State of New Jersey.

Three-Year Trend Information for TPAF Medical (Paid on-behalf of the District)

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Post-Retirement Medical</u>
2017	\$ 1,786,226.00
2016	1,802,569.00
2015	1,691,415.00

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

9. 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 personnel policy. Upon termination, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with various employee unions.

The liability for vested compensated absences of the governmental fund types is recorded in the statement of net position in the current and noncurrent liabilities. The current portion of the compensated absence balance of the governmental funds is shown separately from the long-term liability balance of compensated absences.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2017 no liability existed for compensated absences in the proprietary fund types.

10. DEFERRED COMPENSATION

IRS Code Section 403(b)

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

AXA Equitable
Siracusa

T-Rowe Price
C&A Financial Group

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YEAR ENDED JUNE 30, 2017

11. DEFINED CONTRIBUTION RETIREMENT PROGRAM

Description of System

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. The program provides eligible members, with a minimum base salary of \$1,500.00 or more, with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial.

If an eligible elected or appointed official will earn less than \$5,000.00 annually, the official may choose to waive participation in the DCRP for that office or position. This waiver is irrevocable.

Contributions Required and Made

Contributions made by employees for DCRP are currently 5.5% of their base wages. Member contributions are matched by a 3.0% employer contribution.

Contributions to the plan were as follows:

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Employer</u>	<u>Employee</u>
2017	\$ 8,736.62	\$ 16,017.13
2016	7,762.00	14,231.00
2015	5,817.13	15,684.65

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

12. 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. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Property and Liability Insurance: The District maintains commercial insurance coverage for property, liability and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

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, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and prior two years:

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>District</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2017	None	\$ 46,715.39	\$ 38,544.40	\$ 68,111.34
2016	None	61,261.14	48,660.43	59,940.35
2015	None	34,228.42	41,736.43	47,339.64

Health Benefits

The District has opted for the traditional premium based health benefits plan for its employees and the premium is paid monthly on a per employee basis.

13. INTERFUND BALANCES AND TRANSFERS

The interfund receivable/payable as of June 30, 2017 will be liquidated in the normal course of business in the succeeding year.

	<u>Receivable</u>	<u>Payable</u>
Governmental Funds:		
General Fund	\$ 12,627.54	
Other:		
Fiduciary Funds		\$ 12,627.54

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

14. RESTRICTED – CAPITAL RESERVE ACCOUNT

A Capital Reserve Account was established by the Board by resolution from time to time for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. During the fiscal year ended June 30, 2017, the District had capital reserve fund remaining.

Analysis of Capital Reserve activity since Inception:

Contributions from Board		
Prior to June 30, 2016	\$ 3,132,402.00	
During year ended June 30, 2017	<u>None</u>	\$ 3,132,402.00
Interest Earned		
Prior to June 30, 2016	\$ 219,514.03	
During year ended June 30, 2017	<u>None</u>	\$ 219,514.03
Less Withdrawals:		
Prior to June 30, 2016	\$ 3,191,695.63	
During year ended June 30, 2017	<u>160,220.40</u>	<u>\$ 3,351,916.03</u>

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 department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes approved by the Board of Estimate or by transfer by Board Resolution at year end, if any, Unanticipated Revenue or Unexpended Line Item Appropriation amounts, or both. A district may also appropriate additional amounts with express approval by the Board of School Estimate. Pursuant to N.J.A.C. 6:23A-5.1(d) 7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

15. FEDERAL LOAN PROGRAMS

A. Federal Family Education Loan (F.F.E.L.) Program – Stafford

The District assisted post secondary students in obtaining Stafford Loans under the Federal Family Education Loan Program to help defray tuition and related costs. The loans are made by lending institutions and guaranteed by State or regional guaranty agencies and underwritten by the Federal government. When loans are approved the proceeds are reviewed by the District and tuition is deducted by the District and the remaining proceeds are disbursed to the student. The receipts and disbursements relating to the Stafford Loans are reflected in the District's agency fund and the Schedule of Federal Financial Assistance.

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

15. FEDERAL LOAN PROGRAMS

B. Pell Grant Program

The District assisted post secondary students in obtaining Pell Grants to help defray tuition and related costs. The grants are made by the U.S. Department of Education and proceeds are distributed directly to the District. The proceeds are reviewed by the District and tuition deducted, if applicable. Any remaining proceeds are then disbursed to the student. The receipts and disbursements relating to the Pell Grant Program are reflected in the District's agency fund and the Schedule of Federal Financial Assistance.

16. FUND BALANCE APPROPRIATED

General Fund - Of the \$10,165,277.21 General Fund fund balance at June 30, 2017, \$254,454.07 is assigned for other purposes (encumbrances); \$2,950,000.00 is restricted – maintenance reserve, \$1,672,104.04 is unassigned, \$2,129,783.31 is restricted – designated for subsequent year's expenditures, \$2,703,618.69 is excess surplus designated for subsequent year's expenditures and \$455,317.10 is restricted – excess surplus.

The District as part of its 2017-2018 adopted budget approved the appropriation of \$450,000.00 of the maintenance reserve and the capital reserve.

Capital Projects Fund – The Capital Projects Fund fund balance of \$160,220.40 is earmarked for the District's capital program and is available to expend at any given time.

17. CONTINGENCIES AND COMMITMENTS

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

B. Pending Litigation – As of the date of this report, in the opinion of the management, there was no litigation pending of which, in the event of an adverse or unfavorable outcome, would materially impair the financial position of the District.

C. Contracts/Retainage Payable – The District has established an escrow fund for the handling of all retainage due to the various contractors. The balance as of June 30, 2017 is \$121,066.93.

D. Due from County of Monmouth – The District has incurred expenditures for its capital program which are funded by the County of Monmouth. The District in the normal course of business procures the services and as expenditures are incurred, reimbursement is sought and within a reasonable period of time, the funds are received. The balance due from the County as of June 30, 2017 is \$70,385.91 all of which was received subsequent to yearend. There are also commitments outstanding in the amount of \$300,688.46 as of June 30, 2017 resulting from District authorizations during the year which ultimately upon completion be reimbursed by the county as well.

E. MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

17. CONTINGENCIES AND COMMITMENTS (CONTINUED)

- F. **Administrative Office** – The District’s Administrative Offices are located in a county owned complex in East Freehold (Township). There is no rental fee and the District is responsible for its own utilities.
- G. **Copy Machine Leases** – The District is obligated under several copy machine leases for the various schools and administrative office expiring at various time over the next five (5) years at an approximate annual rental of \$27,000.00.
- H. **Contractual Commitments** – The District has contractual commitments at June 30, 2017 to various vendors, which are recorded in the general fund as fund balance assigned for other purposes in the amount of \$254,454.07.

18. CALCULATION OF EXCESS SURPLUS – BUDGETARY BASIS

In accordance with N.J.S.A. 18A:7F-7, as amended, the designation for Reserved 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 reserve 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 years’ budget. There was excess fund balance at June 30, 2017 of \$2,703,618.69 as a result of the 2015-2016 school year and \$455,317.10 as a result of 2016-2017.

19. ECONOMIC DEPENDENCY

The District receives a substantial amount of its support from federal, state, county governments and other LEA’s. A significant reduction in the level of support, if this were to occur, could have an effect on the District’s programs and activities.

20. RECONCILIATION OF FUND BALANCE – GENERAL FUND

The Surpluses are presented on a GAAP basis and reconciliation to the budget basis is follows:

		<u>Unassigned</u>
Balance on a budget basis on the General Fund budgetary basic comparison	\$	2,476,109.04
Less: Allocation of state aid payment of not recognized on a GAAP basis		<u>(804,005.00)</u>
	\$	<u><u>1,672,104.04</u></u>

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

21. TAX ABATEMENTS

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provision at N.J.S.A.18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

The county of Monmouth has 53 municipalities, some of which provide for long-term tax exemptions, as authorized by New Jersey State Statutes. N.J.S.A. 40A:20-1 et seq. sets forth the criteria and mechanism by which property taxes can and are abated. The exemptions provided by the County of Monmouth are indeterminate. Taxes abated include municipal, local school and county taxes.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

**MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
 (A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Official Budget</u>	<u>Prior Year Encumbered</u>	<u>Original Budget</u>	<u>Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget to Actual</u>
Revenues:							
Local Sources:							
County Contribution	\$ 16,662,178.00		\$ 16,662,178.00		\$ 16,662,178.00	\$ 16,662,178.00	
Tuition	13,250,000.00		13,250,000.00		13,250,000.00	13,307,178.00	\$ 57,178.00
Non-Resident Fees	117,000.00		117,000.00		117,000.00	130,876.00	13,876.00
Miscellaneous	700,000.00		700,000.00		700,000.00	833,219.36	133,219.36
Other Restricted Miscellaneous Revenues	1,500,000.00		1,500,000.00		1,500,000.00	1,498,475.46	(1,524.54)
Total Local Sources	32,229,178.00		32,229,178.00		32,229,178.00	32,431,926.82	202,748.82
State Sources:							
Categorical Special Education Aid	1,304,032.00		1,304,032.00		1,304,032.00	1,304,032.00	
Equalization Aid	4,003,057.00		4,003,057.00		4,003,057.00	4,003,057.00	
Categorical Security Aid	183,721.00		183,721.00		183,721.00	183,721.00	
Adjustment Aid	2,565,835.00		2,565,835.00		2,565,835.00	2,565,835.00	
PARCC Readiness Aid	20,900.00		20,900.00		20,900.00	20,900.00	
Per Pupil Growth Aid	20,900.00		20,900.00		20,900.00	20,900.00	
Professional Learning Community Aid	22,110.00		22,110.00		22,110.00	22,110.00	
Nonbudgeted:							
On-behalf TPAF Pension						2,143,744.00	2,143,744.00
On-behalf TPAF Post-Retirement Medical Contributions						1,786,226.00	1,786,226.00
On-behalf TPAF Long-Term Disability Insurance						4,012.00	4,012.00
Reimbursed TPAF Social Security Contributions						1,403,792.40	1,403,792.40
Total State Sources	8,120,555.00		8,120,555.00		8,120,555.00	13,458,329.40	5,337,774.40
Total Revenues	\$ 40,349,733.00		\$ 40,349,733.00		\$ 40,349,733.00	\$ 45,890,256.22	\$ 5,540,523.22

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Official Budget	Prior Year Encumbered	Original Budget	Transfers	Final Budget	Actual	Final Budget to Actual
Expenditures:							
Current Expense:							
Instruction:							
Regular Programs - Home Instruction:							
Salaries of Teachers	\$ 8,000.00		\$ 8,000.00	\$ (1,000.00)	\$ 7,000.00	\$ 981.50	\$ 6,018.50
Other Purchased Services				1,000.00	1,000.00	861.60	138.40
Total Regular Programs - Home Instruction	8,000.00		8,000.00		8,000.00	1,843.10	6,156.90
Regular Vocational Programs - Instruction:							
Salaries of Teachers	13,556,332.00		13,556,332.00	176,856.78	13,733,188.78	13,367,627.04	365,561.74
Other Salaries for Instruction	55,000.00		55,000.00		55,000.00	47,219.75	7,780.25
Unused Vacation Payment to Terminated Employees	1,000.00		1,000.00		1,000.00		1,000.00
Purchased Professional - Educational Services	269,463.00		269,463.00	(260.00)	269,203.00	144,041.98	125,161.02
Other Purchased Services	810,100.00	\$ 1,304.26	811,404.26	233,147.00	1,044,551.26	1,021,627.27	22,923.99
General Supplies	943,800.00	3,240.05	947,040.05	(63,971.07)	883,068.98	781,218.09	101,850.89
Textbooks	245,000.00	961.49	245,961.49	(4,646.40)	241,315.09	148,049.35	93,265.74
Other Objects	346,000.00		346,000.00		346,000.00	237,928.79	108,071.21
Total Regular Vocational Programs - Instruction	16,226,695.00	5,505.80	16,232,200.80	341,126.31	16,573,327.11	15,747,712.27	825,614.84
Special Vocational Programs - Instruction:							
Salaries of Teachers	2,293,903.00		2,293,903.00	(182,956.78)	2,110,946.22	2,063,150.12	47,796.10
Unused Vacation Payment to Terminated Employees	1,000.00		1,000.00		1,000.00		1,000.00
Purchased Professional - Educational Services	6,500.00		6,500.00		6,500.00	2,311.00	4,189.00
Other Purchased Services	201,400.00		201,400.00		201,400.00	105,178.71	96,221.29
General Supplies	287,833.00		287,833.00		287,833.00	234,771.12	53,061.88
Textbooks	10,000.00		10,000.00	4,646.40	14,646.40		14,646.40
Other Objects	11,500.00		11,500.00		11,500.00	4,262.69	7,237.31
Total Special Vocational Programs - Instruction	2,812,136.00		2,812,136.00	(178,310.38)	2,633,825.62	2,409,673.64	224,151.98
Total Vocational Programs - Instruction	19,038,831.00	5,505.80	19,044,336.80	162,815.93	19,207,152.73	18,157,385.91	1,049,766.82
Total - Instruction	19,046,831.00	5,505.80	19,052,336.80	162,815.93	19,215,152.73	18,159,229.01	1,055,923.72

**MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
 (A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Official Budget	Prior Year Encumbered	Original Budget	Transfers	Final Budget	Actual	Final Budget to Actual
Expenditures (Continued):							
Current Expense (Continued):							
Undistributed Expenditures:							
Health Services:							
Salaries	\$ 430,881.00		\$ 430,881.00	\$ (3,500.00)	\$ 427,381.00	\$ 409,355.80	\$ 18,025.20
Unused Vacation Payment to Terminated Employees	1,000.00		1,000.00		1,000.00		1,000.00
Other Purchased Services	50,200.00		50,200.00	5,900.00	56,100.00	56,034.59	65.41
Supplies and Materials	14,000.00		14,000.00	(2,400.00)	11,600.00	11,261.76	338.24
Other Objects	2,400.00		2,400.00		2,400.00	2,090.47	309.53
Total Health Services	498,481.00		498,481.00		498,481.00	478,742.62	19,738.38
Other Support Students - Regular:							
Salaries of Other Professional Staff	1,437,704.00		1,437,704.00		1,437,704.00	1,323,095.88	114,608.12
Salaries of Secretarial and Clerical Assistants	36,951.00		36,951.00		36,951.00	36,950.88	.12
Other Salaries	98,943.00		98,943.00		98,943.00	98,942.88	0.12
Unused Vacation Payment to Terminated Employees	1,000.00		1,000.00		1,000.00		1,000.00
Other Purchased Services	113,000.00		113,000.00		113,000.00	89,018.19	23,981.81
Supplies and Materials	54,500.00		54,500.00	(1,000.00)	53,500.00	8,942.70	44,557.30
Other Objects	3,500.00		3,500.00		3,500.00	1,593.72	1,906.28
Total Other Support Students - Regular	1,745,598.00		1,745,598.00	(1,000.00)	1,744,598.00	1,558,544.25	186,053.75
Other Support Services Students - Special:							
Salaries of Other Professional Staff	249,101.00		249,101.00	(125,000.00)	124,101.00	62,814.20	61,286.80
Unused Vacation Payment to Terminated Employees	1,000.00		1,000.00		1,000.00		1,000.00
Other Purchased Services	200.00		200.00		200.00	130.20	69.80
Supplies and Materials	200.00		200.00	1,025.00	1,225.00	1,024.24	200.76
Other Objects	200.00		200.00		200.00		200.00
Total Other Support Services Students - Special	250,701.00		250,701.00	(123,975.00)	126,726.00	63,968.64	62,757.36
Improvement of Instructional Services:							
Salaries of Supervisor of Instruction	194,990.00		194,990.00	(290.60)	194,699.40	165,302.91	29,396.49
Salaries of Other Professional Staff	30,000.00		30,000.00		30,000.00	25,000.00	5,000.00
Salaries of Secretarial and Clerical Assistant	34,077.00		34,077.00	2,558.00	36,635.00	36,633.94	1.06
Unused Vacation Payment to Terminated Employees	1,000.00		1,000.00		1,000.00		1,000.00
Other Purchased Services	250.00		250.00		250.00		250.00
Supplies and Materials	1,500.00		1,500.00		1,500.00	1,099.00	401.00
Other Objects	1,250.00		1,250.00	(150.00)	1,100.00	1,060.00	40.00
Total Improvement of Instructional Services	263,067.00		263,067.00	2,117.40	265,184.40	229,095.85	36,088.55

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Official Budget	Prior Year Encumbered	Original Budget	Transfers	Final Budget	Actual	Final Budget to Actual
Expenditures (Continued):							
Current Expense (Continued):							
Undistributed Expenditures (Continued):							
Educational Media Services/School Library:							
Salaries	\$ 127,186.00		\$ 127,186.00		\$ 127,186.00	\$ 127,185.84	\$ 0.16
Unused Vacation Payment to Terminated Employees	1,000.00		1,000.00		1,000.00		1,000.00
Other Purchased Services	1,700.00		1,700.00		1,700.00	1,062.99	637.01
Supplies and Materials	4,700.00		4,700.00	\$ 3,100.00	7,800.00	7,563.02	236.98
Other Objects	300.00		300.00		300.00		300.00
Total Educational Media Services/School Library	134,886.00		134,886.00	3,100.00	137,986.00	135,811.85	2,174.15
Instructional Staff Training Services:							
Salaries of Supervisor of Instruction	84,540.00		84,540.00	67.48	84,607.48	84,582.48	25.00
Salaries of Other Professional Staff	118,450.00		118,450.00	(17,258.00)	101,192.00	85,250.92	15,941.08
Salaries of Secretarial and Clerical Assistants	34,076.00		34,076.00	2,558.00	36,634.00	36,634.00	
Unused Vacation Payment to Terminated Employees	1,000.00		1,000.00	(1,000.00)			
Other Purchased Services	35,250.00		35,250.00	6,455.53	41,705.53	40,774.94	930.59
Supplies and Materials	2,000.00		2,000.00		2,000.00	1,501.27	498.73
Other Objects	29,950.00		29,950.00	(3,300.85)	26,649.15	25,700.69	948.46
Total Instructional Staff Training Services	305,266.00		305,266.00	(12,477.84)	292,788.16	274,444.30	18,343.86
Support Services General Administration:							
Salaries	353,720.00		353,720.00	5,069.00	358,789.00	358,293.13	495.87
Unused Vacation Payment to Terminated Employees	1,000.00		1,000.00	(1,000.00)			
Legal Services	70,000.00		70,000.00	11,000.00	81,000.00	76,599.19	4,400.81
Audit Fees	35,000.00		35,000.00	(5,000.00)	30,000.00	30,000.00	
Other Purchased Professional Services	28,000.00		28,000.00	5,500.00	33,500.00	30,042.25	3,457.75
Purchased Technical Services	4,000.00		4,000.00	(500.00)	3,500.00	682.25	2,817.75
Communications/Telephone	305,464.00	\$ 18,647.27	324,111.27	(50,000.00)	274,111.27	127,148.70	146,962.57
BOE - Other Purchased Services	7,500.00		7,500.00	(4,935.00)	2,565.00	2,565.00	
Other Purchased Services	26,000.00		26,000.00	(8,565.00)	17,435.00	11,392.52	6,042.48
General Supplies	14,000.00		14,000.00		14,000.00	12,462.23	1,537.77
Miscellaneous Expenditures	22,500.00		22,500.00	(5,400.00)	17,100.00	12,611.52	4,488.48
BOE - Membership Dues & Fees	19,000.00		19,000.00	(1,020.00)	17,980.00	17,467.65	512.35
Total Support Services General Administration	886,184.00	18,647.27	904,831.27	(54,851.00)	849,980.27	679,264.44	170,715.83
Support Services School Administration:							
Salaries of Principals/Assistant Principals	1,628,730.00		1,628,730.00	(21,632.00)	1,607,098.00	1,541,698.41	65,399.59
Salaries of Secretarial and Clerical Assistants	701,469.00		701,469.00	6,123.00	707,592.00	687,060.90	20,531.10
Unused Vacation Payment to Terminated Employees				13,454.00	13,454.00	13,454.00	
Other Purchased Services	22,550.00		22,550.00	(2,880.28)	19,669.72	6,951.29	12,718.43
Supplies and Materials	51,600.00	2,315.28	53,915.28	2,380.28	56,295.56	55,097.63	1,197.93
Other Objects	10,300.00		10,300.00		10,300.00	5,708.24	4,591.76
Total Support Services School Administration	2,414,649.00	2,315.28	2,416,964.28	(2,555.00)	2,414,409.28	2,309,970.47	104,438.81

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Official Budget	Prior Year Encumbered	Original Budget	Transfers	Final Budget	Actual	Final Budget to Actual
Expenditures (Continued):							
Current Expense (Continued):							
Undistributed Expenditures (Continued):							
Central Services:							
Salaries	\$ 616,957.00		\$ 616,957.00	\$ (773.88)	\$ 616,183.12	\$ 615,510.83	\$ 672.29
Unused Vacation Payment to Terminated Employees	1,000.00		1,000.00	(1,000.00)			
Purchased Professional Services	62,500.00	\$ 3,400.00	65,900.00		65,900.00	50,541.40	15,358.60
Purchased Technical Services	1,800.00		1,800.00		1,800.00		1,800.00
Miscellaneous Purchased Services	13,600.00		13,600.00	4,000.00	17,600.00	16,771.67	828.33
Supplies and Materials	15,000.00		15,000.00	15,500.00	30,500.00	28,866.17	1,633.83
Miscellaneous Expenditures	8,000.00		8,000.00		8,000.00	4,906.39	3,093.61
Total Central Services	718,857.00	3,400.00	722,257.00	17,726.12	739,983.12	716,596.46	23,386.66
Administrative Information Technology:							
Salaries	303,810.00		303,810.00		303,810.00	303,809.52	0.48
Unused Vacation Payment to Terminated Employees	1,000.00		1,000.00		1,000.00		1,000.00
Other Purchased Services	115,000.00		115,000.00		115,000.00	113,961.23	1,038.77
Supplies and Materials	97,000.00		97,000.00		97,000.00	53,629.39	43,370.61
Other Objects	8,000.00		8,000.00	(1,400.00)	6,600.00	1,425.07	5,174.93
Total Administrative Information Technology	524,810.00		524,810.00	(1,400.00)	523,410.00	472,825.21	50,584.79
Required Maintenance for School Facilities:							
Cleaning, Repairing and Maintenance Services	918,000.00	\$ 156,541.41	1,074,541.41	118,000.00	1,192,541.41	987,326.16	205,215.25
General Supplies	130,500.00		130,500.00	25,000.00	155,500.00	152,027.73	3,472.27
Other Objects	13,150.00		13,150.00	6,500.00	19,650.00	18,671.87	978.13
Total Allowable Maintenance for School Facilities	1,061,650.00	156,541.41	1,218,191.41	149,500.00	1,367,691.41	1,158,025.76	209,665.65
Other Operation and Maintenance of Plant:							
Salaries	2,070,428.00		2,070,428.00	10,373.77	2,080,801.77	2,065,311.57	15,490.20
Unused Vacation Payment to Terminated Employees	1,000.00		1,000.00		1,000.00		1,000.00
Cleaning, Repair and Maintenance Services	353,269.00		353,269.00	2,000.00	355,269.00	344,467.75	10,801.25
Rental of Land and Buildings Other than Lease Purchase	59,000.00		59,000.00		59,000.00	38,532.00	20,468.00
Other Purchased Property Services	114,000.00	9,255.38	123,255.38	3,203.05	126,458.43	104,391.81	22,066.62
Insurance	708,140.00		708,140.00	(165,000.00)	543,140.00	474,013.75	69,126.25
General Supplies	242,000.00		242,000.00	(16,576.82)	225,423.18	205,552.87	19,870.31
Energy (Natural Gas)	429,000.00	82,100.85	511,100.85		511,100.85	305,146.16	205,954.69
Energy (Heat and Electricity)	1,234,000.00	16,484.50	1,250,484.50	(60,000.00)	1,190,484.50	853,472.94	337,011.56
Other Objects	26,200.00	136.30	26,336.30	1,500.00	27,836.30	22,947.12	4,889.18
Total Other Operation and Maintenance of Plant	5,237,037.00	107,977.03	5,345,014.03	(224,500.00)	5,120,514.03	4,413,835.97	706,678.06

**MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Official Budget	Prior Year Encumbered	Original Budget	Transfers	Final Budget	Actual	Final Budget to Actual
Expenditures (Continued):							
Current Expense (Continued):							
Undistributed Expenditures (Continued):							
Care & Upkeep of Grounds							
Cleaning, Repair and Maintenance Services	\$ 190,000.00	\$ 2,762.00	\$ 192,762.00		\$ 192,762.00	\$ 113,573.14	\$ 79,188.86
General Supplies	11,000.00	2,976.71	13,976.71		13,976.71	2,976.71	11,000.00
Total Care & Upkeep of Grounds	201,000.00	5,738.71	206,738.71		206,738.71	116,549.85	90,188.86
Student Transportation Services:							
Contracted Services:							
Other than Between Home and School - Vendors	125,500.00		125,500.00		125,500.00	107,440.30	18,059.70
Total Student Transportation Services	125,500.00		125,500.00		125,500.00	107,440.30	18,059.70
Employee Benefits:							
Social Security Contributions	440,000.00		440,000.00		440,000.00	422,526.48	17,473.52
TPAF Contributions - ERIP	76,615.00		76,615.00		76,615.00	74,470.65	2,144.35
Other Retirement Contributions - Regular	484,381.00		484,381.00		484,381.00	468,610.57	15,770.43
Other Retirement Contributions - ERIP	15,000.00		15,000.00		15,000.00	7,313.28	7,686.72
Other Retirement Contributions - DCRP	12,000.00		12,000.00		12,000.00	8,736.62	3,263.38
Unemployment Compensation	40,000.00		40,000.00	\$ (23,900.00)	16,100.00		16,100.00
Workmen's Compensation	305,000.00		305,000.00		305,000.00	213,331.63	91,668.37
Health Benefits	6,422,034.00		6,422,034.00	(49,360.00)	6,372,674.00	6,213,620.95	159,053.05
Tuition Reimbursement	93,500.00		93,500.00	123,175.32	216,675.32	211,751.84	4,923.48
Other Employee Benefits	300,000.00		300,000.00	(37,500.00)	262,500.00	80,832.41	181,667.59
Total Employee Benefits	8,188,530.00		8,188,530.00	12,415.32	8,200,945.32	7,701,194.43	499,750.89
Nonbudgeted:							
On-behalf TPAF Pension						\$ 2,143,744.00	\$ (2,143,744.00)
On-behalf TPAF Post-Retirement Medical Contributions						1,786,226.00	(1,786,226.00)
On-behalf TPAF Long-Term Disability Insurance						4,012.00	(4,012.00)
Reimbursed TPAF Social Security Contributions						1,403,792.40	(1,403,792.40)
Total Nonbudgeted						5,337,774.40	(5,337,774.40)
Total Undistributed Expenditures	\$ 22,556,216.00	\$ 294,619.70	\$ 22,850,835.70	\$ (235,900.00)	\$ 22,614,935.70	\$ 25,754,084.80	\$ (3,139,149.10)
Total Expenditures - Current Expense	\$ 41,603,047.00	\$ 300,125.50	\$ 41,903,172.50	\$ (73,084.07)	\$ 41,830,088.43	\$ 43,913,313.81	\$ (2,083,225.38)

**MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
 (A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Official Budget	Prior Year Encumbered	Original Budget	Transfers	Final Budget	Actual	Final Budget to Actual
Expenditures (Continued):							
Capital Outlay:							
Equipment:							
Vocational Programs: Regular Program	\$ 125,000.00		\$ 125,000.00	\$ 37,030.04	\$ 162,030.04	\$ 140,976.04	\$ 21,054.00
Vocational Programs: Special Program	10,000.00		10,000.00	31,175.17	41,175.17	41,175.17	
Undistributed Expenditures - Instruction	5,000.00		5,000.00	(2,833.22)	2,166.78	2,166.78	
Undistributed Expenditures - Administration	25,000.00		25,000.00	(11,984.66)	13,015.34	13,015.34	
Undistributed Expenditures - Required Maint	6,000.00		6,000.00	21,145.00	27,145.00	27,145.00	
Undistributed Expenditures - Custodial Services	6,000.00		6,000.00	(2,661.26)	3,338.74	3,338.74	
Undistributed Expenditures - Care and Upkeep	6,000.00		6,000.00	(6,000.00)			
Undistributed Expenditures - Security	5,000.00		5,000.00	(5,000.00)			
	<u>188,000.00</u>		<u>188,000.00</u>	<u>60,871.07</u>	<u>248,871.07</u>	<u>227,817.07</u>	<u>21,054.00</u>
Facilities Acquisition and Construction Service:							
Architectural Service		\$ 3,726.04	3,726.04		3,726.04	3,726.04	
Assessment for Debt Service on SDS Funding	80,586.00		80,586.00		80,586.00	80,586.00	
	<u>80,586.00</u>	<u>3,726.04</u>	<u>84,312.04</u>		<u>84,312.04</u>	<u>84,312.04</u>	
Capital Reserve Transfer to Capital Outlay							
	160,220.40		160,220.40		160,220.40	160,220.40	
	<u>160,220.40</u>		<u>160,220.40</u>		<u>160,220.40</u>	<u>160,220.40</u>	
Total Capital Outlay	<u>428,806.40</u>	<u>3,726.04</u>	<u>432,532.44</u>	<u>60,871.07</u>	<u>493,403.51</u>	<u>472,349.51</u>	<u>21,054.00</u>
Post-Secondary Programs - Instruction:							
Salaries of Teachers	923,057.00		923,057.00	(66,454.46)	856,602.54	855,312.06	1,290.48
Purchased Professional and Technical Services	2,000.00		2,000.00	3,760.00	5,760.00	4,954.46	805.54
Other Purchased Services	63,200.00		63,200.00	(24,699.65)	38,500.35	32,088.95	6,411.40
General Supplies	244,000.00		244,000.00	(22,921.68)	221,078.32	214,624.25	6,454.07
Textbooks	2,000.00		2,000.00		2,000.00	1,903.99	96.01
Other Objects	8,200.00		8,200.00	(2,913.54)	5,286.46	4,849.43	437.03
	<u>1,242,457.00</u>		<u>1,242,457.00</u>	<u>(113,229.33)</u>	<u>1,129,227.67</u>	<u>1,113,733.14</u>	<u>15,494.53</u>
Total Post-Secondary Programs - Instruction							
Post-Secondary Programs - Support Services:							
Salaries	239,921.00		239,921.00	1,200.00	241,121.00	241,059.70	61.30
Unused Vacation Payment to Terminated Employees	1,000.00		1,000.00	(1,000.00)			
Personal Services - Employee Benefits	248,108.00		248,108.00		248,108.00	189,166.54	58,941.46
Other Purchased Services	30,000.00		30,000.00		30,000.00	27,074.47	2,925.53
Supplies and Materials	3,300.00		3,300.00		3,300.00	1,780.98	1,519.02
Other Objects	500.00		500.00		500.00	29.09	470.91
	<u>522,829.00</u>		<u>522,829.00</u>	<u>200.00</u>	<u>523,029.00</u>	<u>459,110.78</u>	<u>63,918.22</u>
Total Post-Secondary Programs - Support Services							
Total Post-Secondary Programs	<u>1,765,286.00</u>		<u>1,765,286.00</u>	<u>(113,029.33)</u>	<u>1,652,256.67</u>	<u>1,572,843.92</u>	<u>79,412.75</u>

**MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Official Budget	Prior Year Encumbered	Original Budget	Transfers	Final Budget	Actual	Final Budget to Actual
Expenditures (Continued):							
Special Schools:							
Summer School - Instruction:							
Salaries of Teachers	\$ 120,000.00		\$ 120,000.00		\$ 120,000.00	\$ 96,405.66	\$ 23,594.34
Other Salaries for Instruction	7,000.00		7,000.00		7,000.00	4,855.53	2,144.47
General Supplies	12,000.00		12,000.00		12,000.00	11,559.71	440.29
Total Summer School - Instruction	139,000.00		139,000.00		139,000.00	112,820.90	26,179.10
Summer School - Support:							
Other Salaries for Instruction	93,000.00		93,000.00	\$ (8,000.00)	85,000.00	80,506.91	4,493.09
Total Summer School	232,000.00		232,000.00	(8,000.00)	224,000.00	193,327.81	30,672.19
Vocational Evening - Local - Instruction:							
Salaries of Teachers	100,181.00		100,181.00	70,517.55	170,698.55	170,698.00	0.55
Other Purchased Services	1,000.00		1,000.00	3,087.96	4,087.96	3,156.49	931.47
General Supplies	25,000.00		25,000.00	24,967.37	49,967.37	49,517.81	449.56
Textbooks	5,000.00		5,000.00	(1,969.77)	3,030.23	3,030.23	
Other Objects	2,000.00		2,000.00	(1,348.10)	651.90	651.90	
Total Vocational Evening - Local - Instruction	133,181.00		133,181.00	95,255.01	228,436.01	227,054.43	1,381.58
Special Schools:							
Vocational Evening - Local - Support Services:							
Salaries	80,165.00		80,165.00	47,396.09	127,561.09	127,422.52	138.57
Personal Services - Employee Benefits	62,678.00		62,678.00	(15,000.00)	47,678.00	43,355.13	4,322.87
Other Purchased Services	50,000.00		50,000.00	6,591.23	56,591.23	56,591.23	
Supplies and Materials	1,000.00		1,000.00	(1,000.00)			
Other Objects							
Total Vocational Evening - Local - Support Services	193,843.00		193,843.00	37,987.32	231,830.32	227,368.88	4,461.44
Total Vocational Evening - Local	327,024.00		327,024.00	133,242.33	460,266.33	454,423.31	5,843.02
Total Special Schools	2,324,310.00		2,324,310.00	12,213.00	2,336,523.00	2,220,595.04	115,927.96
Total Expenditures	44,356,163.40	\$ 303,851.54	44,660,014.94		44,660,014.94	46,606,258.36	(1,946,243.42)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(4,006,430.40)	(303,851.54)	(4,310,281.94)		(4,310,281.94)	(716,002.14)	3,594,279.80

**MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
 (A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Official Budget</u>	<u>Prior Year Encumbered</u>	<u>Original Budget</u>	<u>Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget to Actual</u>
Other Financing Sources (Uses):							
Transfer to Food Service	\$ 75,000.00		\$ 75,000.00		\$ 75,000.00	\$ 59,713.70	\$ 15,286.30
Total Other Financing Sources (Uses)	<u>75,000.00</u>		<u>75,000.00</u>		<u>75,000.00</u>	<u>59,713.70</u>	<u>15,286.30</u>
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	<u>(4,081,430.40)</u>	\$ <u>(303,851.54)</u>	<u>(4,385,281.94)</u>		<u>(4,385,281.94)</u>	<u>(775,715.84)</u>	<u>3,578,993.50</u>
Fund Balances, July 1	<u>11,744,998.00</u>		<u>11,744,998.00</u>		<u>11,744,998.00</u>	<u>11,744,998.05</u>	
Fund Balances, June 30	\$ <u>7,663,567.60</u>	\$ <u>(303,851.54)</u>	\$ <u>7,359,716.06</u>		\$ <u>7,359,716.06</u>	\$ <u>10,969,282.21</u>	\$ <u>3,609,566.15</u>
Recapitulation of Excess/(Deficiency) of Revenues under Expenditures:							
Budgeted Withdrawal from Capital Reserve	\$ 160,220.40						
Budgeted Withdrawal from Maintenance Reserve	350,000.00						
Budgeted Fund Balance	<u>3,571,210.00</u>						
	\$ <u>4,081,430.40</u>						
Committed for Yearend Encumbrances						\$ 254,454.07	
Excess surplus - Designated for subsequent year-end expenditures (2017-2018)				\$ 2,703,618.69			
Assigned - Designated for subsequent year's expenditures (2017-2018)				<u>2,129,783.31</u>		4,833,402.00	
Restricted - Reserve for Excess Surplus (2018-2019)						455,317.10	
Restricted - Maintenance Reserve				\$ 2,500,000.00			
Restricted Maintenance - Designated for subsequent year's expenditures (2017-2018)				<u>450,000.00</u>		2,950,000.00	
Unassigned 6%						<u>2,476,109.04</u>	
						10,969,282.21	
Reconciliation to Governmental Funds Statements (GAAP):							
Last State Aid payments not recognized on GAAP Basis							
Current Year						<u>804,005.00</u>	
Fund Balance per Governmental Funds (GAAP)						\$ <u>10,165,277.21</u>	

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:			
Federal Aid	\$ 1,089,761.00	\$ 292,285.47	\$ (797,475.53)
State Aid	639,549.00	1,046,724.91	407,175.91
Other Aid	<u>8,422.00</u>	<u>8,422.00</u>	
Total Revenues	<u>\$ 1,737,732.00</u>	<u>\$ 1,347,432.38</u>	<u>\$ (390,299.62)</u>
Expenditures:			
Instruction:			
Salaries of Teachers	\$ 290,570.00	\$ 272,858.00	\$ 17,712.00
General Supplies	<u>208,608.00</u>	<u>198,358.38</u>	<u>10,249.62</u>
Total Instruction	<u>499,178.00</u>	<u>471,216.38</u>	<u>27,961.62</u>
Support Services:			
Salaries of other professional staff	223,051.00	216,763.00	6,288.00
Personal Services - Employee Benefits	118,031.00	116,195.00	1,836.00
Purchased Professional Educational Services	507,570.00	154,111.00	353,459.00
Supplies and Materials	<u>933.00</u>	<u>932.78</u>	<u>.22</u>
Total Support Services	<u>849,585.00</u>	<u>488,001.78</u>	<u>361,583.22</u>
Facilities Acquisition and Construction Services:			
Instructional Equipment	<u>388,969.00</u>	<u>388,214.22</u>	<u>754.78</u>
Total Facilities Acquisition and Construction Services	<u>388,969.00</u>	<u>388,214.22</u>	<u>754.78</u>
Total Expenditures	<u>\$ 1,737,732.00</u>	<u>\$ 1,347,432.38</u>	<u>\$ 390,299.62</u>

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
BUDGET-TO-GAAP RECONCILIATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 45,890,256.22	\$ 1,347,432.28
Differences - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized. and the related revenue is recognized.		
Prior Year	None	None
The Last State Aid payment is recognized as revenue for budgetary purposes and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognized the related expense (GASB 33)		
June 30, 2016	817,989.00	
June 30, 2017	(804,005.00)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 45,904,240.22	\$ 1,347,432.28
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 46,606,258.36	\$ 1,347,432.28
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received and reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
June 30, 2016	None	None
June 30, 2017	None	None
Total Expenditures as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 46,606,258.36	\$ 1,347,432.28

REQUIRED SUPPLEMENTARY INFORMATION – PART III

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING
FOR PENSIONS (GASB 68)**

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
COUNTY OF MONMOUTH
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)
LAST FOUR (4) FISCAL YEAR *

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
District's proportion of the net pension liability (asset)	0.0506353473	0.0506691300 %	0.0521389342 %	0.0521781239 %
District's proportionate share of the net pension liability (asset)	\$ 9,677,421	\$ 9,486,647	\$ 11,407,217	\$ 15,453,664
District's covered-employee payroll	\$ 3,551,552	\$ 3,568,381	\$ 3,526,526	\$ 3,477,858
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	272.48 %	265.85	323.47	444.34
Plan fiduciary net position as a percentage of the total pension liability	52.08	48.72	47.92	40.14

* The amounts presented for each fiscal year were determined as of the fiscal year-end.

Note: Only the last four (4) years of information are presented as GASB 68 was implemented during fiscal year ended June 30, 2015. Eventually a full ten (10) year schedule will be compiled.

Notes to Required Supplementary Information:

Benefit Changes - There were none.

Changes of Assumptions - The discount rate changed from 4.90% as of June 30, 2015 to 3.98% as of June 30, 2016.

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
COUNTY OF MONMOUTH
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)
LAST FOUR (4) FISCAL YEARS

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually required contribution	\$ 381,527	\$ 417,709	\$ 448,255	\$ 463,543
Contributions in relation to the contractually required contribution	\$ 381,527	\$ 417,709	\$ 448,255	\$ 463,543
Contribution deficiency (excess)	<u>None</u>	<u>None</u>	<u>None</u>	<u>None</u>
District's covered-employee payroll	\$ 3,551,552	\$ 3,568,381	\$ 3,526,526	\$ 3,477,858
Contributions as a percentage of covered-employee payroll	10.74%	11.71%	12.71%	13.33%

Note: Only the last four (4) years of information are presented as GASB 68 was implemented during fiscal year ended June 30, 2015. Eventually a full ten (10) years schedule will be compiled.

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
COUNTY OF MONMOUTH
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF CONTRIBUTIONS
TEACHERS PENSION AND ANNUITY FUND (TPAF)
LAST FOUR (4) FISCAL YEARS

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
District's proportion of the net pension liability (asset)	0.1995690451 %	0.1958769330	0.1970470750	0.1890793704 %
District's proportionate share of the net pension liability (asset)	None	None	None	None
State's proportionate share of the net pension liability (asset) associated with the District	<u>\$ 100,860,626</u>	<u>\$ 104,689,846</u>	<u>\$ 124,559,331</u>	<u>\$ 148,741,872</u>
Total	<u>\$ 100,860,626</u>	<u>\$ 104,689,846</u>	<u>\$ 124,559,331</u>	<u>\$ 148,741,872</u>
District's covered-employee payroll	\$ 19,269,409	\$ 19,410,420	\$ 19,956,032	\$ 19,964,804
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	None	None	None	None
Plan fiduciary net position as a percentage of the total pension liability	33.76%	33.64%	28.71%	22.33%

Note: Only the last four (4) years of information are presented as GASB 68 was implemented during fiscal year ended June 30, 2015. Eventually a full ten (10) years schedule will be compiled.

Notes to Required Supplementary Information:

Benefit Changes - There were none.

Changes of Assumptions - The discount rate changed from 4.13% as of June 30, 2015 to 3.22% as of June 30, 2016.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

**BOARD OF EDUCATION
MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
SPECIAL REVENUE FUND - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Total Brought Forward (Exh. E-1a)	Title I	IDEA Part B Regular	Perkins Secondary Federal	Perkins Post Secondary State	Totals
REVENUES:						
State sources	\$ 178,606.78				\$ 113,678.69	\$ 292,285.47
Federal sources	132,859.81	\$ 201,864.00	\$ 336,435.00	\$ 375,566.10		1,046,724.91
Local sources	<u>8,422.00</u>					<u>8,422.00</u>
Total revenues	\$ <u>319,888.59</u>	\$ <u>201,864.00</u>	\$ <u>336,435.00</u>	\$ <u>375,566.10</u>	\$ <u>113,678.69</u>	\$ <u>1,347,432.38</u>
EXPENDITURES:						
Instruction:						
Salaries of teachers	\$ 32,688.00	\$ 160,209.00	\$ 79,961.00			\$ 272,858.00
Supplies and materials	<u>15,081.69</u>			\$ 117,874.09	\$ 65,402.60	<u>198,358.38</u>
Total instruction	<u>47,769.69</u>	<u>160,209.00</u>	<u>79,961.00</u>	<u>117,874.09</u>	<u>\$ 65,402.60</u>	<u>471,216.38</u>
Support services:						
Salaries of other professional staff	29,712.00		187,051.00			216,763.00
Personal services-employee benefits	5,117.00	41,655.00	69,423.00			116,195.00
Purchased professional Educational Services	154,111.00					154,111.00
Supplies and materials	<u>932.78</u>					<u>932.78</u>
Total support services	<u>189,872.78</u>	<u>41,655.00</u>	<u>256,474.00</u>			<u>488,001.78</u>
Facilities acquisition and construction services:						
Instructional equipment	<u>82,246.12</u>			257,692.01	\$ 48,276.09	<u>388,214.22</u>
Total expenditures	\$ <u>319,888.59</u>	\$ <u>201,864.00</u>	\$ <u>336,435.00</u>	\$ <u>375,566.10</u>	\$ <u>113,678.69</u>	\$ <u>1,347,432.38</u>

**BOARD OF EDUCATION
 MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
 (A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
 COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
 SPECIAL REVENUE FUND - BUDGETARY BASIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Perkins Secondary Reserve</u>	<u>Adult Basic Education</u>	<u>County Vocational Competitive Aid</u>	<u>Apprentice Coordinator</u>	<u>NJSIG Safety</u>	<u>Totals Carried Forward Exhibit E-1</u>
REVENUES:						
State sources			\$ 158,607.00	\$ 19,999.78		\$ 178,606.78
Federal sources	\$ 92,866.98	\$ 39,992.83				132,859.81
Local sources					\$ 8,422.00	8,422.00
	<u>92,866.98</u>	<u>39,992.83</u>	<u>158,607.00</u>	<u>19,999.78</u>	<u>8,422.00</u>	<u>319,888.59</u>
Total revenues	\$ <u>92,866.98</u>	\$ <u>39,992.83</u>	\$ <u>158,607.00</u>	\$ <u>19,999.78</u>	\$ <u>8,422.00</u>	\$ <u>319,888.59</u>
EXPENDITURES:						
Instruction:						
Salaries of teachers		\$ 32,688.00				\$ 32,688.00
Supplies and materials	\$ 10,620.86	4,460.83				15,081.69
	<u>10,620.86</u>	<u>37,148.83</u>				<u>47,769.69</u>
Total instruction	<u>10,620.86</u>	<u>37,148.83</u>				<u>47,769.69</u>
Support services:						
Salaries of other professional staff			\$ 12,000.00	\$ 17,712.00		29,712.00
Personal services-employee benefits		2,844.00	918.00	1,355.00		5,117.00
Purchased professional Educational Services			145,689.00		\$ 8,422.00	154,111.00
Supplies and materials				932.78		932.78
		<u>2,844.00</u>	<u>158,607.00</u>	<u>19,999.78</u>	<u>8,422.00</u>	<u>189,872.78</u>
Total support services		<u>2,844.00</u>	<u>158,607.00</u>	<u>19,999.78</u>	<u>8,422.00</u>	<u>189,872.78</u>
Facilities acquisition and construction services:						
Instructional equipment	82,246.12					82,246.12
	<u>82,246.12</u>					<u>82,246.12</u>
Total expenditures	\$ <u>92,866.98</u>	\$ <u>39,992.83</u>	\$ <u>158,607.00</u>	\$ <u>19,999.78</u>	\$ <u>8,422.00</u>	\$ <u>319,888.59</u>

CAPITAL PROJECTS FUND

BOARD OF EDUCATION
MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

<u>Project Title/Issue</u>	<u>Original Date</u>	<u>Appropriations</u>	<u>Unexpended Balance June 30, 2017</u>
Various Improvements & Equipment	07/01/16	\$ <u>160,220.40</u>	\$ <u>160,220.40</u>
		\$ <u>160,220.40</u>	\$ <u>160,220.40</u>

BOARD OF EDUCATION
MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Other financing sources/(uses):	
Local Share - Capital Reserve	\$ <u>160,220.40</u>
Fund balance, ending	\$ <u><u>160,220.40</u></u>

FIDUCIARY FUNDS

**BOARD OF EDUCATION
MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
COMBINING STATEMENT OF FIDUCIARY NET POSITION
TRUST AND AGENCY FUNDS
JUNE 30, 2017**

	Trust				Agency				
	Unemployment Compensation	Contractor Retainage	Private Purpose	Total Trust Funds	Student Activity	F.F.E.L Program	Flex Spending	Payroll Agency	Total Agency Funds
<u>ASSETS</u>									
Cash and Cash Equivalents	\$ 83,724.22	\$ 121,066.93	\$ 13,209.84	\$ 218,000.99	\$ 292,871.17	\$ 4,178.12	\$ 24,637.29	\$ 1.08	\$ 321,687.66
Total Assets	<u>\$ 83,724.22</u>	<u>\$ 121,066.93</u>	<u>\$ 13,209.84</u>	<u>\$ 218,000.99</u>	<u>\$ 292,871.17</u>	<u>\$ 4,178.12</u>	<u>\$ 24,637.29</u>	<u>\$ 1.08</u>	<u>\$ 321,687.66</u>
<u>LIABILITIES</u>									
Accounts Payable	\$ 7,163.46			\$ 7,163.46			\$ 24,637.29	\$ 1.08	\$ 24,638.37
Payable to Student Groups					\$ 292,871.17				292,871.17
Retainage Payable		\$ 121,066.93		121,066.93					
Interfund Payable - General Fund	8,449.42			8,449.42		\$ 4,178.12			4,178.12
Total Liabilities	<u>\$ 15,612.88</u>	<u>\$ 121,066.93</u>	<u>\$ 13,209.84</u>	<u>\$ 136,679.81</u>	<u>\$ 292,871.17</u>	<u>\$ 4,178.12</u>	<u>\$ 24,637.29</u>	<u>\$ 1.08</u>	<u>\$ 321,687.66</u>
<u>NET POSITION</u>									
Held in Trust for Unemployment Claims and Other Purposes	\$ 68,111.34			\$ 68,111.34					
Unreserved			\$ 13,209.84	13,209.84					
Total Net Position	<u>\$ 68,111.34</u>	<u>\$ 13,209.84</u>	<u>\$ 13,209.84</u>	<u>\$ 81,321.18</u>					

BOARD OF EDUCATION
MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Balance</u> <u>July 1, 2016</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2017</u>
Schools:				
Academy of Allied Health and Science	\$ 14,436.19	\$ 45,383.02	44,220.55	\$ 15,598.66
Adult High School	3,679.42	5,032.00	5,103.00	3,608.42
Career Center	30,064.98	84,272.83	95,556.89	18,780.92
Communications High School	38,605.33	97,693.68	104,665.22	31,633.79
High Technology High School	57,692.14	86,941.66	103,263.01	41,370.79
Biotechnology High School	36,652.77	110,039.18	112,218.45	34,473.50
North (Shared Time)/Kiva High School	4,149.72	8,999.00	7,780.20	5,368.52
Marine Academy of Science and Technology	51,560.64	161,562.50	160,798.50	52,324.64
CLASS Academy	280.49	373.00	451.97	201.52
Culinary Education Center	76,222.28	20,338.00	24,044.78	72,515.50
South (Shared Time) Schools	<u>16,823.90</u>	<u>31,185.25</u>	<u>31,014.24</u>	<u>16,994.91</u>
Total All Schools	<u>\$ 330,167.86</u>	<u>\$ 651,820.12</u>	<u>\$ 689,116.81</u>	<u>\$ 292,871.17</u>

BOARD OF EDUCATION
MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
PAYROLL AGENCY AND NET FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ <u>1.08</u>	\$ <u>36,260,119.46</u>	<u>36,260,119.46</u>	\$ <u>1.08</u>
Total Assets	\$ <u><u>1.08</u></u>	\$ <u><u>36,260,119.46</u></u>	\$ <u><u>36,260,119.46</u></u>	\$ <u><u>1.08</u></u>
<u>LIABILITIES</u>				
Payroll Deductions and Withholdings	\$ 0.73	\$ 20,529,128.98	20,529,128.98	\$ 0.73
Summer Reserve		1,017,843.43	1,017,843.43	
Net Pay	<u>0.35</u>	<u>14,713,147.05</u>	<u>14,713,147.05</u>	<u>0.35</u>
Total Liabilities	\$ <u><u>1.08</u></u>	\$ <u><u>36,260,119.46</u></u>	\$ <u><u>36,260,119.46</u></u>	\$ <u><u>1.08</u></u>

BOARD OF EDUCATION
MONMOUTH COUNTY VOCATIOANL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
GRANT/LOAN PROGRAM
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
<u>ASSETS</u>				
Stafford Loans	\$ 528.62	\$ 192,887.50	\$ 189,238.00	\$ 4,178.12
Pell Grant	<u>3,302.00</u>	<u>245,188.00</u>	<u>248,490.00</u>	<u> </u>
Total Assets	<u>\$ 3,830.62</u>	<u>\$ 438,075.50</u>	<u>\$ 437,728.00</u>	<u>\$ 4,178.12</u>
<u>LIABILITIES</u>				
Interfund Payable - General Fund	<u>\$ 3,830.62</u>	<u>\$ 438,075.50</u>	<u>\$ 437,728.00</u>	<u>\$ 4,178.12</u>
Total Liabilities	<u>\$ 3,830.62</u>	<u>\$ 438,075.50</u>	<u>\$ 437,728.00</u>	<u>\$ 4,178.12</u>

**BOARD OF EDUCATION
 MONMOUTH COUNTY VOCATIOANL SCHOOL DISTRICT
 (A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
 CONTRACTOR RETAINAGE PAYABLE
 SCHEDULE OF RECEIPTS AND DISBURSEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2017</u>
<u>ASSETS</u>				
Cash	\$ <u>95,002.24</u>	\$ <u>49,795.22</u>	\$ <u>23,730.53</u>	\$ <u>121,066.93</u>
Total Assets	\$ <u><u>95,002.24</u></u>	\$ <u><u>49,795.22</u></u>	\$ <u><u>23,730.53</u></u>	\$ <u><u>121,066.93</u></u>
<u>LIABILITIES</u>				
Retainage Payable	\$ <u>95,002.24</u>	\$ <u>49,795.22</u>	\$ <u>23,730.53</u>	\$ <u>121,066.93</u>
Total Liabilities	\$ <u><u>95,002.24</u></u>	\$ <u><u>49,795.22</u></u>	\$ <u><u>23,730.53</u></u>	\$ <u><u>121,066.93</u></u>

STATISTICAL TABLES (SECTION)
(UNAUDITED)

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
COUNTY OF MONMOUTH
INTRODUCTION TO STATISTICAL TABLES (SECTION)
(UNAUDITED)

<u>Contents</u>	<u>Exhibit</u>
Financial Trends These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	J-1 to J-5
Revenue Capacity These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	J-6 to J-9
Debt Capacity These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	J-10 to 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.	J-14 & J-15
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	J-16 to J-20

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

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
Net Position by Component,
Last Ten (10) Fiscal Years
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Invested in capital assets, net of related debt	\$ 61,412,235	\$ 61,505,647	\$ 65,167,913	\$ 66,340,470	\$ 76,794,893	\$ 76,745,441	\$ 79,281,437	\$ 80,675,435	\$ 87,279,739	\$ 84,832,094
Restricted	1,250,295	905,071	907,071	908,071	3,331,421	6,609,869	908,071	160,220	160,220	\$ 160,220
Unrestricted (Deficit)	(2,290,818)	(3,228,125)	(1,222,295)	(420,663)	(315,912)	(1,140,657)	3,703,376	(4,874,064)	(4,400,435)	(5,999,484)
Total governmental activities net position	<u>\$ 60,371,712</u>	<u>\$ 59,182,593</u>	<u>\$ 64,852,689</u>	<u>\$ 66,827,878</u>	<u>\$ 79,810,402</u>	<u>\$ 82,214,653</u>	<u>\$ 83,892,884</u>	<u>\$ 75,961,591</u>	<u>\$ 83,039,524</u>	<u>\$ 78,992,831</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 86,042	\$ 69,418	\$ 53,139	\$ 306,599	\$ 419,818	\$ 376,799	\$ 329,467	\$ 282,135		
Unrestricted	-	3,400	3,703	32,547	59,894	59,189	59,189	55,250	\$ 27,013	\$ 24,431
Total business-type activities net position	<u>\$ 86,042</u>	<u>\$ 72,818</u>	<u>\$ 56,842</u>	<u>\$ 339,146</u>	<u>\$ 479,712</u>	<u>\$ 435,988</u>	<u>\$ 388,656</u>	<u>\$ 337,385</u>	<u>\$ 27,013</u>	<u>\$ 24,431</u>
District-wide										
Invested in capital assets, net of related debt	\$ 61,498,277	\$ 61,575,065	\$ 65,221,052	\$ 66,647,069	\$ 77,214,712	\$ 77,122,240	\$ 79,610,904	\$ 80,957,570	\$ 87,279,739	\$ 84,832,094
Restricted	1,250,295	905,071	907,071	908,071	3,331,421	6,609,869	908,071	160,220	160,220	160,220
Unrestricted (Deficit)	(2,290,818)	(3,224,725)	(1,218,591)	(388,116)	(256,018)	(256,018)	3,762,565	(4,818,814)	(4,373,422)	(5,975,053)
Total district net position	<u>\$ 60,457,754</u>	<u>\$ 59,255,411</u>	<u>\$ 64,909,531</u>	<u>\$ 67,167,024</u>	<u>\$ 80,290,115</u>	<u>\$ 83,476,091</u>	<u>\$ 84,281,540</u>	<u>\$ 76,298,976</u>	<u>\$ 83,066,537</u>	<u>\$ 79,017,262</u>

Source: CAFR Exhibit A-1

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
Changes in Net Position, Last Ten (10) Fiscal Years
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities										
Instruction										
Regular	\$ 1,287	\$ 6,317	\$ 502,748	\$ 407,408	\$ 247,172	\$ 506,296	\$ 631,097	\$ 625,773	\$ 583,174	\$ 473,059
Vocational	16,672,634	17,264,345	17,285,093	16,638,136	16,347,871	17,707,523	17,505,268	17,321,469	17,991,924	18,163,497
Support Services:										
Student & instruction related services	2,873,513	3,120,614	2,985,042	2,776,614	2,671,865	2,657,040	2,724,169	2,842,868	2,920,083	3,113,337
General administrative services	673,800	636,557	644,532	650,587	1,157,041	661,759	1,095,096	714,467	809,972	1,121,327
School administrative services	2,233,984	2,264,349	2,155,948	2,248,036	1,707,042	2,240,324	1,861,793	2,180,194	2,239,396	1,869,315
Central services	668,273	719,377	758,226	640,926	691,072	676,598	715,740	688,573	716,324	716,596
Administrative information technology	277,850	278,393	289,777	393,385	364,368	438,906	460,434	448,879	425,790	472,825
Plant operations and maintenance	4,883,382	5,094,700	5,294,252	5,122,373	4,709,288	4,915,434	5,704,097	5,524,995	5,212,639	5,690,326
Pupil transportation	121,922	120,723	97,605	73,291	84,869	92,063	87,127	77,552	91,652	107,476
Unallocated benefits	9,514,225	8,689,937	9,151,843	9,410,652	9,805,990	10,391,451	10,384,234	15,717,188	18,557,649	23,174,448
Special Schools	2,254,254	2,373,226	2,468,950	1,935,280	1,972,777	2,011,512	2,089,069	2,206,281	2,146,266	2,220,595
Unallocated depreciation	2,341,382	2,462,650	784,268	2,105,051	3,577,112	3,716,869	3,944,965	3,666,293	3,076,949	3,226,721
Total governmental activities expenses	<u>42,516,506</u>	<u>43,031,188</u>	<u>42,418,284</u>	<u>42,401,739</u>	<u>43,336,466</u>	<u>46,015,775</u>	<u>47,203,089</u>	<u>52,014,532</u>	<u>54,771,818</u>	<u>60,349,522</u>
Business-type activities:										
Food service	99,201	106,607	96,836	108,718	126,118	139,047	140,960	145,169	92,318	83,138
NJ Dept of Corr. & County Youth Detention Ctr.	6,676	16,017	4,878	6,315						
County Division of Aging, Disab, Vet Affairs		6,651	19,179							
Total business-type activities expense	<u>105,877</u>	<u>122,624</u>	<u>101,714</u>	<u>115,033</u>	<u>126,118</u>	<u>139,047</u>	<u>140,960</u>	<u>145,169</u>	<u>92,318</u>	<u>83,138</u>
Total district expenses	<u>\$ 42,622,383</u>	<u>\$ 43,153,812</u>	<u>\$ 42,519,998</u>	<u>\$ 42,516,772</u>	<u>\$ 43,462,584</u>	<u>\$ 46,154,822</u>	<u>\$ 47,344,049</u>	<u>\$ 52,159,701</u>	<u>\$ 54,864,136</u>	<u>\$ 60,432,660</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Special Schools	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Pupil transportation	-	-	-	-	-	-	-	-	-	-
Central and other support services	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	4,081,578	3,312,374	4,320,341	3,294,317	324,410	691,981	770,812	785,504	761,257	959,218
Total governmental activities program revenues	<u>4,081,578</u>	<u>3,312,374</u>	<u>4,320,341</u>	<u>3,294,317</u>	<u>324,410</u>	<u>691,981</u>	<u>770,812</u>	<u>785,504</u>	<u>761,257</u>	<u>959,218</u>

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
Changes in Net Position, Last Ten (10) Fiscal Years
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Business-type activities:										
Charges for services										
Food service	\$ 12,509	\$ 12,992	\$ 14,856	\$ 12,825	\$ 12,474	\$ 10,261	\$ 12,344	\$ 10,822	\$ 9,001	\$ 8,799
NJ Dept of Corrections and County Youth Detention	6,676	16,017	5,181	6,314						
ETTC	-	-	-	-						
County Department of Human Services	6,651	22,580	-	-						
Operating grants and contributions	24,275	23,301	23,030	16,870	18,576	17,471	22,081	11,413	13,457	12,043
Capital grants and contributions	-	-	-	-						
Total business type activities program revenues	50,111	74,890	43,067	36,009	31,050	27,732	34,425	22,235	22,458	20,842
Total district program revenues	\$ 4,131,689	\$ 3,387,264	\$ 4,363,408	\$ 3,330,326	\$ 3,355,460	\$ 719,713	\$ 805,237	\$ 807,739	\$ 783,715	\$ 980,060
Net (Expense)/Revenue										
Governmental activities	\$ (38,434,928)	\$ (39,718,814)	\$ (38,097,943)	\$ (39,107,422)	\$ (43,012,056)	\$ (45,323,794)	\$ (46,432,277)	\$ (51,229,028)	\$ (54,010,561)	\$ (59,390,304)
Business-type activities	(62,416)	(66,914)	(58,647)	(79,024)	(95,067)	(111,315)	(106,535)	(122,934)	(69,860)	(62,296)
Total district-wide net expense	\$ (38,497,344)	\$ (39,785,728)	\$ (38,156,590)	\$ (39,186,446)	\$ (43,107,123)	\$ (45,435,109)	\$ (46,538,812)	\$ (51,351,962)	\$ (54,080,421)	\$ (59,452,599)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 14,605,120	\$ 15,405,120	\$ 16,021,325	\$ 16,662,178	\$ 16,662,178	\$ 16,662,178	\$ 16,662,178	\$ 16,662,178	\$ 16,662,178	\$ 16,662,178
Taxes levied for debt service	-	-	-	-	-	-	-	-	-	-
State Aid - Unrestricted	8,702,622	8,827,904	7,904,874	8,119,741	11,325,397	12,624,597	11,665,604	16,866,971	19,497,183	22,884,244
Federal & State Aid - Restricted	535,550	613,393	1,091,021	-	-	-	199,084	290,354	-	-
Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Tuition received	11,634,325	11,856,042	12,091,295	12,359,675	11,856,348	12,812,550	12,888,560	13,036,265	13,355,769	13,307,178
Investment earnings	-	-	-	-	-	-	-	-	-	-
Miscellaneous income	1,835,305	1,787,515	1,827,063	2,301,240	2,741,383	2,418,477	2,343,759	2,104,027	2,145,013	2,470,993
County Contributed Capital	3,635,075	93,412	4,875,132	2,743,232	1,530,866	2,384,346	2,962,428	3,630,652	3,621,310	2,537,762
Fixed Assets Restatement	-	-	-	(1,028,456)	11,953,611	-	226,895	(183,872)	5,426,091	-
Insurance Proceeds	-	-	-	-	-	1,252,934	1,221,202	640,243	-	-
Special and Extraordinary Items, Net	-	-	-	-	-	-	-	-	422,573	-
Transfers	(45,792)	(53,690)	(42,671)	(75,000)	(75,203)	(59,055)	(59,202)	(71,663)	(41,623)	(59,714)
Total governmental activities	40,902,205	38,529,696	43,768,039	41,082,610	55,994,580	48,096,027	48,110,508	52,975,155	61,088,494	57,802,640
Business-type activities:										
Fixed Assets Restatement	-	-	-	286,328	160,430	-	-	-	(282,135)	-
Transfers	45,792	53,690	42,671	75,000	75,203	59,055	59,202	71,663	41,623	59,714
Total business-type activities	45,792	53,690	42,671	361,328	235,633	59,055	59,202	71,663	(240,512)	59,714
Total district-wide	\$ 40,947,997	\$ 38,583,386	\$ 43,810,710	\$ 41,443,938	\$ 56,230,212	\$ 48,155,082	\$ 48,169,710	\$ 53,046,818	\$ 60,847,982	\$ 57,862,354
Change in Net Position										
Governmental activities	\$ 2,467,277	\$ (1,189,118)	\$ 5,670,096	\$ 1,975,188	\$ 12,982,524	\$ 2,772,233	\$ 1,678,232	\$ 1,746,128	\$ 7,077,933	\$ (1,587,664)
Business-type activities	(16,624)	(13,224)	(15,976)	282,304	140,565	(52,260)	(47,333)	(51,271)	(310,372)	(2,582)
Total district	\$ 2,450,653	\$ (1,202,342)	\$ 5,654,121	\$ 2,257,492	\$ 13,123,089	\$ 2,719,973	\$ 1,630,899	\$ 1,694,857	\$ 6,767,561	\$ (1,590,245)

Source: CAFR Exhibit A-2

Monmouth County Vocational School District
 Fund Balances, Governmental Funds,
 Last Ten (10) Fiscal Years
 (Unaudited)
 (modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	\$ 3,973,650	\$ 3,747,916	\$ 3,776,435							
Unreserved	715,281	1,288,588	1,381,942							
Restricted				\$ 4,191,457	\$ 6,075,034	\$ 5,595,872	\$ 7,271,061	\$ 8,461,095	\$ 8,949,829	\$ 8,238,719
Assigned				20,360	515,932	3,044,722	225,847	96,970	303,852	254,454
Unassigned				2,226,880	2,171,835	2,315,584	2,522,967	1,694,711	1,673,328	1,672,104
Total general fund	<u>\$ 4,688,932</u>	<u>\$ 5,036,504</u>	<u>\$ 5,158,377</u>	<u>\$ 6,438,697</u>	<u>\$ 8,762,801</u>	<u>\$ 10,956,178</u>	<u>\$ 10,019,875</u>	<u>\$ 10,252,776</u>	<u>\$ 10,927,009</u>	<u>\$ 10,165,277</u>
All Other Governmental Funds										
Reserved	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue fund	-		-	-	-	-	-	-	-	-
Capital projects fund	(373,132)		-	-	-	-	-	-	-	160,220
Debt service fund	-		-	-	-	-	-	-	-	-
Permanent fund	-		-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ (373,132)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 160,220</u>

Note: The numbers in this report have been rounded.
 Source: CAFR Exhibit B-2

Note:
 GASB 54 was implemented in the 2011 fiscal year, which required the presentation of fund balances to be reported in different classifications from those presented in prior years (See Notes to financial statements - Note 2G 15(a-c)). Prior years have not been restated above and are not required to be.

**Monmouth County Vocational School District
Changes in Fund Balances, Governmental Funds,
Last Ten (10) Fiscal Years
(Unaudited)
(modified accrual basis of accounting)**

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Tax levy	\$ 14,605,120	\$ 15,405,120	\$ 16,021,325	\$ 16,662,178	\$ 16,662,178	\$ 16,662,178	\$ 16,662,178	\$ 16,662,178	\$ 16,662,178	\$ 16,662,178
Tuition charges	11,542,575	11,805,382	11,939,270	12,210,925	11,699,373	12,667,300	12,748,035	12,938,090	13,244,994	13,307,178
Non-Resident Fees	94,400	117,250	152,025	148,750	156,975	145,250	140,525	98,175	110,775	130,876
Interest earnings	182,840	45,206	2,000	1,000	-	-	-	-	-	-
Miscellaneous	1,653,363	1,758,718	1,864,989	2,301,141	2,130,848	2,527,789	2,353,079	2,164,060	2,151,613	2,340,117
State sources	12,839,402	12,086,790	10,858,663	10,033,900	11,040,102	12,248,185	11,759,480	12,343,115	13,121,869	13,764,599
Federal sources	733,212	1,023,348	2,417,648	1,312,045	1,220,239	959,082	866,702	971,843	1,038,326	1,046,725
Total revenue	<u>41,650,912</u>	<u>42,241,814</u>	<u>43,255,920</u>	<u>42,669,939</u>	<u>42,909,716</u>	<u>45,209,784</u>	<u>44,529,999</u>	<u>45,177,461</u>	<u>46,329,755</u>	<u>47,251,673</u>
Expenditures										
Instruction										
Regular Instruction	\$ 1,287	\$ 6,317	\$ 4,032	\$ 406,380	\$ 247,219	\$ 508,110	\$ 631,137	\$ 625,812	\$ 584,521	\$ 1,843
Vocational education	16,672,634	17,264,345	17,783,809	16,596,145	16,351,006	17,770,956	17,506,362	17,322,563	18,047,360	18,628,602
Support Services:										
Student & instruction related services	2,873,513	3,120,614	2,985,042	2,765,353	2,672,378	2,666,558	2,724,340	2,843,038	2,926,826	3,112,414
General administration	673,800	636,557	644,532	650,587	651,930	668,125	688,735	714,584	815,986	679,264
School administrative services	2,233,984	2,264,349	2,155,948	2,242,363	2,212,905	2,248,350	2,271,412	2,180,336	2,246,296	2,309,970
Central services	668,274	719,377	758,226	640,926	691,072	676,598	712,740	688,573	716,324	716,596
Admin. Information technology	277,850	278,393	289,777	393,385	364,368	438,906	460,434	448,879	425,790	472,825
Plant operations and maintenance	4,883,382	5,094,700	5,294,252	5,118,834	4,710,191	4,933,043	5,704,454	5,525,352	5,228,700	5,688,412
Pupil transportation	121,922	120,723	97,605	73,106	84,885	92,392	87,133	77,558	91,934	107,440
Other Support Services	-	-	-	-	-	-	-	-	-	-
Employee Benefits	9,451,608	8,598,996	9,565,278	9,410,652	9,805,990	10,467,066	10,459,849	11,266,654	12,172,618	13,155,164
Special Schools	2,254,254	2,373,226	2,468,950	1,935,280	1,972,777	2,011,512	2,089,069	2,206,281	2,146,266	2,220,595
Capital outlay	764,731	990,078	1,043,974	1,016,822	745,690	1,728,670	3,292,636	1,613,511	633,851	700,343
Total expenditures	<u>40,877,238</u>	<u>41,467,675</u>	<u>43,091,425</u>	<u>41,249,833</u>	<u>40,510,410</u>	<u>44,210,286</u>	<u>46,628,301</u>	<u>45,513,141</u>	<u>46,036,472</u>	<u>47,793,470</u>
Excess (Deficiency) of revenues over (under) expenditures	773,674	774,139	164,494	1,420,106	2,399,306	999,498	(2,098,302)	(335,680)	293,283	(541,798)
Other Financing sources (uses)										
County of Monmouth Local Match	78,339	257.00							422,573.00	
Insurance Proceeds						1,252,934.00	1,221,202.00	640,243.00		
Transfers in		346,827								
Transfers out	(45,792)	(400,517)	(42,671)	(139,786)	(75,203)	(59,055)	(59,202)	(71,662)	(41,623)	(59,714)
Total other financing sources (uses)	<u>32,547</u>	<u>(53,433)</u>	<u>(42,671)</u>	<u>(139,786)</u>	<u>(75,203)</u>	<u>1,193,879</u>	<u>1,162,000</u>	<u>568,581</u>	<u>380,950</u>	<u>(59,714)</u>
Net change in fund balances	<u>\$ 806,221</u>	<u>\$ 720,706</u>	<u>\$ 121,822</u>	<u>\$ 1,280,321</u>	<u>\$ 2,324,104</u>	<u>\$ 2,193,377</u>	<u>\$ (936,302)</u>	<u>\$ 232,901</u>	<u>\$ 674,233</u>	<u>\$ (601,511)</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

Note: Noncapital expenditures are total expenditures less capital outlay.

Note: The numbers in this report have been rounded Source: District records
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MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
General Fund - Other Local Revenue by Source
Last Ten (10) Fiscal Years
(Unaudited)
(modified accrual basis of accounting)

Fiscal Year Ended June 30,	Adult Tuition and fees	Interest	Prior Year Refunds	Textbook and Course Tool Sale	Miscellaneous	Total
2008	1,220,790	182,840	105,273	17,489	308,916	1,835,308
2009	1,292,604	43,603	136,415	18,826	294,464	1,785,912
2010	1,492,566	18,961	122,011	20,699	281,636	1,935,873
2011	1,478,495	6,552	253,713	18,952	475,316	2,233,028
2012	1,574,579	430	173,067	9,283	201,874	1,959,233
2013	1,782,670	183	154,299	8,426	472,893	2,418,471
2014	1,892,141	-	379,878	22,230	49,510	2,343,759
2015	1,671,011	-	179,197	11,662	242,156	2,104,027
2016	1,698,492	-	192,868	9,841	243,812	2,145,013
2017	1,759,229	-	360,199	-	212,197	2,331,625

Note: The numbers in this report have been rounded
Source: District Records

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)

<u>As of July 1,</u>	<u>Population ^a</u>	<u>Personal Income (thousands of dollars) ^b</u>	<u>County Wide Per Capita Personal Income ^c</u>	<u>Average County Unemployment Rate ^d</u>
2008	642,448	36,462,136,240	56,755	4.90%
2009	644,105	36,556,179,275	56,755	8.50%
2010	630,380	36,404,445,000	57,750	9.50%
2011	630,920	38,352,995,880	60,789	8.64%
2012	629,384	39,648,674,464	62,996	8.80%
2013	630,380	40,107,927,500	63,625	7.50%
2014	629,279	42,003,743,971	66,749	5.50%
2015	628,715	43,639,108,150	69,410	4.90%
2016	625,846 ***	43,439,970,860	69,410 ***	5.00%
2017	625,846 ***	43,439,970,860	69,410 ***	4.20%

Source:

^a Population information provided by the US Bureau of Economic Analysis

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

^c Per capita data provided by the NJ Dept of Labor and Workforce Development

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

*** Latest available data

Note: The numbers in this report have been rounded

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
Full-time Equivalent District Employees by Function/Program,
Last Ten Fiscal Years
(Unaudited)

<u>Function/Program</u>	Fiscal Year Ended June 30,									
	<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>2017</u>
Instruction										
Regular	-	-	-	-	-	-	-	-	-	-
Special education	-	-	-	-	-	-	-	-	-	-
Other special education	-	-	-	-	-	-	-	-	-	-
Vocational	227	234	242	241	217	227	219	219	220	221
Other instruction	-	-	-	-	-	-	-	-	-	-
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
Support Services:										
Student & instruction related services	33	31	35	33	32	26	26	26	26	26
General administration	3	3	3	3	3	3	3	3	3	3
School administrative services	34	34	41	34	33	18	40	38	39	40
Other administrative services	-	-	-	-	-	-	-	-	-	-
Central services	8	8	8	8	8	10	10	12	10	10
Administrative Information Technology	3	3	3	3	3	4	4	4	4	4
Plant operations and maintenance	38	37	37	39	39	35	35	35	34	34
Pupil transportation	-	-	-	-	-	-	-	-	-	-
Other support services	-	-	-	-	-	-	-	-	-	-
Special Schools	21	19	-	6	13	23	1	1	1	1
Food Service										
Total	<u>367</u>	<u>369</u>	<u>369</u>	<u>367</u>	<u>348</u>	<u>346</u>	<u>338</u>	<u>338</u>	<u>337</u>	<u>339</u>

Source: District Personnel Records

Note: The numbers in this report have been rounded

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
Operating Statistics
Last Ten Fiscal Years
(Unaudited)

<u>Fiscal Year Ended June 30,</u>	<u>Enrollment</u>	<u>Operating Expenditures ^a</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff ^b</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>
2008	2,372	40,987,452	15,172	1.91%	255.00	2328.7	2,204	27.36%	94.65%
2009	2,418	41,504,994	14,697	-3.13%	246.00	2094.3	1,978	-10.07%	94.45%
2010	2,478	43,062,455	16,314	11.00%	270.00	2172.0	2,022	3.71%	93.09%
2011	2,505	40,233,011	16,061 *	-1.55%	249.00	2144.1	2,015	-1.28%	93.96%
2012	2,206	39,764,719	16,106 *	0.28%	217.00	2144.1	2,015	0.00%	93.98%
2013	2,527	42,481,616	16,811 *	4.38%	226.00	2138.6	2,022	-0.26%	94.55%
2014	2,421	43,335,664	20,393 *	21.31%	252.00	2174.6	2,067	1.68%	95.04%
2015	2,189	43,335,664	20,055	-1.66%	245.00	2106.1	2,211	-3.15%	104.99%
2016	2,215	45,402,621	19,666 *	-1.94%	246.00	2227.9	2,113	5.78%	94.84%
2017	2,181	47,093,127	21,592 *	9.79%	246.00	2187.5	2,075	-1.81%	94.84%

Sources: District records

Note: Enrollment based on annual October district count. Includes secondary and post-secondary students. Excludes Adult High School.

- a Operating expenditures equal total expenditures (B-2) less capital outlay.
- 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 In 06-07, State reports included Post Secondary students.
 In 07-08, State reports included Post Secondary students.
 In 08-09, ADE/ADA calculations exclude Post Secondary students.
 In 09-10, ADE/ADA calculations exclude Post Secondary students.
 Meaningful comparisons are only valid when two years of consistent data are published.
- e Cost per pupil calculation includes expenses for Adult High School and Evening School, but these students are not included from the enrollment figures.
- f Some numbers in this report have been rounded (* = estimated)

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
School Building Information
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Academy of Allied Health & Science (Built in 1997, District totally renovated existing 16,000 sq. ft. shared time building and added 25,000 sq. ft.)										
Square Feet	41,000	41,000	41,000	41,000	41,000	41,000	41,000	41,000	41,000	41,000
Enrollment	282	283	288	284	281	285	282	287	287	300
AAHS Neptune Annex (Built in 1989; purchased in 2000. Currently used for 2 ST programs, Tech Group, LPN and evening school. CLASS moved out 9/2014.)										
Square Feet	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Enrollment		*CLASS on	*66	71	80	73	62	0	0	0
Biotechnology High School (Built in 2006)										
Square Feet	72,238	72,238	72,238	72,238	72,238	72,238	72,238	72,238	72,238	72,238
Enrollment	196	271	301	309	314	311	314	320	320	330
Career Center (Built in 1981. Renovated and added classroom wing in September 2009)										
Square Feet	49,927	49,927	61,742	61,742	61,742	61,742	61,742	61,742	61,742	61,742
Enrollment	214	233	475	492	489	494	484	483	476	477
Communications High School (Built in 2000, District totally renovated existing 20,667 sq. ft. shared time building and added 44,833 sq. ft.)										
Square Feet	65,500	65,500	65,500	65,500	65,500	65,500	65,500	65,500	65,500	65,500
Enrollment	307	293	283	293	323	336	326	321	320	311
High Technology High School (Built in 1991. Additions in 1994, 2000, and 2011.)										
Square Feet	52,260	52,260	52,260	60,300	60,300	60,300	60,300	60,300	60,300	60,300
Enrollment	254	254	258	268	283	279	286	291	295	290
KIVA High School Built in 1994, District totally renovated existing 17,000 sq. ft. shared time building and added a new wing. Discontinued in 9/2014.)										
Square Feet	22,017	22,017	22,017	27,873	27,873	27,873	27,873	-	-	-
Enrollment	61	52	50	45	35	35	27			
CLASS Academy (Moved into the KIVA location 9/2014; previously in the Nep. Annex)										
Square Feet								27,873	27,873	27,873
Enrollment								63	69	54
Long Branch-Academy of Law & Public Safety (Built in 1964. Completely renovated and space added in 2009)										
Square Feet	22,536	28,676	28,676	28,676	28,676	28,676	28,676	28,676	28,676	28,676
Enrollment	70	-	-	-	91	24	58	78	85	78
Marine Academy of Science & Technology (In 1991 through 2000, District renovated 12 historical buildings in the Ft. Hancock section of Sandy Hook.)										
Square Feet	25,000	31,572	31,572	31,572	31,572	31,572	31,572	31,572	31,572	31,572
Enrollment	270	273	276	291	295	297	303	292	295	288

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
School Building Information
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<u>SHARED TIME VOCATIONAL SITES</u>										
Aberdeen Vocational Building (1977)										
Square Feet	14,325	14,325	14,325	14,325	14,325	14,325	14,325	14,325	14,325	14,325
Culinary Education Center (1967)										
Square Feet	20,802	20,802	20,802	20,802	20,802	20,802	20,802	20,802	20,802	20,802
Freehold Building (1971; Renovation and addition completed 2010)										
Square Feet	17,600	17,600	19,913	19,913	19,913	19,913	19,913	19,913	19,913	19,913
Hazlet Vocational Building (1967)										
Square Feet	19,650	19,650	19,650	19,650	19,650	19,650	19,650	19,650	19,650	19,650
Keyport Vocational Building (1969)										
Square Feet	13,756	13,756	13,756	13,756	13,756	13,756	13,756	13,756	13,756	13,756
Middletown Vocational Building (1965)										
Square Feet	20,053	20,053	20,053	20,053	20,053	20,053	20,053	20,053	20,053	20,053
Shared Time Enrollment (Full Time Equivalent)										
Enrollment	383	371	392	366	350	400	381	313	308	297
Post Secondary Enrollment (PS-full-time, Brookdale Adult Culinary)										
Enrollment	292	295	321	332	361	338	313	215	221	253
Adult High School (Enrolled throughout the District)										
Enrollment	322	314	347	141	0	0	0	0	0	0
Number of Buildings/Campuses at June 30, 2017										
Secondary Vocational = 9										
Adult Evening=1										
Post Secondary=1										

Source: District records, ASSA

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of renovations and additions. Enrollment is based on the School Register Report or the annual October district count.

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
Schedule of Required Maintenance
Last Ten Fiscal Years
(Unaudited)

UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
11-000-261-XXX

School Facilities	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Academy of Allied Health & Science	\$ 53,142	\$ 25,498	\$ 58,858	\$ 41,828	\$ 57,144	\$ 79,579	\$ 130,400	\$ 109,901	\$ 57,202	\$ 67,971
AAHS Neptune Annex	40,370	27,418	23,957	29,186	20,670	25,258	32,505	39,201	35,556	54,897
Biotechnology High School	28,248	34,893	68,486	76,571	41,120	58,573	75,349	71,123	80,604	78,004
Career Center	32,504	45,998	37,463	54,925	67,237	48,227	63,476	72,361	80,546	109,082
Communications High School	45,267	96,060	127,938	56,954	75,841	54,932	74,632	61,298	63,092	72,177
High Technology High School	13,222	34,426	66,835	48,264	47,430	50,830	75,924	235,413	49,672	111,000
KIVA High School- Discontinued 9/2014	44,816	46,865	31,687	44,511	56,201	50,894	65,300	-		
Long Branch - Academy of Law & Public Safety	20,533	889	12,050	18,314	10,944	18,072	29,339	41,852	42,222	78,107
Marine Academy of Science & Technology	62,217	125,924	127,094	98,460	119,403	139,880	174,471	53,395	76,062	111,655
CLASS Academy (moved out of Nep Annex 9/2014)								61,653	61,865	67,710
SHARED TIME										
Aberdeen Vocational Building	19,281	9,517	7,350	6,689	5,200	37,628	23,507	17,790	51,803	59,171
Culinary Education Center	48,085	65,749	59,878	71,808	77,390	81,555	125,848	79,921	78,137	121,869
Freehold Vocational Building	1,384	9,229	8,100	15,232	14,998	13,985	36,066	26,098	37,668	62,214
Hazlet Vocational Building	3,894	9,641	41,972	30,534	22,601	25,318	27,846	22,453	33,333	51,011
Keyport Vocational Building	4,328	3,949	11,067	6,330	7,968	26,423	259,082	23,066	32,097	75,203
Middletown Vocational Building	10,349	22,096	25,972	10,357	8,158	15,363	20,867	26,348	34,640	59,694
Totals	427,640	558,152	708,707	609,964	632,305	726,517	1,214,612	941,873	814,499	1,179,765

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

Source: District records

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
Insurance Schedule - June 30, 2017 (Unaudited)
New Jersey School Boards Association Insurance Group - Commercial Package Policy Property

PROPERTY		
BLANKET REAL & PERSONAL PROPERTY	\$ 450,000,000	per occurrence NJSIG limit
BLANKET EXTRA EXPENSE	50,000,000	per occurrence NJSIG limit
BLANKET VALUABLE PAPERS AND RECORDS	10,000,000	per occurrence NJSIG limit
DEMOLITION COST/INCREASED COST CONSTR.	25,000,000	per occurrence NJSIG limit
LOSS OF RENTS/BUSINESS INCOME/TUITION	Not Covered	
LIMITED BUILDERS RISK	5,000,000	per occurrence NJSIG limit
FIRE DEPT SERVICE CHARGE	10,000	per occurrence
ARSON REWARD	10,000	per occurrence
POLLUTANT CLEANUP AND REMOVAL	250,000	per occurrence
FINE ARTS	Not Covered	
SUBLIMITS: SPECIAL FLOOD HAZARD AREA FLOOD ZONES	25,000,000	per occurrence/NJSIG annual aggregate
ACCOUNTS RECEIVABLE	250,000	per occurrence
ALL FLOOD ZONES	75,000,000	per occurrence/NJSIG annual aggregate
EARTHQUAKE	50,000,000	per occurrence/NJSIG annual aggregate
TERRORISM	1,000,000	per occurrence/NJSIG annual aggregate
DEDUCTIBLES:		
REAL PERSONAL	5,000	per occurrence
EXTRA EXPENSE	5,000	per occurrence
VALUABLE PAPERS	5,000	per occurrence
SPECIAL FLOOD HAZARD AREA FLOOD DEDUCTIBLES:	500,000	per building
	500,000	per building contents
ALL OTHER FLOOD ZONES FLOOD DEDUCTIBLE:	10,000	per member/per occurrence
ELECTRONIC DATA PROCESSING		
HARDWARE/SOFTWARE	5,000,000	per occurrence
EXTRA EXPENSE	Included	
COVERAGE EXTENSIONS: TRANSIT	25,000	
LOSS OF INCOME	10,000	
COMPUTER VIRUS	250,000	per occurrence NJSIG \$10MIL aggregate
TERRORISM	Included in Property	
DEDUCTIBLE	1,000	per occurrence
SPECIAL FLOOD HAZARD AREA FLOOD DEDUCTIBLES:	500,000	per building contents
ALL OTHER FLOOD ZONES FLOOD DEDUCTIBLE:	10,000	per member/per occurrence
EQUIPMENT BREAKDOWN		
COMBINED SINGLE LIMIT PER ACCIDENT FOR		per member/per occurrence
PROPERTY DAMAGE AND BUSINESS INCOME	100,000,000	
SUBLIMITS: PROPERTY DAMAGE	Included	
OFF PREMISES PROPERTY DAMAGE	100,000	
BUSINESS INCOME	Included	
EXTRA EXPENSE	10,000,000	
SERVICE INTERRUPTION	10,000,000	
PERISHABLE GOODS	500,000	
DATA RESTORATION	100,000	
CONTINGENT BUSINESS INCOME	100,000	
DEMOLITION	1,000,000	
ORDINANCE OR LAW	1,000,000	
EXPEDITING EXPENSES	500,000	
HAZARDOUS SUBSTANCES	500,000	
NEWLY ACQUIRED LOCATIONS (120 DAY NOTICE)	250,000	
TERRORISM	Included	
DEDUCTIBLES: PER ACCIDENT PROPERTY DAMAGE		
12 HOURS FOR INDIRECT COVERAGES		
SERVICE INTERRUPTION WAITING PERIOD 24 HRS		
CRIME		
PUBLIC EMPLOYEE DISHONESTY W/FAITHFUL PERFORMANCE	100,000	\$1,000 deductible
THEFT, DISAPPEARANCE AND DESTRUCTION-LOSS OF MONEY & SECURITIES ON & OFF PREMISES	10,000	\$ 500 deductible
THEFT, DISAPPEARANCE AND DESTRUCTION- MONEY ORDERS & COUNTERFEIT PAPER CURRENCY	10,000	\$1,000 deductible
FORGERY OR ALTERATION	Not Covered	
COMPUTER FRAUD	25,000	\$ 500 deductible
PUBLIC OFFICIALS BOND-SUPERINTENDENT	300,000	\$1,000 deductible
PUBLIC OFFICIALS BOND-BOARD SECRETARY	100,000	\$ 500 deductible

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
Insurance Schedule - June 30, 2017 (Unaudited)
New Jersey School Boards Association Insurance Group - Commercial Package Policy Property

COMPREHENSIVE GENERAL LIABILITY		
BODILY INJURY AND PROPERTY DAMAGE	16,000,000	per occurrence
BODILY INJURY FROM PRODUCTS & COMPLETED OPERATIONS	16,000,000	annual aggregate
SEXUAL ABUSE	16,000,000	per occurrence
	17,000,000	annual NJSIG aggregate
PERSONAL INJURY & ADVERTISING INJURY	16,000,000	annual occurrence/annual aggregate
EMPLOYEE BENEFIT LIABILITY	16,000,000	annual occurrence/annual aggregate
EMPLOYEE BENEFIT LIABILITY DEDUCTIBLE	1,000	per claim deductible
PREMISES MEDICAL PAYMENTS	10,000	per accident
	5,000	limit per person
TERRORISM	1,000,000	per occurrence/annual NJSIG aggregate
TERRORISM DEDUCTIBLE		Not Applicable
AUTOMOBILE		
LIABILITY - ALL OWNED AUTOS-BODILY INJURY AND PROPERTY DAMAGE	16,000,000	per accident
UNINSURED/UNDERINSURED MOTORISTS-PRIVATE PASSENGER AUTO	1,000,000	per accident
UNINSURED/UNDERINSURED MOTORISTS-ALL OTHER VEHICLES	15,000	Bodily Injury per person
PROPERTY DAMAGE	30,000	Bodily injury per accident
	5,000	Property Damage per accident
PERSONAL INJURY PROTECTION	250,000	including pedestrians
MEDICAL PAYMENTS	10,000	for private passengers cars
	5,000	for all other vehicles
TERRORISM	1,000,000	per occurrence/annual NJSIG aggregate
DEDUCTIBLE		Not Applicable
PHYSICAL DAMAGE (SCHEDULED VEHICLES ONLY)		
COMPREHENSIVE	1,000	deductible
COLLISION	1,000	deductible
HIRED CAR PHYSICAL DAMAGE \$110,000 LIMIT	1,000	deductible
REPLACEMENT COST		Not Covered
GARAGE KEEPERS		Included
FEDERAL INSURANCE CO. (CHUBB) - TEMPORARY TOTAL DISABILITY EXCESS WORKERS COMP.		
MAXIMUM BENEFIT	1,000	per week
MAXIMUM PERIOD	51	weeks
NJ SCHOOL BOARDS ASSOC. INSURANCE GROUP-WORKERS COMPENSATION		
LEGAL REQUIREMENTS	2,000,000	each accident
	2,000,000	each employee
	2,000,000	aggregate limit
GREAT AMERICAN INSURANCE COMPANY OF NEW YORK - HULL POLICY		
HULL	179,000	\$5,000 deductible
HULL P & I	1,000,000	\$1,000 deductible for BI, \$5,000 for PD
PROSIGHT SPECIALTY INSURANCE - EXCESS INDEMNITY FOR VESSEL		
EXCESS PROTECTION & INDEMNITY/EXCESS COLLUSION LIABILITY	20,000,000	
NJ SCHOOL BOARDS ASSOCIATION INSURANCE GROUP- SCHOOL LEADERS		
ERRORS AND OMISSIONS		
COVERAGE A		
LIMIT OF LIABILITY	16,000,000	each policy period
DEDUCTIBLE	5,000	each claim
COVERAGE B		
LIMIT OF LIABILITY	300,000	each policy period
	5,000	each claim retro to 7/1/86

SINGLE AUDIT SECTION

SAMUEL KLEIN AND COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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Exhibit K-1
Sheet 1 of 2

**INDEPENDENT AUDITOR'S 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**

Honorable President and Members
of the Board of Education
Monmouth County Vocational School District
County of Monmouth, 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 audit requirements as prescribed by the Office of School Finance Department, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Monmouth County Vocational School Board of Education, (a component unit of the County of Monmouth), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Monmouth County Vocational Board of Education's basic financial statements, and have issued our report thereon dated November 30, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Monmouth County Vocational School 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 Monmouth County Vocational School 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 in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements 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 that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

**INDEPENDENT AUDITOR'S 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 (CONTINUED)**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board of Education of the Monmouth County Vocational School District's (a component unit of the County of Monmouth) 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 basic 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* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and federal and state awarding agencies and pass-through entities in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Gerard Stankiewicz
Certified Public Accountant
Licensed Public School Accountant #912



SAMUEL KLEIN AND COMPANY

Freehold, New Jersey
November 30, 2017

SAMUEL KLEIN AND COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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Exhibit K-2
Sheet 1 of 3

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08

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

Report on Compliance for Each Major Federal and State Program

We have audited the Monmouth County Vocational (a component unit of the County of Monmouth) School Board of Education's compliance with the types of compliance requirements described in *the OMB Compliance Supplement* and *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of District's major federal and state programs for the year ended June 30, 2017. The Monmouth County Vocational School District's major federal and state programs are identified in the summary of auditor's 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.

Auditor's Responsibility

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

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
AND STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08
(CONTINUED)**

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of Monmouth County Vocational (a component unit of the County of Monmouth) School Board of Education's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Monmouth County Vocational (a component unit of the County of Monmouth) School Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2017.

Report on Internal Control over Compliance

Management of the Monmouth County Vocational (a component unit of the County of Monmouth) School Board of Education 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 Monmouth County Vocational (a component unit of the County of Monmouth) School Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey OMB Circular 15-08 Compliance Supplement, 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 Monmouth County Vocational (a component unit of the County of Monmouth) School Board of Education'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 and state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non compliance with a type of compliance requirement of a federal and 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 and 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
AND STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08
(CONTINUED)**

Purpose of Report

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 and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purposes.



Gerard Stankiewicz
Certified Public Accountant
Licensed Public School Accountant #912



SAMUEL KLEIN AND COMPANY

November 30, 2017
Freehold, New Jersey

**BOARD OF EDUCATION
MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Federal FAIN Number	Program or Award Amount	Grant Period		June 30, 2016	Cash Received	Budgetary Expenditures	Balance
				From	To	(Accounts Receivable)			June 30, 2017 (Accounts Receivable)
U.S. Department of Education									
Passed - Through State Department of Education:									
Special Revenue Fund:									
Title I Part A	84.010A	S010A150030	\$ 191,915.00	7/1/2015	6/30/2016	\$ (27,408.00)	\$ 27,408.00		
Title I Part A	84.010A	S010A150030	201,864.00	7/1/2016	6/30/2017		152,199.00	\$ (201,864.00)	\$ (49,665.00)
IDEA	84.027	H027A150100	323,394.00	7/1/2015	6/30/2016	(46,496.00)	46,496.00		
IDEA	84.027	H027A150100	336,435.00	7/1/2016	6/30/2017		253,661.00	(336,435.00)	(82,774.00)
Title II Part A	84.367	S367A150029	65,219.00	7/1/2015	6/30/2016	(25,485.50)	25,485.50		
Title II Part A	84.367	S367A150029	41,251.00	7/1/2016	6/30/2017				
Carl D. Perkins Secondary	84.048	V048140030	329,925.00	7/1/2015	6/30/2016	(82,844.39)	82,844.39		
Carl D. Perkins Secondary	84.048	V048140030	377,106.00	7/1/2016	6/30/2017		363,862.10	(375,566.10)	(11,704.00)
Carl D. Perkins Secondary Reserve	84.048	V048140030	90,742.00	7/1/2015	6/30/2016	(4,459.44)	4,459.44		
Carl D. Perkins Secondary Reserve	84.048	V048140030	93,105.00	7/1/2016	6/30/2017		92,866.98	(92,866.98)	
Passed-Through Brookdale (Monmouth)									
Community College									
Adult Basic Education	84.002A	N/A	40,000.00	7/1/2015	6/30/2016	(4,014.01)	4,014.01		
Adult Basic Education	84.002A	N/A	40,000.00	7/1/2016	6/30/2017		37,107.85	(39,992.83)	(2,884.98)
Total Special Revenue Fund						\$ (190,707.34)	\$ 1,090,404.27	\$ (1,046,724.91)	\$ (147,027.98)

See accompanying Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance.

BOARD OF EDUCATION
MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Federal FAIN Number	Program or Award Amount	Grant Period		June 30, 2016	Cash Received	Budgetary Expenditures	Balance
				From	To	(Accounts Receivable)			June 30, 2017 (Accounts Receivable)
U.S. Department of Agriculture									
Passed-through State Department of Agriculture:									
Enterprise Fund:									
Food Distribution Program	10.555	171NJ304N1096	\$ 1,700.92	7/1/2016	6/30/2017		\$ 1,700.92	\$ (1,700.92)	
School Breakfast Program	10.553	171NJ304N1099	3,388.31	7/1/2016	6/30/2017		3,133.57	(3,388.31)	\$ (254.74)
School Breakfast Program	10.553	161NJ304N1099	3,330.23	7/1/2015	6/30/2016	\$ (151.62)	151.62		
National School Lunch Program	10.555	171NJ304N1099	6,800.68	7/1/2016	6/30/2017		6,424.38	(6,800.68)	(376.30)
National School Lunch Program	10.555	161NJ304N1099	9,903.11	7/1/2015	6/30/2016	(519.91)	519.91		
Total Enterprise Fund						\$ (671.53)	\$ 11,930.40	\$ (11,889.91)	\$ (631.04)
Trust and Agency fund:									
Title IV Student Financial Aid:									
Pell Grant Program	84.063	N/A	\$ 228,692.00	9/1/2016	8/31/2017		\$ 228,692.00	\$ (228,692.00)	
Federal Family Education Loan Program	84.268	N/A	163,179.00	9/1/2016	8/31/2017		163,179.00	(163,179.00)	
Total Trust and Agency Fund							\$ 391,871.00	\$ (391,871.00)	
Total Federal Financial Assistance						\$ (191,378.87)	\$ 1,494,205.67	\$ (1,450,485.82)	\$ (147,659.02)

See accompanying Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance.

**BOARD OF EDUCATION
MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

State Grantor/ Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To	June 30, 2016		Cash Received	Budgetary (Expenditures)	Adjustments	Balance, June 30, 2017		MEMO	
				(Accounts Receivable)	Due to Grantor				(Accounts Receivable)	Due to Grantor	Budgetary	Cumulative Total
									Receivable	Grantor	Receivable	Expenditures
State Department of Education:												
General Fund:												
Categorical Special Education Aid	17-495-034-5120-089	\$ 1,304,032.00	7/1/2016 - 6/30/2017			\$ 1,304,032.00	\$ (1,304,032.00)			\$ (129,110.00)	\$ (1,304,032.00)	
Equalization Aid	17-495-034-5120-078	4,003,057.00	7/1/2016 - 6/30/2017			4,003,057.00	(4,003,057.00)			(396,337.00)	(4,003,057.00)	
Categorical Security Aid	17-495-034-5120-084	183,721.00	7/1/2016 - 6/30/2017			183,721.00	(183,721.00)			(18,190.00)	(183,721.00)	
Adjustment Aid	17-495-034-5120-085	2,565,835.00	7/1/2016 - 6/30/2017			2,565,835.00	(2,565,835.00)			(254,040.00)	(2,565,835.00)	
PARCC Readiness Aid	17-495-034-5120-098	20,900.00	7/1/2016 - 6/30/2017			20,900.00	(20,900.00)			(2,069.00)	(20,900.00)	
Per Pupil Growth Aid	17-495-034-5120-097	20,900.00	7/1/2016 - 6/30/2017			20,900.00	(20,900.00)			(2,069.00)	(20,900.00)	
Professional Learning Community Aid	17-495-034-5120-101	22,100.00	7/1/2016 - 6/30/2017			22,110.00	(22,110.00)			(2,190.00)	(22,110.00)	
Reimbursed TPAF Social Security Contributions	17-495-034-5094-003	1,403,792.40	7/1/2016 - 6/30/2017			1,334,515.48	(1,403,792.40)		\$ (69,276.92)		(1,403,792.40)	
Reimbursed TPAF Social Security Contributions	16-495-034-5094-003	1,408,068.93	7/1/2015 - 6/30/2016	\$ (69,239.10)		69,239.10						
On-behalf TPAF - Pension	17-495-034-5094-002	2,143,744.00	7/1/2016 - 6/30/2017			2,143,744.00	(2,143,744.00)				(2,143,744.00)	
On-behalf TPAF - Post Retirement Medical	17-495-034-5094-001	1,786,220.00	7/1/2016 - 6/30/2017			1,786,226.00	(1,786,226.00)				(1,786,226.00)	
On-behalf TPAF - Non Contributory Insurance	17-495-034-5094-004	4,012.00	7/1/2016 - 6/30/2017			4,012.00	(4,012.00)				(4,012.00)	
Total General Fund				\$ (69,239.10)		\$ 13,458,291.58	\$ (13,458,329.40)		\$ (69,276.92)	\$ (804,005.00)	\$ (13,458,329.40)	
Capital Projects Fund:												
NJSDA:												
Dental Lab Flooring	3260-050-14-1001-G04	\$ 18,113.00	8/1/2013 - 8/31/2014	\$ (9,199.20)		\$ 9,199.20						
Floor Removal Cosmetology	3260-050-14-1002-G04	19,665.00	8/1/2013 - 8/31/2014	(9,199.20)		9,199.20						
Total Capital Projects Fund				\$ (18,398.40)		\$ 18,398.40						

See Accompanying Notes to Schedules of Financial Assistance.

**BOARD OF EDUCATION
MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

State Grantor/ Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To	June 30, 2016		Cash Received	Budgetary (Expenditures)	Adjustments	Balance, June 30, 2017		MEMO	
				(Accounts Receivable)	Due to Grantor				(Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
Special Revenue Fund:												
Apprenticeship Coordinator Program	01-12-0113	\$ 24,500.00	7/1/2015	6/30/2016	\$ (6,455.85)	\$ 6,455.85						
Apprenticeship Coordinator Program	01-13-0113	20,000.00	7/1/2016	6/30/2017		19,999.78	\$ (19,999.78)					\$ (19,999.78)
Carl D. Perkins Post Secondary State	17-100-034-5062-032	114,476.00	7/1/2016	6/30/2017		113,679.00	(113,678.69)	\$ (0.31)				(113,678.69)
County Vocational Competitive Aid	16-100-034-5062-247	509,379.00	3/1/2016	6/30/2019	<u>(4,306.00)</u>	<u>99,347.00</u>	<u>(158,607.00)</u>		\$ <u>(63,566.00)</u>			<u>(162,913.00)</u>
Total Special Revenue Fund					\$ <u>(10,761.85)</u>	\$ <u>239,481.63</u>	<u>(292,285.47)</u>	\$ <u>(0.31)</u>	\$ <u>(63,566.00)</u>			\$ <u>(296,591.47)</u>
Debt Service Aid Paid Directly to County of Monmouth:												
Debt Service Aid Type I	17-495-034-5120-01	\$ 1,393,792.00	7/1/2016	6/30/2017		\$ 1,393,792.00	\$ (1,393,792.00)					\$ (1,393,792.00)
Total Debt Service Fund						\$ 1,393,792.00	\$ (1,393,792.00)					\$ (1,393,792.00)
State Department of Agriculture Enterprise Fund:												
State School Lunch Program	17-100-010-3350-023	\$ 153.61	7/1/2016 - 6/30/2017			\$ 146.02	\$ (153.61)		\$ (7.59)			\$ (153.61)
State School Lunch Program	16-100-010-3350-023	224.11	7/1/2015 - 6/30/2016		\$ (11.61)	11.61						
Total Enterprise Fund					\$ (11.61)	\$ 157.63	\$ (153.61)		\$ (7.59)			\$ (153.61)
Total State Financial Assistance					\$ <u>(98,410.96)</u>	\$ <u>15,110,121.24</u>	\$ <u>(15,144,560.48)</u>	\$ <u>(0.31)</u>	\$ <u>(132,850.51)</u>	\$ <u>(804,005.00)</u>		\$ <u>(15,148,866.48)</u>
Less on-behalf TPAF:												
Pension	17-495-034-5094-002					\$ 2,143,744.00						
Post-Retirement Medical	17-495-034-5094-001					1,786,226.00						
Non Contributory Insurance	17-495-034-5094-004					4,012.00						
Total for State Assistance Major Program						\$ <u>(11,210,578.48)</u>						

See Accompanying Notes to Schedules of Financial Assistance.

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

1. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, Monmouth County Vocational School District, a component unit of the County of Monmouth. The information in this Schedule is presented in accordance with the requirements of Title 2, *US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and NJOMB 15-08. The Board of Education is defined in Note 1 (A) to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedules of expenditures of federal awards and state financial assistance.

2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this Schedule is presented in accordance with the requirements of Title 2, *US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and NJOMB 15-08. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

3. 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 state aid payment in the current budget year, which is mandated pursuant to N.J.S.A.18A:22-4.2. For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last two (2) (of twenty (20)) 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 revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with N.J.S.A.18A:22-4.2.

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

There was an increase in the General Fund revenue of \$13,984.00 to reconcile from the budgetary basis to the GAAP for the general fund. See *Note 1* (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented are as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General		\$ 13,472,313.40	\$ 13,472,313.40
Special Revenue	\$ 1,046,724.91	292,285.47	1,339,010.38
Enterprise - Food Service	11,889.81	153.61	12,043.42
Trust and Agency -			
Pell	228,692.00	-	228,692.00
Stafford	163,179.00	-	163,179.00
	<u>\$ 1,450,485.72</u>	<u>\$ 13,764,752.48</u>	<u>\$ 15,215,238.20</u>

4. 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.

5. FEDERAL AND STATE LOANS OUTSTANDING

The District had no federal or state loans outstanding.

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

6. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively.

The amount reported as TPAF Pension Contribution and Post-Retirement Medical Contributions represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2017. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2017.

The State of New Jersey also makes TPAF post-retirement medical and pension contribution expenditures on-behalf of the District. These expenditures are not subject to New Jersey OMB Circular 15-08 because the contributions are made by the State directly and do not have any compliance related requirements, and therefore have not been included on the Schedule of State Financial Assistance, as directed by the funding agency.

7. INDIRECT COSTS

The district did not use the 10% de minimus indirect cost rate.

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified, dated November 30, 2017

Internal control over financial reporting:

1. Material weakness(es) identified? yes X no
2. Significant deficiency(ies) identified that are not considered to be material weaknesses? yes X none reported

Noncompliance material to basic financial statements noted? yes X no

Federal Awards

Internal control over major programs:

1. Material weakness(es) identified? yes X no
2. Significant deficiency(ies) identified that are not considered to be material weaknesses? yes X none reported

Type of auditor's report issued on compliance for major programs: Unmodified, dated November 30, 2017

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Uniform Guidance? yes X no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
<u>84.048</u>	<u>Perkins</u>
<u>84.027</u>	<u>IDEA</u>

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.00

Auditee qualified as low-risk auditee? X yes no

**MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
 (A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Section I - Summary of Auditor's Results (Continued)

State Financial Assistance

Dollar threshold used to distinguish between type A and type B Programs: \$750,000.00

1. Auditee qualified as low-risk auditee? X yes no

Type of auditor's report issued on compliance for major programs: Unmodified, dated November 30, 2017

Internal Control over major programs:

1. Material weakness(es) identified? Yes X no

2. Significant deficiency(ies) identified that are not considered to be material weakness(es): yes X none reported

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 15-08? yes X no

Identification of major programs:

<u>GMIS Number</u>	<u>Name of State Program</u>
<u>17-495-034-5120-089</u>	<u>Categorical Special Education Aid</u>
<u>17-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>17-495-034-5120-085</u>	<u>Adjustment Aid</u>
<u>17-495-034-5094-003</u>	<u>Reimbursed TPAF Social Security Contribution</u>

Section II - Schedule of Financial Statement Findings

None

Section III - Schedule of State Financial Assistance Findings and Questioned Costs

None

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

FOR THE YEAR ENDED JUNE 30, 2016:

There were no findings for the year ended June 30, 2016.