

OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT

Toms River, New Jersey
County of Ocean

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT

TOMS RIVER, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Prepared by

**Ocean County Vocational-Technical School District
Business Administrator's Office**

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INTRODUCTORY SECTION

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November 20, 2017

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

Dear Board Members/Citizens:

The Comprehensive Annual Financial Report (CAFR) of the Ocean County Vocational-Technical School District for the fiscal year ended June 30, 2017, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education of the Ocean County Vocational-Technical School District. 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, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the district as of June 30, 2017, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America. All disclosures necessary to enable the reader to gain an understanding of the district's financial activities have been included.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

The Comprehensive Annual Financial Report is presented in four sections as follows:

Introductory Section:

Section contains a Letter of Transmittal, Roster of Officials, Consultants and Advisors, and an Organizational Chart.

Financial Section:

Section contains the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements, Required Supplementary Information (RSI) and Other Supplementary Information.

Statistical Section:

Section contains selected financial trends, revenue and debt capacity, demographic, economic and other operating information, generally presented on a multi-year basis.

Single Audit Section:

The School District is required to undergo an annual Single Audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and New Jersey OMB’s Circular 15-08 OMB, “*Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*”. Information related to this Single Audit, including the independent auditor’s report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, if any, are included in the Single Audit Section of this report.

REPORTING ENTITY AND ITS SERVICES

The Ocean County Vocational-Technical School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standard Board (GASB) as established by NCGA Statement No. 3. All funds of the School District are included in this report. The School District has no component units.

The School District provides a full range of educational services appropriate to grade levels 9 through 12. There are also opportunities in these classes for adult learners. These include instruction for vocational education. The School District’s secondary/post-secondary student enrollment for the past ten fiscal years are detailed below. These figures do not include our adult evening division enrollment which averages approximately 2,400 students within three semesters.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2016-2017	2,777	-1.03%
2015-2016	2,806	-3.34%
2014-2015	2,903	1.26%
2013-2014	2,867	10.40%
2012-2013	2,597	0.54%
2011-2012	2,583	3.73%
2010-2011	2,490	-1.97%
2009-2010	2,540	4.83%
2008-2009	2,423	3.19%
2007-2008	2,348	2.70%

ECONOMIC CONDITION AND OUTLOOK

The Ocean County Vocational-Technical Schools are located in Ocean County, New Jersey, which is situated in the center of the state.

The population in Ocean County has been increasing over the past few years with people relocating from New York and Philadelphia. Senior citizens are also attracted to the area’s adult communities. Thus, in addition to the growing job market through business and industry, there is an even greater need for skilled individuals to work with health care service, construction related trades, service occupations and telecommunications.

It is the mission of the Ocean County Vocational Technical School to prepare students for job placement or further education leading to successful employment. Partnerships have been formed with business and colleges to improve education by keeping up with industry standards and advances in technology.

MAJOR INITIATIVES

The 2016-2017 school year saw the introduction of several new, innovative programs. The Pre-Engineering Technology STEM-based program of study will prepare individuals to apply engineering principles and technical skills to the identification and resolution of production problems in the digital fabrication process. The Mechanical Services Technology program incorporates practical hands-on training and operating theory of today's hot water, heating and air conditioning, and plumbing systems. Students will learn the skill needed to service, repair and install systems in all of these areas, making them marketable and career-ready in the mechanical trades industry.

Also in September 2016, The Audio Technology program was incorporated into the Performing Arts Academy as a full-time option for incoming juniors. Students will receive all of the required curriculum for high school graduation as well as an integrated program of study in sound production and audio technology.

Thompson Healthcare and Sports Medicine, LLC was named the 2016 OCVTS Business Partner of the Year. The award was presented to Dr. Robert Thompson and his staff for providing mentoring and employment opportunities for countless OCVTS students as well as their generous contributions to staff and faculty through staff appreciation days. The Business Partner of the Year Award is sponsored through the New Jersey Council of County Vocational Technical Schools (NJCCVTS).

One hundred and twenty three Ocean County Vocational Technical School (OCVTS) students competed at the New Jersey SkillsUSA Championships in Somerset, New Jersey. The students competed in over 50 different career-skills events and earned 49 medals overall; 26 gold, 14 silver and 9 bronze. Many of the gold medal winners traveled to the 53rd Annual SkillsUSA National Competition/Conference held in Louisville, Kentucky.

OCVTS and Ocean County College (OCC) announced the plans to construct a \$26.7 million performing arts high school on the OCC campus in Toms River. The proposed 53,000 square-foot facility will be financed through a partnership between the State of New Jersey, the county government, the Jay and Linda Grunin Foundation and OCC. Upon completion, scheduled for 2019, OCVTS Performing Arts Academy students would have the opportunity to graduate from high school with both a diploma and an associate degree from the college.

Over 925 students from more than 30 shared-time and full-time OCVTS programs received diplomas, certificates of completion and awards for outstanding achievements during graduation ceremonies at the seven Ocean County Vocational Technical School campuses in June. These graduates were offered scholarships and awards which totaled over \$30,344,000; provided through the generosity of the Ocean County Foundation for Vocational Technical Education and the Ocean County Vocational Technical Education Association, as well as over 282 scholarship sponsors, organizations, businesses and educational institutions.

The OCVTS Academy of Law and Public Safety graduated its first class of students since it opened its doors as a full-time educational program for high school juniors and seniors. The mission of the Academy of Law and Public Safety is to provide a rigorous college-prep, theme-based curriculum in conjunction with community and higher education partnerships. The OCVTS Law and Public Safety Program was established in 2001 as a shared-time course offering. Through an ongoing partnership with

the Ocean County Fire Training Center, the full-time academy became a reality in September 2015. Ocean County Vocational Technical School held its 94th commencement ceremony for the graduates of the Practical Nursing program. Families and friends gathered to recognize the 67 graduates who persevered through the extremely challenging curriculum and demanding schedules and successfully completed the program. In addition to receiving certificates of completion, the graduates were welcomed to their new profession with the traditional pinning ceremony. The graduates receive a symbolic pin from a member of the faculty or by a family member who is also a nursing professional. This year 32 of the 67 graduates, were pinned by family members; 12 of those 32 family members were past graduates of the OCVTS Practical Nursing Program.

INTERNAL ACCOUNTING CONTROLS

Management of the School 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 and misuse and to ensure that adequate accounting data are completed to allow for the preparation of financial statement in conformity with general 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 (1) the cost of a control should not exceed the benefits likely to be delivered; and (2) the valuation of costs and benefits require 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 ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluations by the district management.

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

BUDGETARY CONTROLS

In addition to internal accounting controls, the School District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service 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 accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or included as re-appropriations of fund balance in the subsequent year.

ACCOUNTING SYSTEM AND REPORTS

The School District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The School District's accounting system is organized on the basis of funds. The funds are explained in "Notes to Financial Statements", Note 1.

OTHER INFORMATION

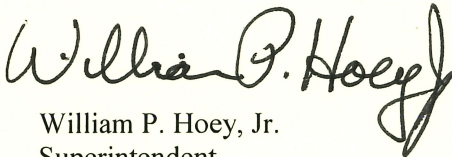
INDEPENDENT AUDIT

State statutes require an annual audit by independent certified public accountants. The accounting firm of Holman Frenia Allison, P.C., Certified Public Accounts, was appointed by the Board of Education. In addition to meeting the requirements set forth in the State statutes, the audit was also designed to meet the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 basic financial statements and combining statements and related major fund supporting 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.

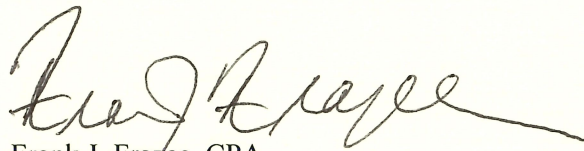
ACKNOWLEDGEMENTS

We would like to express our appreciation to the members of the 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 accomplished without the efficient and dedicated services of our business office staff.

Respectfully submitted,



William P. Hoey, Jr.
Superintendent

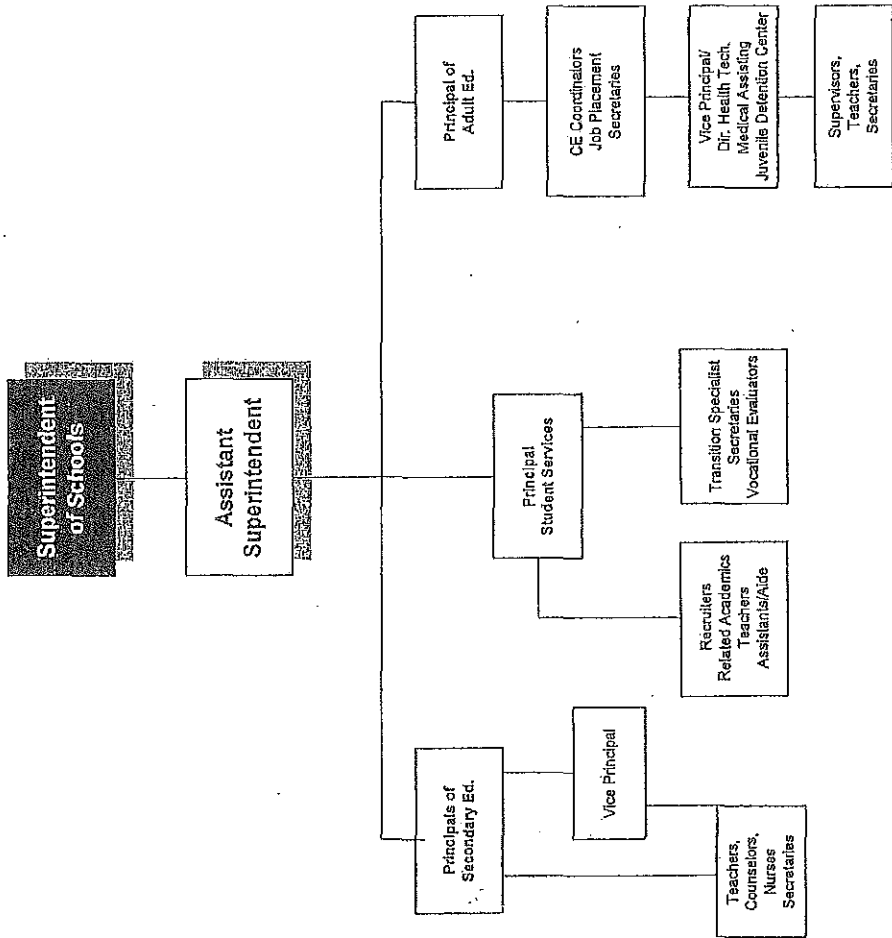


Frank J. Frazee, CPA
Business Administrator/Board Secretary

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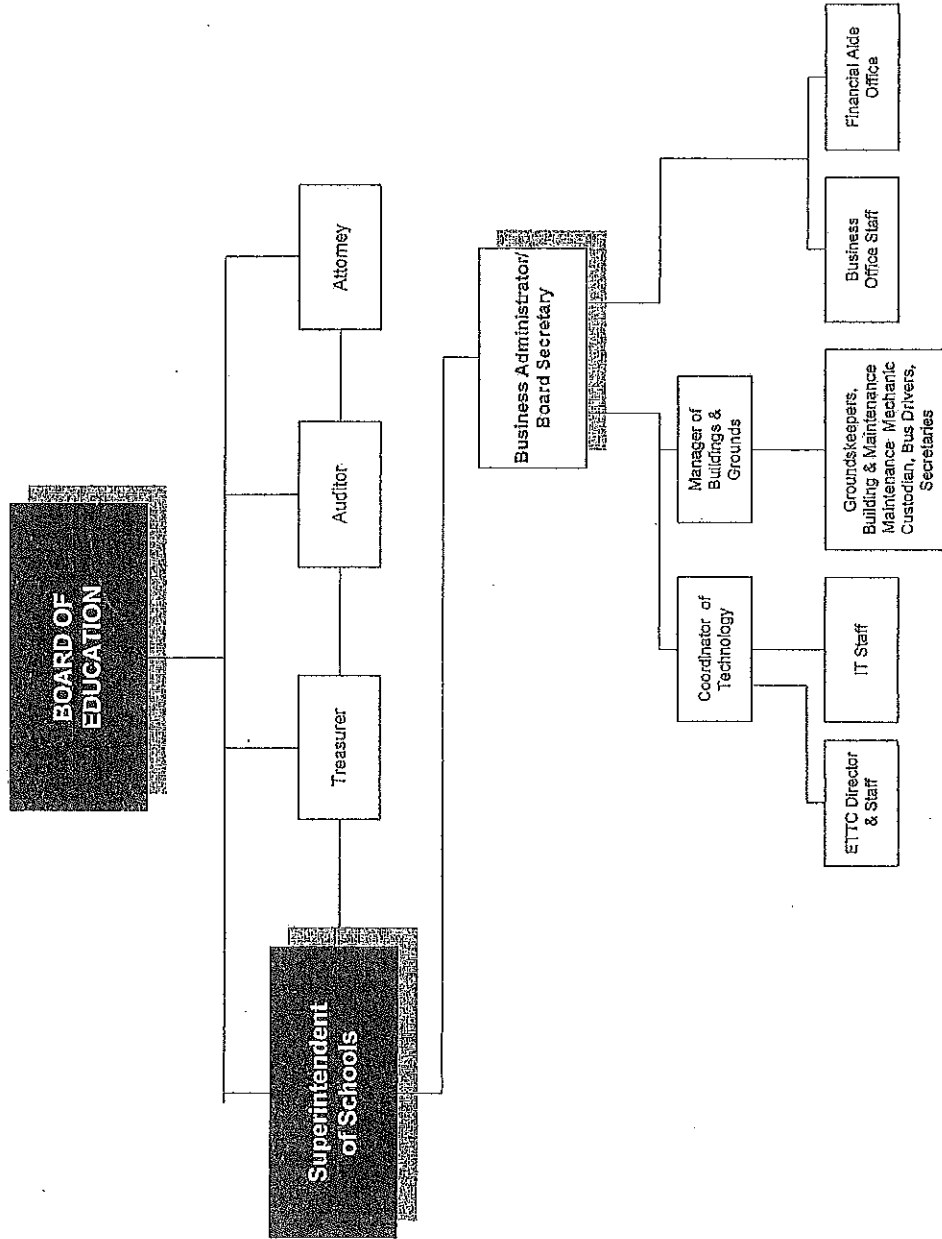
OCEAN COUNTY VOCATIONAL - TECHNICAL SCHOOLS

Administrative Organization Chart (A)



OCEAN COUNTY VOCATIONAL - TECHNICAL SCHOOLS

Administrative Organization Chart (B)



OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
137 Bay Lea Road
Toms River, New Jersey 08753

ROSTER OF OFFICIALS

June 30, 2017

MEMBERS OF THE BOARD OF EDUCATION	TERM EXPIRES
Nina Anuario, President	2020
Stephen Scaturro, Vice President	2017
Judith DeStefano-Anen	By Statute
Ronald Rosetto	2019
Maureen C. Stankowitz	2018

OTHER OFFICIALS

William P. Hoey, Jr., Superintendent

Nancy Weber-Loeffert, Assistant Superintendent

Frank J. Frazee, Business Administrator/Board Secretary

Debra L. Ness, Treasurer

Robert C. Shea, Esq., Solicitor

OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT

137 Bey Lea Road
Toms River, New Jersey 08753

CONSULTANTS AND ADVISORS

ARCHITECTS

Yezzi Associates
Toms River, New Jersey

ATTORNEY

R.C. Shea & Associates
Robert C. Shea, Esq.
Toms River, New Jersey

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Holman Frenia Allison, P.C.
680 Hooper Avenue
Building B, Suite 201
Toms River, New Jersey

FISCAL AGENT

Frank Frazee, School Business Administrator/Board Secretary

OFFICIAL DEPOSITORY

Wells Fargo
Toms River, New Jersey

FINANCIAL SECTION

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HOLMAN | FRENIA
ALLISON, P.C.

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INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Ocean County Vocational-Technical School District
County of Ocean
Toms River, New Jersey 08753

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Ocean County Vocational-Technical School District, County of Ocean, State of New Jersey, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the, Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Ocean County Vocational-Technical School District, County of Ocean, State of New Jersey, 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's discussion and analysis, budgetary comparison information, and the schedules related to accounting and reporting for pensions, as listed 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 Ocean County Vocational-Technical School District's 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 Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying combining statements and related major fund supporting statements and schedules, and the schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures,

including comparing and reconciling such information directly to the underlying accounting 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 statements and related major fund supporting statements and schedules and schedules 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 introductory section and statistical section listed in the table of contents have 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2017 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Michael Holt
Certified Public Accountant
Public School Accountant, No. 1148

Toms River, New Jersey
November 20, 2017

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REQUIRED SUPPLEMENTARY INFORMATION - PART I

Management's Discussion and Analysis

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OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)

As management of the Ocean County Vocational-Technical School District, New Jersey (School District), we offer readers of the School District's financial statements this narrative overview and analysis of the School District for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. Comparison to the prior year's activity is provided in this document. The basic financial statements are comprised of three components:

- 1) Government-Wide financial statements, 2) Fund financial statements, and 3) Notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide the reader with a broad overview of the financial activities in a manner similar to a private-sector business. The government-wide financial statements include the statement of net position and the statement of net activities.

The *statement of net position* presents information about all of the School District's assets and liabilities. The difference between the assets plus deferred outflows or resources and liabilities plus deferred inflows of resources is reported as net position. Over time, changes in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The *statement of activities* presents information showing how the net position of the School District changed during the current fiscal year. Changes in net position are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in this statement even though the resulting cash flows may be recorded in a future period.

Both of the government-wide financial statements distinguish functions of the School District that are supported from taxes and intergovernmental revenues (*governmental activities*) and other functions that are intended to recover most of their costs from user fees and charges (*business-type activities*). Governmental activities consolidate governmental funds including the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund. Business-type activities reflect the Food Service and Cost Recovery Fund.

Fund Financial Statements

Fund financial statements are designed to demonstrate compliance with financial-related requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. All of the funds of the School District are divided into three categories: *governmental funds*, *proprietary funds* and *fiduciary funds*.

OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2017
(Unaudited)

Overview of the Basic Financial Statements (continued)

Fund Financial Statements (continued)

Governmental funds account for essentially the same information reported in the governmental activities of the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term financial resources and fund balances. Such information may be useful in evaluating the financial requirements in the near term.

Since the governmental funds and the governmental activities report information using the same functions, it is useful to compare the information presented. Because the focus of each report differs, a reconciliation is provided on the fund financial statements to assist the reader in comparing the near-term requirements with the long-term needs.

The School District maintains four individual governmental funds. The major funds are the General Fund, the Special Revenue Fund, the Capital Projects Fund, and the Debt Service Fund. They are presented separately in the fund financial statements.

The School District adopts an annual appropriated budget for the General Fund, Special Revenue Fund and the Debt Service Fund. A budgetary comparison statement has been provided for each of these funds to demonstrate compliance with budgetary requirements.

Proprietary funds are used to present the same functions as the business-type activities presented in the government-wide financial statements. The School District maintains one type of proprietary fund – the Enterprise Fund. The fund financial statements of the enterprise fund provides the same information as the government-wide financial statements, only in more detail.

The School District's enterprise funds (Food Service Fund and Cost Recovery Fund) are listed individually and are considered to be major funds.

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

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Financial Analysis of the School District as a Whole

Table 1 provides a summary of the School Districts net position for the fiscal years 2017 compared to fiscal year 2016.

OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2017
(Unaudited)

Financial Analysis of the School District as a Whole (continued)

Table 1
Summary of Net Position

	June 30, <u>2017</u>	June 30, <u>2016</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Current & Other Assets	\$ 3,450,947	\$ 6,052,928	\$ (2,601,981)	-43.0%
Capital Assets, Net	22,661,862	20,523,837	2,138,025	10.4%
Total Assets	<u>26,112,809</u>	<u>26,576,765</u>	<u>(463,956)</u>	-1.7%
Deferred Outflow of Resources	<u>5,054,367</u>	<u>2,009,129</u>	<u>3,045,238</u>	151.6%
Current and other Liabilities	1,008,059	591,202	416,857	70.5%
Noncurrent Liabilities	17,832,188	13,828,727	4,003,461	29.0%
Total Liabilities	<u>18,840,247</u>	<u>14,419,929</u>	<u>4,420,318</u>	30.7%
Deferred Inflow of Resources	<u>-</u>	<u>191,236</u>	<u>(191,236)</u>	-100.0%
Net Position:				
Net Investment in Capital Assets	22,661,862	20,523,837	2,138,025	10.4%
Restricted	907,773	2,912,193	(2,004,420)	-68.8%
Unrestricted (Deficit)	<u>(11,242,706)</u>	<u>(9,461,301)</u>	<u>(1,781,405)</u>	18.8%
Total Net Position	<u>\$ 12,326,929</u>	<u>\$ 13,974,729</u>	<u>\$ (1,647,800)</u>	-11.8%

Table 2 shows the changes in net position for fiscal year 2017 compared to fiscal year 2016.

OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2017
(Unaudited)

Financial Analysis of the School District as a Whole (continued)

Table 2
Summary of Changes in Net Position

	June 30, <u>2017</u>	June 30, <u>2016</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Revenues:				
Program Revenues:				
Charges for Services	\$ 209,604	\$ 223,901	\$ (14,297)	-6.4%
Operating Grants & Contributions	1,564,641	4,311,945	(2,747,304)	-63.7%
General Revenues:				
County Appropriation	17,914,646	17,664,646	250,000	1.4%
County Appropriation - Restricted	386,393	2,190,439	(1,804,046)	-82.4%
Federal & State Aid	8,458,305	5,927,671	2,530,634	42.7%
Tuition	3,928,234	3,885,097	43,137	1.1%
Other General Revenues	902,264	746,131	156,133	20.9%
Total Revenues	<u>33,364,087</u>	<u>34,949,830</u>	<u>(1,585,743)</u>	-4.5%
Function/Program Expenditures:				
Regular Instruction	6,001,138	6,039,426	(38,288)	-0.6%
Special Education Instruction	1,262,946	1,345,393	(82,447)	-6.1%
Other Instruction	3,523,172	3,138,846	384,326	12.2%
Student & Instruction Related Services	2,320,631	2,183,315	137,316	6.3%
General Administrative	936,772	935,499	1,273	0.1%
School Administrative Services	1,848,497	1,810,299	38,198	2.1%
Central Services	676,096	647,413	28,683	4.4%
Administrative Info. Technology	323,120	317,945	5,175	1.6%
Plant Operations & Maintenance	2,628,987	2,499,235	129,752	5.2%
Pupil Transportation	248,790	233,039	15,751	6.8%
Unallocated Benefits	7,620,027	6,516,487	1,103,540	16.9%
Special Schools	6,027,704	5,624,554	403,150	7.2%
Interest & Other Charges	49,981	-	49,981	#DIV/0!
Unallocated Depreciation	1,339,744	1,225,660	114,084	9.3%
Food Service	180,832	224,360	(43,528)	-19.4%
Cost Recovery Fund	23,450	40,762	(17,312)	-42.5%
Total Expenditures	<u>35,011,887</u>	<u>32,782,233</u>	<u>2,229,654</u>	6.8%
Change In Net Position	(1,647,800)	2,167,597	(3,815,397)	-176.0%
Net Position - Beginning	13,974,729	11,807,132	2,167,597	18.4%
Net Position - Ending	<u>\$ 12,326,929</u>	<u>\$ 13,974,729</u>	<u>\$ (1,647,800)</u>	-11.8%

OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
Management’s Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2017
(Unaudited)

Governmental Activities

During the fiscal year 2017, the net position of governmental activities decreased by \$1,663,386 or 11.9%. The primary reason for the decrease was the accrual of pension expense related to the District’s net pension liability.

The assets and deferred outflows of the primary government activities exceeded liabilities and deferred inflows by \$12,302,801, with an unrestricted deficit balance of \$11,266,834. The deficit in unrestricted net position is primarily due to accounting treatment for compensated absences payable, GASB 68 net pension liability, and the last 2 state aid payments. In addition, state statutes prohibit school districts from maintaining more than 2% of its adopted budget as unassigned fund balance.

The School District’s governmental activities unrestricted net position had GASB 68 pension not been implemented would have been as follows:

Table 3
GASB 68 Effect on Unrestricted Net Position

Unrestricted Net Position (With GASB 68)	\$ (11,266,834)
Add back: PERS Pension Liability	15,771,410
Less: Deferred Outflows related to pensions	<u>(5,054,367)</u>
Unrestricted Net Position (Without GASB 68)	<u>\$ (549,791)</u>

Business-type Activities

During the fiscal year 2017, the net position of business-type activities increased by \$15,586 or 182.5%.

The assets and deferred outflows of the business-type activities exceeded liabilities and deferred inflows by \$24,128.

General Fund Budgeting Highlights

Final budgeted revenues was \$27,505,000, which was equal to the original budget. Excluding nonbudgeted revenues, the School District’s actual revenues exceeded budgeted revenues by \$3,290,238.

Final budgeted appropriations was \$29,324,299, which was an increase of \$1,069,299 from the original budget. The increase is primarily due to prior year reserve for encumbrances, which increase the budget appropriations in the subsequent fiscal year’s budget. The increase is also caused by withdrawals from the capital reserve account approved by the District. Excluding nonbudgeted revenues, the School District’s budget appropriations exceeded actual expenditures by \$905,394.

The School District’s general fund balance – budgetary basis (Exhibit C-1) was \$3,471,748 at June 30, 2017, a decrease of \$695,451 from the prior year.

OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
Management’s Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2017
(Unaudited)

Governmental Funds

At the end of the current fiscal year, the School District’s governmental funds reported a combined ending fund balance of \$2,918,248, a decrease of \$2,534,936 from the prior year, due to the capital project in the Toms River Center.

General fund - During the current fiscal year, the fund balance of the School District’s general fund decreased by \$641,949. The primary factor(s) affecting the change in fund balance of the general fund is as follows:

- The district used \$750,000 of surplus to fund the 2016-2017 budget.

Special revenue fund – There was no change in the fund balance for the special revenue fund.

Capital projects fund - During the current fiscal year, the fund balance of the School District’s capital projects fund decreased by \$1,892,987. The primary factor affecting the change in fund balance of the capital projects fund is the completion of approved projects.

Proprietary Funds

Food service fund - During the current fiscal year, the net position of the School District’s food service fund increased by \$13,049. The primary factor(s) affecting the change in net position of the food service fund is as follows:

- The food service fund had an increase in activity for the 2016-2017 school year.

Cost recovery fund - During the current fiscal year, the net position of the School District’s cost recovery fund increased by \$2,537. The primary factor(s) affecting the change in net position is as follows:

- The cost recovery fund had an increase in activity for the 2016-2017 school year.

Capital Assets

The School District’s capital assets for its governmental and business-type activities as of June 30, 2017, totaled \$22,661,862 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and improvements and equipment. There was a net increase in the School District’s investment in capital assets for the current fiscal year in the amount of \$1,779,819. This increase is primarily due to completion of capital projects. Table 4 shows fiscal 2017 balances compared to 2016.

Table 4
Summary of Capital Assets

<u>Capital Assest (Net of Depreciatio</u>	June 30, <u>2017</u>	June 30, <u>2016</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Building and Improvements	\$ 16,205,275	\$ 14,599,706	\$ 1,605,569	11.0%
Equipment	6,456,587	5,924,131	532,456	9.0%
	<u>\$ 22,661,862</u>	<u>\$ 20,523,837</u>	<u>\$ 2,138,025</u>	10.4%

OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2017
(Unaudited)

Capital Assets (continued)

Depreciation expense for the year was \$1,339,744. Additional information on the School District's capital assets can be found in the notes to the basic financial statements (Note 5) of this report.

Debt Administration

Long-term debt – At the end of the current fiscal year, the School District had no bonded debt outstanding.

Information on the School District's long-term obligations can be found in the notes to the basic financial statements (Note 7) of this report.

Factors on the School District's Future

For the 2016-2017 school year, the School Board was able to sustain its budget through the county aid levy, state education aid and local revenue sources. Approximately 35% of the School Board's revenue is from federal, state and local aid (restricted and not restricted), while 65% of total revenue is from county tax levy.

The district is currently partnering with the Ocean County College to build a new Performing Arts High School on the college campus. Funding is in place from the Ocean County Board of Chosen Freeholders, the Jay and Linda Grunin Foundation, and the debt service program offered by the State of New Jersey. Currently the project is in the design phase.

Contacting the School Districts Financial Management

This financial report is designed to provide a general overview of the School District's finances for all those with an interest in the School District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Frank J. Frazee, School Business Administrator at the Ocean County Vocational-Technical School District's Board of Education's office, 137 Bey Lea Road, Toms River, New Jersey 08753, or e-mail at ffrazee@mail.ocvts.org.

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BASIC FINANCIAL STATEMENTS

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A. Government-Wide Financial Statements

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OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2017

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	<u>TOTAL</u>
ASSETS:			
Cash & Cash Equivalents	\$ 3,036,161	\$ 23,387	\$ 3,059,548
Receivables, Net (Note 4)	289,885	741	290,626
Restricted Cash & Cash Equivalents (Note 3)	100,773	-	100,773
Capital Assets, Net (Note 5)			
Depreciable	22,661,862	-	22,661,862
	<hr/>		
Total Assets	26,088,681	24,128	26,112,809
DEFERRED OUTFLOWS OF RESOURCES:			
Related to Pensions (Note 8)	5,054,367	-	5,054,367
	<hr/>		
Total Deferred Outflow of Resources	5,054,367	-	5,054,367
LIABILITIES:			
Accounts Payable	438,974	-	438,974
Due to Other Governments	499,488	-	499,488
Unearned Revenue	69,597	-	69,597
Noncurrent Liabilities (Note 7):			
Due within one year	-	-	-
Due in more than one year	17,832,188	-	17,832,188
	<hr/>		
Total Liabilities	18,840,247	-	18,840,247
NET POSITION:			
Net Investment in Capital Assets	22,661,862	-	22,661,862
Restricted for:			
Capital Projects	100,773	-	100,773
Maintenance Reserve	807,000	-	807,000
Unrestricted Net Position (Deficit) (Note 19)	(11,266,834)	24,128	(11,242,706)
	<hr/>		
Total Net Position	\$ 12,302,801	\$ 24,128	\$ 12,326,929
	<hr/> <hr/>		

The accompanying Notes to Financial Statements are an integral part of this statement.

**OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	CAPITAL GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental Activities:							
Instruction:							
Basic Skills/Remedial	\$ 3,256,501	\$ -	\$ -	\$ -	(3,256,501)	\$ -	\$ (3,256,501)
Regular Vocational Programs- Instruction	6,001,138	-	1,073,057	-	(4,928,081)	-	(4,928,081)
Special Vocational Programs- Instruction	1,262,946	-	-	-	(1,262,946)	-	(1,262,946)
Sponsored Cocurricular Activities	266,671	-	-	-	(266,671)	-	(266,671)
Support Services:							
Attendance & Social Work	552,491	-	481,320	-	(71,171)	-	(71,171)
Health Services	483,242	-	-	-	(483,242)	-	(483,242)
Other Support Services - Student - Regular	862,682	-	-	-	(862,682)	-	(862,682)
Other Support Services - Student - Special	259,640	-	-	-	(259,640)	-	(259,640)
Improvement of Instruction Services	15,964	-	-	-	(15,964)	-	(15,964)
Educational Media Services/School Library	146,612	-	-	-	(146,612)	-	(146,612)
Support Services - General Administration	936,772	-	-	-	(936,772)	-	(936,772)
Support Services - School Administration	1,848,497	-	-	-	(1,848,497)	-	(1,848,497)
Support Services - Central Services	676,096	-	-	-	(676,096)	-	(676,096)
Support Services - Information Technology	323,120	-	-	-	(323,120)	-	(323,120)
Required Maintenance for School Facilities	631,102	-	-	-	(631,102)	-	(631,102)
Operation & Maintenance of Plant	1,858,334	-	-	-	(1,858,334)	-	(1,858,334)
Care and Upkeep of Grounds	68,665	-	-	-	(68,665)	-	(68,665)
Security	70,790	-	-	-	(70,790)	-	(70,790)
Student Transportation Services	248,790	-	-	-	(248,790)	-	(248,790)
Unallocated Benefits - Employee Benefits	7,620,027	-	-	-	(7,620,027)	-	(7,620,027)
Unallocated Depreciation	1,339,744	-	-	-	(1,339,744)	-	(1,339,744)
Interest and Other Costs	50,077	-	-	-	(50,077)	-	(50,077)
Special Schools	6,027,704	-	-	-	(6,027,704)	-	(6,027,704)
Total Governmental Activities	34,807,605	-	1,554,377	-	(33,253,228)	-	(33,253,228)
Business-Type Activities:							
Food Service	180,832	183,617	10,264	-	-	13,049	13,049
Enterprise Fund	23,450	25,987	-	-	-	2,537	2,537
Total Business-Type Activities	204,282	209,604	10,264	-	-	15,586	15,586

The accompanying Notes to Financial Statements are an integral part of this statement.

**OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	CAPITAL GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Total Primary Government	\$ 35,011,887	\$ 209,604	\$ 1,564,641	\$ -	(33,253,228)	15,586	(33,237,642)
General Revenues:							
County Appropriation					17,914,646	-	17,914,646
County Appropriation - Restricted					386,393	-	386,393
Federal & State Aid Not Restricted					8,458,305	-	8,458,305
Tuition Charges					3,928,234	-	3,928,234
Miscellaneous					902,264	-	902,264
Total General Revenues					31,589,842	-	31,589,842
Change In Net Position					(1,663,386)	15,586	(1,647,800)
Net Position - Beginning					13,966,187	8,542	13,974,729
Net Position - Ending					\$ 12,302,801	\$ 24,128	\$ 12,326,929

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B. Fund Financial Statements

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Governmental Funds

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**OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	<u>TOTAL</u> JUNE 30, 2017
ASSETS				
Cash & Cash Equivalents	\$ 2,107,234	\$ 121,927	\$ -	\$ 2,229,161
Intergovernmental Accounts Receivable:				
Other	243,744	-	-	243,744
Federal	-	1,292	-	1,292
State	39,849	5,000	-	44,849
Restricted Cash & Cash Equivalents	907,773	-	-	907,773
Total Assets	\$ 3,298,600	\$ 128,219	\$ -	\$ 3,426,819
LIABILITIES & FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 182,483	\$ 128,219	\$ -	\$ 310,702
Accrued Salaries & Wages	128,272	-	-	128,272
Unearned Revenue	69,597	-	-	69,597
Total Liabilities	380,352	128,219	-	508,571
Fund Balances:				
Restricted for:				
Capital Reserve Account	100,773	-	-	100,773
Maintenance Reserve	807,000	-	-	807,000
Committed for:				
Other Purposes	239,262	-	-	239,262
Assigned for:				
Designated for Subsequent Year's Expenditures	750,000	-	-	750,000
Other Purposes	75,344	-	-	75,344
Unassigned:				
General Fund	945,869	-	-	945,869
Total Fund Balances	2,918,248	-	-	2,918,248
Total Liabilities & Fund Balances	\$ 3,298,600	\$ 128,219	\$ -	

Amounts reported for *governmental activities* in the statement of net position (A-1) are different because:

Capital assets used in government activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$52,155,340 and the accumulated depreciation is \$29,493,537	22,661,862
Deferred outflows and inflows of resources related to pensions and deferred charges or credits on debt refunding are applicable to future reporting periods and therefore are not reported in the funds.	
Deferred Outflows related to pensions	5,054,367
Accrued pension contributions for the June 30, 2017 plan year are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position.	(499,488)
Long-term liabilities, including net pension liability and compensated absences payable are not due and payable in the current period and, therefore, are not reported as a liability in the funds.	(17,832,188)

Net Position of Governmental Activities

\$ 12,302,801

The accompanying Notes to Financial Statements are an integral part of this statement.

**OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2017**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	TOTAL JUNE 30, 2017
REVENUES:				
County Appropriation	\$ 17,914,646	\$ -	\$ 386,393	\$ 18,301,039
Tuition Charges	3,928,234	-	-	3,928,234
Miscellaneous	295,479	572,522	34,263	902,264
Total Local Sources	22,138,359	572,522	420,656	23,131,537
State Sources	8,710,381	158,387	-	8,868,768
Federal Sources	-	1,143,914	-	1,143,914
Total Revenues	30,848,740	1,874,823	420,656	33,144,219
EXPENDITURES:				
Current:				
Basic Skills/Remedial	3,256,501	-	-	3,256,501
Regular Vocational Programs - Instruction	4,928,081	1,073,057	-	6,001,138
Special Vocational Programs - Instruction	1,262,946	-	-	1,262,946
Sponsored Cocurricular Activities	266,671	-	-	266,671
Support Services & Undistributed Costs:				
Attendance & Social Work	71,171	481,320	-	552,491
Health Services	483,242	-	-	483,242
Other Support Services - Student - Regular	862,682	-	-	862,682
Other Support Services - Student - Special	259,640	-	-	259,640
Improvement of Instruction Services	15,964	-	-	15,964
Educational Media Services/School Library	146,612	-	-	146,612
Support Services - General Administration	936,772	-	-	936,772
Support Services - School Administration	1,848,497	-	-	1,848,497
Support Services - Central Services	676,096	-	-	676,096
Support Services - Information Technology	323,120	-	-	323,120
Required Maintenance for School Facilities	631,102	-	-	631,102
Operation & Maintenance of Plant	1,858,430	-	-	1,858,430
Care and Upkeep of Grounds	68,665	-	-	68,665
Security	70,790	-	-	70,790
Student Transportation Services	248,790	-	-	248,790
Unallocated Benefits - Employee Benefits	6,353,552	-	-	6,353,552
Special Schools	6,027,704	-	-	6,027,704
Capital Outlay	586,151	320,446	2,571,076	3,477,673
Interest and Other Charges	50,077	-	-	50,077
Total Expenditures	31,233,256	1,874,823	2,571,076	35,679,155
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	(384,516)	-	(2,150,420)	(2,534,936)
Other Financing Sources/(Uses):				
Transfers In/(Out)	(257,433)	-	257,433	-
Other Financing Sources/(Uses)	(257,433.00)	-	257,433	-
Net Change in Fund Balances	(641,949)	-	(1,892,987)	(2,534,936)
Fund Balance July 1	3,560,197	-	1,892,987	5,453,184
Fund Balance June 30	\$ 2,918,248	\$ -	\$ -	\$ 2,918,248

**OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Total Net Changes in Fund Balances - Governmental Funds (B-2) \$ (2,534,936)

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

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

	Depreciation Expense	\$ (1,339,744)	
	Capital Outlays	<u>3,477,769</u>	
			2,138,025

Governmental funds report School District pension contributions as expenditures.

However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the School District's pension contributions in the current period. (1,140,246)

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 (+). (126,229)

Change in Net Position of Governmental Activities \$ (1,663,386)

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Proprietary Funds

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**OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
 PROPRIETARY FUND
 COMBINING STATEMENT OF NET POSITION
 AS OF JUNE 30, 2017**

ASSETS	BUSINESS-TYPE ACTIVITIES		TOTAL
	ENTERPRISE FUNDS		JUNE 30, 2017
	FOOD SERVICE	COST RECOVERY	
Cash	\$ 13,445	\$ 9,942	\$ 23,387
Intergovernmental Accounts Receivable:			
State	30	-	30
Federal	711	-	711
Total Assets	14,186	9,942	24,128
NET POSITION			
Unrestricted	14,186	9,942	24,128
Total Net Position	\$ 14,186	\$ 9,942	\$ 24,128

**OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2017**

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUND		TOTAL
	FOOD SERVICE	COST RECOVERY	JUNE 30, 2017
OPERATING REVENUES			
Local Sources:			
Daily Sales - Reimbursable Programs:			
School Lunch & Breakfast Programs	\$ 43,575	\$ -	\$ 43,575
Fees for Services	140,042	25,987	166,029
Total Operating Revenue	183,617	25,987	209,604
OPERATING EXPENSES			
Salaries & Wages	33,463	-	33,463
Cost of Sales - Reimbursable	33,409	-	33,409
Cost of Sales - Non-Reimbursable	113,960	-	113,960
Supplies & Materials	-	23,450	23,450
Total Operating Expenses	180,832	23,450	204,282
Operating Income	2,785	2,537	5,322
Nonoperating Revenues/(Expenses):			
State Sources:			
State School Lunch Program	463	-	463
Federal Sources:			
National School Lunch Program	9,189	-	9,189
National School Performance Based Program	612	-	612
Total Nonoperating Revenues/(Expenses)	10,264	-	10,264
Net Income	13,049	2,537	15,586
Total Net Position - July 1	1,137	7,405	8,542
Total Net Position - June 30	\$ 14,186	\$ 9,942	\$ 24,128

**OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	BUSINESS-TYPE ACTIVITIES		TOTAL
	ENTERPRISE FUND		
	FOOD FUND	COST RECOVERY	JUNE 30, 2017
Cash Flows From Operating Activities:			
Receipts from Customers	\$ 183,617	\$ 25,987	\$ 209,604
Payments to Suppliers	(180,832)	(23,450)	(204,282)
Net Cash Flows from Operating Activities	<u>2,785</u>	<u>2,537</u>	<u>5,322</u>
Cash Flows From Noncapital Financing Activities:			
State Sources	526	-	526
Federal Sources	10,985	-	10,985
Net Cash Flows from Noncapital Financing Activities	<u>11,511</u>	<u>-</u>	<u>11,511</u>
Net Increase in Cash & Cash Equivalents	14,296	2,537	16,833
Balances - Beginning of Year	(851)	7,405	6,554
Balances - End of Year	<u>\$ 13,445</u>	<u>\$ 9,942</u>	<u>\$ 23,387</u>

Reconciliation of Operating Income to Net Cash Flows from Operating Activities:

Operating Income	\$ 2,785	\$ 2,537	\$ 5,322
Adjustments to Reconcile Operating Income to Net Cash Flows from Operating Activities:			
Increase in Accounts Receivable	-	-	-
Increase/(Decrease) in Accounts Payable	-	-	-
Net Cash Flows from Operating Activities	<u>\$ 2,785</u>	<u>\$ 2,537</u>	<u>\$ 5,322</u>

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Fiduciary Fund

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**OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2017**

ASSETS	PRIVATE PURPOSE			JUNE 30, 2017
	SCHOLARSHIP	UNEMPLOYMENT COMPENSATION	AGENCY FUND	
Cash & Cash Equivalents	\$ 12,105	\$ 123,396	\$ 313,388	\$ 448,889
Total Assets	12,105	123,396	313,388	448,889
LIABILITIES				
Payroll Deductions & Withholdings	-	-	158,461	158,461
Payable - Quarterly Unemployment	-	1,210	-	1,210
Due to Student Groups	-	-	154,927	154,927
Total Liabilities	-	1,210	313,388	314,598
NET POSITION				
Restricted for Unemployment Claims	-	122,186	-	122,186
Restricted for Students	12,105	-	-	12,105
Total Net Position	\$ 12,105	\$ 122,186	\$ -	\$ 134,291

The accompanying Notes to Financial Statements are an integral part of this statement.

**OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017**

	PRIVATE PURPOSE		JUNE 30, 2017
	SCHOLARSHIP TRUST	UNEMPLOYMENT TRUST	
ADDITIONS			
Contributions	\$ 49,612	\$ 27,540	\$ 77,152
Total Contributions	49,612	27,540	77,152
Total Additions	49,612	27,540	77,152
DEDUCTIONS			
Unemployment Claims	-	20,067	20,067
Scholarship Payments	47,392	-	47,392
Total Deductions	47,392	20,067	67,459
Change in Net Position	2,220	7,473	9,693
Net Position, July 1	9,885	114,713	124,598
Net Position, June 30	\$ 12,105	\$ 122,186	\$ 134,291

OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017

Note 1. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Ocean County Vocational Technical School District (hereafter referred to as the "School District") have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

Reporting Entity

The Ocean County Vocational Technical School District is a Type I School District located in the County of Ocean, State of New Jersey. As a Type I School District, the School District functions independently through a Board of Education. The Board consists of appointed officials by the County 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 District provides a full range of educational service appropriate to grade levels 9 through 12. The School District has an approximate enrollment at June 30, 2017 of 2,777 students.

The primary criterion for including activities within the School District's reporting entity, as set forth in Section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards*, is whether:

- ◆ the organization is legally separate (can sue or be sued in their own name);
- ◆ the School District holds the corporate powers of the organization;
- ◆ the School District appoints a voting majority of the organization's board
- ◆ the School District is able to impose its will on the organization;
- ◆ the organization has the potential to impose a financial benefit/burden on the School District
- ◆ there is a fiscal dependency by the organization on the School District.

There were no additional entities required to be included in the reporting entity under the criteria as described above. Furthermore, the School District is not includable in any other reporting entity on the basis of such criteria.

Component Units

GASB Statement No.14, *The Financial Reporting Entity*, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB 61, *The Financial Reporting Entity: Omnis – an Amendment of GASB Statements No. 14 and No. 34*. The School District had no component units as of for the year ended June 30, 2017.

OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT

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

Note 1. Summary of Significant Accounting Policies (continued)

Basis of Accounting, Measurement Focus and Financial Statement Presentation

The accounts of the School District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

A. Government-Wide Financial Statements

The School District's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the School District accompanied by a total column. Fiduciary activities of the School District are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the School District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the School District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes.

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

B. Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. The School District has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. (The School District's deferred outflows of resources and deferred inflows of resources are noncurrent.) The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance

OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT

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

Note 1. Summary of Significant Accounting Policies (continued)

B. Governmental Fund Financial Statements (continued)

expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the School District, are property tax and intergovernmental revenues. Expenditures are recorded in the accounting period in which the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursements for specific purposes or projects are recognized in the period in which the expenditures are recorded. All other revenue items are considered to be measurable and available only when cash is received by the School District. Transfers between governmental funds are recorded when the related liability is incurred. These transfers do not represent revenues (expenditures) to the School District and are, therefore, reported as other financing sources (uses) in the governmental fund financial statements.

Since the fund level statements are presented using a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented on the page following each fund level statement that summarizes the adjustments necessary to convert the fund level statements into the government-wide presentations.

The School District funds outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted resources are available for use, it is the School District's policy to use restricted resources first, then unrestricted resources as they are needed. In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District's policy to consider restricted fund balance to have been depleted before any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

The School District reports the following major governmental funds:

General Fund - The general fund is the general operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay sub-fund.

As required by the New Jersey Department of Education the School District includes budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT

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

Note 1. Summary of Significant Accounting Policies (continued)

B. Governmental Fund Financial Statements (continued)

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, interest earnings and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment.

Special Revenue Fund - The special revenue fund is used to account for the proceeds of specific revenue from state and federal government, other than major capital projects, debt service or proprietary funds, and local appropriations that are restricted or committed to expenditures for specified purposes.

Capital Projects Fund - The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for the acquisition of construction of major capital facilities, other than those financed by proprietary funds. The financial resources are derived from New Jersey School Development Authority grants, temporary notes, capital leases, or serial bonds that are specially authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

C. Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and for the non-major funds aggregated.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The School District reports the following major proprietary funds:

Food Service Fund – The food service fund accounts for the financial transactions related to the food service operations of the School District.

Cost Recovery Fund – The Cost Recovery fund accounts for the financial transactions related to the printing and cosmetology operations to the School District.

OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT

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

Note 1. Summary of Significant Accounting Policies (continued)

D. Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position. The School District's fiduciary funds include Agency and Private-Purpose Trust Funds. Private Purpose Trust and Agency Funds are used to account for and report assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, and other governments. Private Purpose Trust and Agency Funds are accounted for on a spending or "economic resources" measurement focus and the accrual basis of accounting as are the proprietary funds explained above.

The School District reports the following fiduciary funds:

Private Purpose Trust Funds - Private-purpose trust funds are used to account for the principal and income for trust arrangements that benefit individuals, private organizations, or other governments. The School District currently maintains the following private purpose trust funds:

Unemployment Trust Fund – Revenues consist of employee payroll withholdings, interest income, and contributions through the annual budget process of the School District. Expenditures consist of unemployment reimbursement claims.

Scholarship Fund – Revenues consist of interest income and donations. Expenditures consist of scholarships provided to students.

Agency Funds - Agency funds (payroll, student activity funds, and Pell grant funds) are assets held by a governmental entity either as trustee or as an agent for other parties and cannot be used to finance the governmental entities own operating programs.

Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office. In accordance with P.L.2011 c.202, which became effective January 17, 2012, the School District eliminated the April annual voter referendum on budgets which met the statutory tax levy cap limitations and the board of education members are elected at the November general election. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2-2(f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23-2-11.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the one or more June 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.

OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2017**

Note 1. Summary of Significant Accounting Policies (continued)

Budgets/Budgetary Control (continued)

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 budget, as detailed on Exhibit C-1, Exhibit C-2, and Exhibit I-3, includes all amendments to the adopted budget, if any.

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounts as presented in the general fund budgetary comparison schedules and the special revenue fund budgetary comparison schedule to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds. Note that the School District does not report encumbrances outstanding at fiscal year-end as expenditures in the general fund since the general fund budget follows modified accrual basis with the exception of the revenue recognition policy for the last state aid payments.

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 assigned fund balances at fiscal year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund for which the School District has received advances are reflected in the balance sheet as a reduction of the accounts receivables or as unearned revenue at fiscal year-end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year-end.

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 plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are considered cash equivalents and stated at cost.

Investments are stated at fair value in accordance with Governmental Accounting Standards Board (GASB). New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. N.J.S.18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2017**

Note 1. Summary of Significant Accounting Policies (continued)

Cash, Cash Equivalents and Investments (continued)

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 Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect governmental units from loss of funds on deposit with a failed banking institution in New Jersey. 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.

For purposes of the statement of cash flows, the School District considers all highly liquid investments (including restricted assets) with a maturity when purchased of twelve months or less and all local government investment pools to be cash equivalents

Tuition Receivable/Payable

Tuition rates were established by the receiving School District based on estimated costs. The charges are subject to adjustment when the actual costs are determined.

Inventories

Inventories are valued at cost, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when consumed rather than when purchased.

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 School District and that are due within one year. As previously mentioned, these amounts are eliminated in the governmental and business-type columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are presented as Internal Balances in the Statement of Net Position.

Capital Assets

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair market value at the date of donation. All reported capital assets except land and construction in progress are depreciated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The School District does not possess any infrastructure. The School District has established a threshold of \$2,000 for capitalization of depreciable assets.

Capital assets of the School District are depreciated or amortized using the straight-line method over the following estimated useful lives:

OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2017**

Note 1. Summary of Significant Accounting Policies (continued)

Capital Assets

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land Improvements	10-20 Years	N/A
Buildings and Improvements	10-50 Years	N/A
Furniture and Equipment	5-20 Years	5-12 Years
Vehicles	5-10 Years	4-6 Years

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 School 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 School

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 compensated absences liability is reported on the government-wide financial statements and proprietary fund financial statements. Compensated absences liability is not recorded in the governmental funds. Instead expenditures are recognized in the governmental funds as payments come due each period, for example, as a result of resignations or retirements.

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and is recorded as a liability until the revenue is both measureable and the School District is eligible to realize the revenue.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, government fund 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 funds. However, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions 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.

OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2017**

Note 1. Summary of Significant Accounting Policies (continued)

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumption that affect certain reported amounts reported in the financial statements and accompanying note disclosures. Actual results could differ from those estimates.

Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Reimbursements from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time.

Pensions

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

OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT

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

Note 1. Summary of Significant Accounting Policies (continued)

Fund Balance

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balances in the governmental funds financial statements are classified into the following five categories, as defined below:

- Non-spendable – This classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- Assigned – This classification includes amounts that are constrained by the School District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the School District's policy to consider restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, it is the School District's policy to consider amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

Net Position

Net position, represents the difference between summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified into the following three components:

OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT

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

Note 1. Summary of Significant Accounting Policies (continued)

Net Position (continued)

- Net Investment in Capital Assets – This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for acquisition, construction, or improvement of those assets.
- Restricted – This component of net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- Unrestricted – This component of net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

The following GASB Statements became effective for the fiscal year ended June 30, 2017:

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The adoption of this Statement had no impact on the School District's financial statements

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose information about those agreements. The adoption of this Statement had no impact on the School District's financial statements.

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The adoption of this Statement had no impact on the School District's financial statements.

Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. The adoption of this Statement had no impact on the School District's financial statements.

Recently Issued Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future fiscal years as shown below:

OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT

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

Note 1. Summary of Significant Accounting Policies (continued)

Impact of Recently Issued Accounting Principles (continued)

Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agency Employers and Agent Multi-Employer Plans*, for OPEB Statement No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB Plans. This Statement will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the School District's financial statements.

Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, 68 and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the School District's financial statements.

Statement No. 83, *Certain Asset Retirement Obligations*. An asset retirement obligation is a legally enforceable liability associated with the retirement of a tangible capital asset. Statement No. 83 establishes guidance for determining the timing and pattern of recognition for liabilities and corresponding deferred outflow of resources related to such obligations. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 84, *Fiduciary Activities*. The Statement intends to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. To that end, Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments and clarifies whether and how business-type activities should report their fiduciary activities. Statement No. 84 is effective for reporting periods beginning after December 15, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT

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

Note 1. Summary of Significant Accounting Policies (continued)

Impact of Recently Issued Accounting Principles (continued)

Statement No. 85, *Omnibus 2017*. This Statement provides guidance that addresses several different accounting and financial reporting issues identified during the implementation and application of other GASB pronouncements. The guidance in Statement No. 85 is effective for periods beginning after June 15, 2017. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 86, *Accounting for Certain Debt Extinguishment*. Statement No. 86 provides guidance for transactions in which cash and other monetary assets acquired with only existing resources, that is, resources other than the proceeds of refunding debt, are placed in an irrevocable trust for the sole purpose of extinguishing debt. Statement No. 86 is effective for reporting periods beginning after June 15, 2017. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 87, *Leases*. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. The GASB based the new standard on the principle that leases are financing of the right to use an underlying asset. Statement No. 87 is effective for reporting periods beginning after December 15, 2019. Management does not expect this Statement to have a material impact on the School District's financial statements.

Note 2. Deposits and Investments

Deposits

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Board's deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity fund or other funds that may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2017, the School District's bank balance of \$3,889,254 was exposed to custodial credit risk as follows:

Insured under FDIC and GUDPA	\$	3,615,183
Uninsured and Uncollateralized		<u>274,071</u>
	\$	<u><u>3,889,254</u></u>

Investments

The School District had no investments at June 30, 2017.

OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT

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

Note 3. Reserve Accounts

Capital Reserve

A capital reserve account was established by the School District by inclusion of \$2,744,550 on June 30, 1994 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the School District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a School District may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A School District may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant *N.J.S.A.19:60-2*. Pursuant to *N.J.A.C.6:23A-14.1(g)*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Beginning Balance, July 1, 2016	\$ 358,206
Decreased by:	
Withdrawals approved by Board on June 30, 2016	<u>(257,433)</u>
Ending Balance, June 30, 2017	<u>\$ 100,773</u>

The June 30, 2017 LRFP balance of local support costs of uncompleted capital projects at June 30, 2017 is 34,561,500. The withdrawals from the capital reserve were for use in a DOE approved facilities project, consistent with the School District's Long Rang Facilities Plan.

Maintenance Reserve

The School District established a maintenance reserve account by inclusion of \$86,610 on June 30, 2004 for the accumulation of funds for use as required maintenance of a facility in subsequent fiscal years.

Funds placed in the maintenance reserve account are restricted to maintenance projects in the School District's approved Maintenance Plan (M-1). A School District may increase the balance in the maintenance reserve account by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at year-end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. The balance in the account cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year.

The activity of the maintenance reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2017**

Note 3. Reserve Accounts (continued)

Maintenance Reserve (continued)

Beginning Balance, July 1, 2016	\$ 661,000
Increased by:	
Deposits approved by Board on June 20, 2017	<u>146,000</u>
Ending Balance, June 30, 2017	<u><u>\$ 807,000</u></u>

Note 4. Accounts Receivable

Accounts receivable at June 30, 2017 consisted of accounts and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state and federal programs, the current fiscal year guarantee of federal funds and the budgetary control of New Jersey governmental entities. Accounts receivable in the School District's governmental and business-type activities as of June 30, 2017, consisted of the following:

<u>Description</u>	<u>Governmental Funds</u>			<u>Proprietary</u>	
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Activities</u>	<u>Food Service Fund</u>	<u>Total Business-Type Activities</u>
State Awards	\$ 39,849	\$ 5,000	\$ 44,849	\$ 30	\$ 30
Federal Awards	-	1,292	1,292	711	711
Other	243,744	-	243,744	-	-
Total	<u>\$ 283,593</u>	<u>\$ 6,292</u>	<u>\$ 289,885</u>	<u>\$ 741</u>	<u>\$ 741</u>

Note 5. Capital Assets

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

OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2017**

Note 5. Capital Assets (continued)

	Balance July 1, <u>2016</u>	<u>Additions</u>	Retirements and Transfers	Balance June 30, <u>2017</u>
Governmental Activities:				
Capital Assets being depreciated:				
Buildings and Improvements	\$ 34,724,737	\$ 2,571,076	\$ -	\$ 37,295,813
Equipment	14,090,275	906,693	(137,382)	14,859,586
Total Capital Assets being depreciated	<u>48,815,012</u>	<u>3,477,769</u>	<u>(137,382)</u>	<u>52,155,399</u>
Less: Accumulated Depreciation:				
Equipment	(28,291,175)	(1,339,744)	137,382	(29,493,537)
Total Accumulated Depreciation	<u>(28,291,175)</u>	<u>(1,339,744)</u>	<u>137,382</u>	<u>(29,493,537)</u>
Total Capital Assets being depreciated, net	<u>20,523,837</u>	<u>2,138,025</u>	<u>-</u>	<u>22,661,862</u>
Total Governmental Activities Capital Assets, net	<u>\$ 20,523,837</u>	<u>\$ 2,138,025</u>	<u>\$ -</u>	<u>\$ 22,661,862</u>

Depreciation expense was not allocated among the various functions/programs of the School District.

Note 6. Interfund Receivables, Payables and Transfers

There were no individual fund receivables/payables balances at June 30, 2017.

A summary of interfund transfers is as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 257,433
Capital Projects Fund	<u>257,433</u>	<u>-</u>
	<u>\$ 257,433</u>	<u>\$ 257,433</u>

The purpose of the interfund transfer was for the funding of approved capital projects.

Note 7. Long-Term Obligations

During the fiscal year-ended June 30, 2017 the following changes occurred in long-term obligations for the governmental:

OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2017**

Note 7. Long-Term Obligations (continued)

	Balance			Balance	Balance
	<u>July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2017</u>	<u>Due Within One Year</u>
Governmental Activities:					
Net Pension Liability	\$ 11,894,178	\$ 3,877,232	\$ -	\$ 15,771,410	\$ -
Compensated Absences	1,934,549	126,229	-	2,060,778	-
	<u>\$ 13,828,727</u>	<u>\$ 4,003,461</u>	<u>\$ -</u>	<u>\$ 17,832,188</u>	<u>\$ -</u>

Compensated absences and net pension liability are liquidated by the general fund.

Bonds Authorized but not Issued

As of June 30, 2017, the School District had no bonds authorized but not issued.

Note 8. Pension Plans

A. Public Employees' Retirement System (PERS)

Plan Description - The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about 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.

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and 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 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are

OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT

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

Note 8. Pension Plans (continued)

A. Public Employees' Retirement System (PERS) (continued)

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.

Contributions - The contribution policy for PERS is set by *N.J.S.A. 15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2016, the State's pension contribution was less than the actuarial determined amount.

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

Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources - At June 30, 2017, the School District reported a liability of \$15,771,410 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2015, to the measurement date of June 30, 2016. The School District's proportion of the net pension liability was based on the School District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The School District's proportion measured as of June 30, 2016, was 0.0532509687%, which was an increase of 0.0002624914% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the School District recognized full accrual pension expense of \$1,613,293 in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2016 measurement date. At June 30, 2017 the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2017**

Note 8. Pension Plans (continued)

A. Public Employees' Retirement System (PERS) (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 293,300	\$ -
Changes of Assumptions	3,266,994	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	601,378	-
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	393,207	-
School District contributions subsequent to measurement date	499,488	-
	\$ 5,054,367	\$ -

\$499,488 reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is estimated based on unadjusted 2016-2017 total salaries for PERS employees multiplied by an employer pension contribution rate of 13.37%. The payable is due on April 1, 2018 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2018	\$ 1,043,571
2019	1,043,573
2020	1,187,673
2021	973,375
2022	306,686
	\$ 4,554,878

The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2017**

Note 8. Pension Plans (continued)

A. Public Employees' Retirement System (PERS) (continued)

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	5.00	-
June 30, 2015	5.00	-
June 30, 2016	5.00	-

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.57, 5.72 and 6.44 years for the 2016, 2015, and 2014 amounts, respectively.

Actuarial Assumptions – The collective 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 assumptions:

Inflation Rate	3.08%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.65%

OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2017**

Note 8. Pension Plans (continued)

A. Public Employees’ Retirement System (PERS) (continued)

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. 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 rate were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on the 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 scales. 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.

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 rates of return for each major asset class included in PERS’s target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	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%

OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2017**

Note 8. Pension Plans (continued)

A. Public Employees' Retirement System (PERS) (continued)

Discount Rate - The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. The single blended discount rate was based on 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 municipals 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 State employer contributed 30% of the actuarially determined contributions and 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.

Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the School District's proportionate share of the net pension liability as of June 30, 2016, calculated using the discount rate of 3.98% as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	At 1% Decrease (2.98%)	At Current Discount Rate (3.98%)	At 1% Increase (4.98%)
School District's Proportionate Share of the Net Pension Liability	<u>\$ 19,326,022</u>	<u>\$ 15,771,410</u>	<u>\$ 12,836,769</u>

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2017 and 2016:

	<u>6/30/2017</u>	<u>6/30/2016</u>
Collective Deferred Outflows of Resources	\$ 7,815,204,785	\$ 2,946,265,815
Collective Deferred Inflows of Resources	-	360,920,604
Collective Net Pension Liability	29,617,131,759	22,447,996,119
 School District's portion	 0.05325%	 0.05299%

OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT

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

Note 8. Pension Plans (continued)

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description - The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit pension plan with a special-funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. 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.

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 before age 62 with 25 or more years of service credit, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a 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.

Contributions - The contribution policy for TPAF is set by *N.J.S.A 18A:66* and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.2% in State fiscal year 2017. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2016, the State's pension contribution was less than the actuarial determined amount.

As mentioned previously, 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, the School District is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is

OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT

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

Note 8. Pension Plans (continued)

B. Teachers' Pension and Annuity Fund (TPAF) (continued)

treated as a nonemployer contributing entity. Since the School District does 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.

Pension Liability and Pension Expense - The State's proportionate share of the TPAF net pension liability, attributable to the School District as of June 30, 2016 was 86,961,725. The School District's proportionate share was \$0.

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 July 1, 2015, which was rolled forward to June 30, 2016. The State's proportionate share of the net pension liability associated with the District was based on projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2016, the State proportionate share of the TPAF net pension liability attributable to the School District was 0.1105449865%, which was an increase of 0.0019478255% from its proportion measured as of June 30, 2015.

For the fiscal year ended June 30, 2017, the State of New Jersey recognized a pension expense in the amount of 6,533,964 for the State's proportionate share of the TPAF pension expense attributable to the School District. This pension expense was based on the pension plans June 30, 2016 measurement date.

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:

Table with 2 columns: Assumption Name and Rate. Rows include Inflation Rate (2.50%), Salary Increases (2012-2021: Varies based on experience, Thereafter: Varies based on experience), and Investment Rate of Return (7.65%).

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on 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.

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

OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2017**

Note 8. Pension Plans (continued)

B. Teachers' Pension and Annuity Fund (TPAF) (continued)

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 following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.39%
U.S. Government Bonds	1.50%	1.28%
U.S. Credit Bonds	13.00%	2.76%
U.S. Mortgages	2.00%	2.38%
U.S. Inflation-Indexed Bonds	1.50%	1.41%
U.S. High Yield Bonds	2.00%	4.70%
U.S. Equity Market	26.00%	5.14%
Foreign Developed Equity	13.25%	5.91%
Emerging Market Equities	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%

Discount Rate - The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. The single blended discount rate was based on 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 municipals 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 State contributed 30% of the 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 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.

OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2017**

Note 8. Pension Plans (continued)

B. Teachers' Pension and Annuity Fund (TPAF) (continued)

Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate – As previously mentioned, TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution. The following represents the State's proportionate share of the net pension liability, attributable to the School District calculated using the discount rate of 3.22% as well as what the State's proportionate share of the net pension liability, attributable to the School District's 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:

	At 1% (2.22%)	At Current (3.22%)	At 1% (4.22%)
State of New Jersey's Proportionate Share of Net Pension Liability associated with the School District	<u>\$ 103,851,733</u>	<u>\$ 86,961,725</u>	<u>\$ 73,168,853</u>

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

C. Defined Contribution Plan (DCRP)

Plan Description - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of N.J.S.A. 43:15C-1 et seq. The DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage

Individuals eligible for membership in the DCRP include:

- State or local officials who are elected or appointed on or after July 1, 2007;
- Employees enrolled in the Public Employees' Retirement System (PERS) or Teachers' Pension and Annuity Fund (TPAF) on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits;
- Employees enrolled in the Police and Firemen's Retirement System (PFRS) or State Police Retirement System (SPRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits;
- Employees otherwise eligible to enroll in the PERS or TPAF on or after November 2, 2008, who do not earn the minimum annual salary for PERS or TPAF Tier 3 enrollment but who earn salary of at least \$5,000 annually. The minimum salary in 2017 is \$8,300 and is subject to adjustment in future years.

OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2017**

Note 8. Pension Plans (continued)

C. Defined Contribution Plan (DCRP) (continued)

- Employees otherwise eligible to enroll in the PERS or TPAF after May 21, 2010, who do not work the minimum number of hours per week required for PERS or TPAF Tier 4 or Tier 5 enrollment but who earn salary of at least \$5,000 annually. The minimum number is 35 hours per week for State employees, or 32 hours per week for local government or local education employees

Contributions - The contribution policy is set by N.J.S.A. 43:15C-3 and requires active members and contribution employers. When enrolled in the DCRP, members are required to contribute 5.5% of their base salary to a tax-deferred investment account established with Prudential Financial, which jointly administers the DCRP investments with the Division of Pension and Benefits. Member contributions are matched by a 3% contribution from the School District.

For the year ended June 30, 2017, employee contributions totaled \$21,726, and the School District recognized an expense for payments made to the Defined Contribution Retirement program in the amount of \$9,200.

Note 9. State Post-Retirement Medical Benefits

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (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, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program (APB) who retired from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at: <http://www.nj.gov/treasury/pensions/pdf/financial/2015divisioncombined.pdf>

OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2017**

Note 10. On-Behalf Payments for Fringe Benefits and Salaries

As previously mentioned, the School District receives on-behalf payments from the State of New Jersey for normal costs and post-retirement medical costs related to the Teachers’ Pension and Annuity Fund (TPAF) pension plan. The School District is not legally responsible for these contributions. The on-behalf payments are recorded as revenues and expenditures in the government-wide and general fund financial statements. For the fiscal year ended June 30, 2017, the on-behalf payments for normal costs, post-retirement medical costs, and long-term disability were \$1,224,965, \$1,020,674 and \$1,787, respectively.

Note 11. Risk Management

The School 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.

New Jersey Unemployment Compensation Insurance – The School District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan the School 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 School District is billed quarterly for amounts due to the State. The following is a summary of School District contributions, reimbursements to the State for benefits paid and the ending balance of the School District’s trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>School District Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016-2017	\$ 27,540	\$ 20,067	\$ 122,186
2015-2016	26,500	9,601	114,713
2014-2015	25,956	49,447	97,814

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

Joint Insurance Pool – The School District also participates in the New Jersey Schools Insurance Group and, public entity risk pool. The Pool provides its members with the following coverage:

Property – Blanket Building & Grounds	General & Automobile Liability
Environmental Impairment Liability	Workers’ Compensation
School Board Legal Liability	Excess Liability
Employers Liability	Comprehensive Crime Coverage

OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT

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

Note 12. Contingencies

State and Federal Grantor Agencies - The School District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the School District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2017 may be impaired. In the opinion of the School District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

Litigation – The School District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the School Districts’ attorney that resolution of these matters will not have a material adverse effect on the financial condition of the School District.

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

Note 13. Deferred Compensation

The School District offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. 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
Ameriprise
Lincoln Investment Planning
Fidelity Investments
Met Life

Note 14. Compensated Absences

The School 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.

School District employees are granted varying amount of vacation and sick leave in accordance with the School District's personnel policies. Upon termination, employees are paid for accrued vacation. The School District 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 School District for the unused sick leave in accordance with School Districts’ agreements with the various employee unions.

The liability for vested compensated absences of the governmental fund types is recorded in the Statement of Net Position. At June 30, 2017, the liability for compensated absences reported on the government-wide Statement of Net Position was \$2,060,778.

OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2017**

Note 15. Tax Abatements

As defined by the Governmental Accounting Standards Board (GASB) Statement No. 77, 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. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. 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 provisions 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.

Note 16. Commitments

The School District has contractual commitments at June 30, 2017 to various vendors, which are recorded in the general fund as committed to other purposes in the amount of \$239,262 and assigned to other purposes in the amount of \$75,344.

Note 17. Calculation of Excess Surplus

The designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A.18A:7F-7. 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. The School District had no excess fund balance at June 30, 2017.

Note 18. Fund Balances

General Fund – Of the \$2,918,248 General Fund fund balance at June 30, 2017, \$100,773 has been restricted for the Capital Reserve Account; \$807,000 has been restricted for the Maintenance Reserve Account; \$239,262 has been committed to other purposes; \$75,344 has been assigned to other purposes; \$750,000 has been assigned and included as anticipated revenue for the year ending June 30, 2018; and \$945,869 has been unassigned.

OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2017**

Note 19. Deficit in Net Position

Unrestricted Net Position – The School District governmental activities had a deficit in unrestricted net position in the amount of \$11,266,834 at June 30, 2017. The primary causes of this deficit is the School District not recognizing the receivable for the last two state aid payments and the recording of the net pension liability for the Public Employee’s Retirement System (PERS) as of June 30, 2017. This deficit in unrestricted net position for governmental activities does not indicate that the School District is facing financial difficulties.

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REQUIRED SUPPLEMENTARY INFORMATION - PART II

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C. Budgetary Comparison Schedules

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**OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBER	JUNE 30, 2017			ACTUAL	VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Revenues:						
Local Sources:						
County Appropriations	10-1200	\$ 17,914,646	\$ -	\$ 17,914,646	\$ 17,914,646	\$ -
Tuition from Other LEA's Within the State	10-1320	3,754,359	-	3,754,359	3,928,234	173,875
Miscellaneous	10-1790	250,900	-	250,900	295,479	44,579
Total Local Sources		21,919,905	-	21,919,905	22,138,359	218,454
State Sources:						
Categorical Special Education Aid	10-3132	708,060	-	708,060	708,060	-
Equalization Aid	10-3176	2,014,757	-	2,014,757	2,014,757	-
Categorical Security Aid	10-3177	134,823	-	134,823	134,823	-
Adjustment Aid	10-3178	2,686,465	-	2,686,465	2,686,465	-
PARCC Readiness Aid	10-3181	13,780	-	13,780	13,780	-
Per Pupil Growth Aid	10-3182	13,780	-	13,780	13,780	-
Professional Learning Community Aid	10-3183	13,430	-	13,430	13,430	-
Nonbudgeted:						
On-Behalf TPAF Pension Contribution		-	-	-	1,224,965	1,224,965
On-Behalf TPAF Post-Retirement Medical		-	-	-	1,020,674	1,020,674
On-Behalf TPAF Long-Term Disability Insurance		-	-	-	1,787	1,787
Reimbursed TPAF Social Security Contributions		-	-	-	824,358	824,358
Total State Sources		5,585,095	-	5,585,095	8,656,879	3,071,784
Total Revenues		27,505,000	-	27,505,000	30,795,238	3,290,238
Expenditures:						
Current Expense:						
Basic Skills/Remedial - Instruction:						
Salaries of Teachers	11-140-100-101	3,220,228	(14,209)	3,206,019	3,206,019	-
General Supplies	11-140-100-610	51,025	13,583	64,608	47,349	17,259
Textbooks	11-140-100-640	10,000	-	10,000	2,854	7,146
Other Objects	11-140-100-800	2,500	-	2,500	279	2,221
Total Basic Skills/Remedial - Instruction		3,283,753	(626)	3,283,127	3,256,501	26,626
Regular Vocational Programs - Instruction:						
Salaries of Teachers	11-310-100-101	3,481,151	41,187	3,522,338	3,519,864	2,474
Other Salaries for Instruction	11-310-100-106	457,497	54,319	511,816	511,208	608
Purchased Professional & Educational Services	11-310-100-320	30,000	15,928	45,928	45,928	-
Purchased Technical Services	11-310-100-340	65,000	46,205	111,205	98,488	12,717
Travel	11-310-100-580	9,000	731	9,731	9,731	-
General Supplies	11-310-100-610	725,475	21,335	746,810	602,303	144,507
Textbooks	11-310-100-640	125,000	15,770	140,770	140,559	211
Total Regular Vocational Programs - Instruction		4,893,123	195,475	5,088,598	4,928,081	160,517
Special Vocational Programs - Instruction:						
Salaries of Teachers	11-320-100-101	1,119,176	11,848	1,131,024	1,128,367	2,657
Other Salaries for Instruction	11-320-100-106	18,000	(8,294)	9,706	8,301	1,405
Purchased Technical Services	11-320-100-340	4,000	786	4,786	4,786	-
Travel	11-320-100-580	750	-	750	-	750
General Supplies	11-320-100-610	143,550	38,989	182,539	116,038	66,501
Textbooks	11-320-100-640	7,600	-	7,600	5,454	2,146
Total Special Vocational Programs - Instruction		1,293,076	43,329	1,336,405	1,262,946	73,459
School Sponsored Cocurricular Activities:						
Other Objects	11-401-100-800	255,000	32,428	287,428	266,671	20,757
Total School Sponsored Cocurricular Activities		255,000	32,428	287,428	266,671	20,757

**OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBER	JUNE 30, 2017			ACTUAL	VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Total Instruction		9,724,952	270,606	9,995,558	9,714,199	281,359
Undistributed Expenditures:						
Attendance & Social Work:						
Salaries	11-000-211-100	70,547	624	71,171	71,171	-
Total Attendance & Social Work		70,547	624	71,171	71,171	-
Health Services:						
Salaries	11-000-213-100	458,532	11,671	470,203	470,203	-
Purchased Professional Services	11-000-213-300	7,000	(771)	6,229	6,229	-
Travel	11-000-213-580	200	(108)	92	92	-
Supplies and Materials	11-000-213-600	6,500	218	6,718	6,718	-
Total Health Services		472,232	11,010	483,242	483,242	-
Other Support Services - Students - Regular:						
Salaries of Other Professional Staff	11-000-218-104	660,649	(27,956)	632,693	632,693	-
Salaries of Secretarial & Clerical Assistants	11-000-218-105	39,350	1,545	40,895	40,895	-
Purchased Professional Services	11-000-218-320	20,000	(5,185)	14,815	14,815	-
Travel	11-000-218-580	2,300	(762)	1,538	913	625
Supplies & Materials	11-000-218-600	62,200	111,166	173,366	173,366	-
Total Other Support Services - Students - Regular		784,499	78,808	863,307	862,682	625
Other Support Services - Students - Special Services:						
Salaries of Other Professional Staff	11-000-219-104	165,212	24,400	189,612	189,612	-
Salaries of Secretarial & Clerical Assistants	11-000-219-105	65,492	(1,060)	64,432	64,432	-
Supplies & Materials	11-000-219-600	6,500	-	6,500	5,596	904
Total Other Support Services - Students - Special Services		237,204	23,340	260,544	259,640	904
Improvement of Instruction Services:						
Other Purchased Services	11-000-221-500	15,000	964	15,964	15,964	-
Total Improvement of Instruction Services		15,000	964	15,964	15,964	-
Educational Media Services/School Library:						
Supplies and Materials	11-000-222-600	136,000	20,370	156,370	146,612	9,758
Total Educational Media Services/School Library		136,000	20,370	156,370	146,612	9,758
Support Services - General Administration:						
Salaries	11-000-230-100	341,521	1,777	343,298	343,297	1
Legal Services	11-000-230-331	70,000	8,953	78,953	73,191	5,762
Professional Services	11-000-230-339	50,000	103,844	153,844	98,782	55,062
Communications/Telephone	11-000-230-530	227,000	(36,107)	190,893	176,294	14,599
Travel	11-000-230-580	7,000	3,653	10,653	10,601	52
Other Purchased Services	11-000-230-590	202,361	(6,243)	196,118	189,728	6,390
General Supplies	11-000-230-600	16,000	-	16,000	11,232	4,768
Miscellaneous Expenditures	11-000-230-890	36,000	-	36,000	33,647	2,353
Total Support Services - General Administration		949,882	75,877	1,025,759	936,772	88,987

**OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBER	JUNE 30, 2017			ACTUAL	VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Support Services - Central Services:						
Salaries	11-000-251-100	525,163	3,840	529,003	526,937	2,066
Purchased Professional Services	11-000-251-330	83,100	37,361	120,461	92,662	27,799
Purchased Technical Services	11-000-251-340	18,000	-	18,000	15,786	2,214
Travel	11-000-251-580	5,500	-	5,500	4,347	1,153
Supplies and Materials	11-000-251-600	5,500	794	6,294	6,294	-
Miscellaneous Expenditures	11-000-251-890	28,500	2,000	30,500	30,070	430
Total Support Services - Central Services		665,763	43,995	709,758	676,096	33,662
Support Services - School Administration:						
Salaries of Principals & Assistant						
Principals	11-000-240-103	998,420	6,990	1,005,410	1,005,410	-
Salaries of Other Professional Staff	11-000-240-104	106,450	9,450	115,900	115,900	-
Salaries of Secretarial & Clerical						
Assistants	11-000-240-105	503,650	16,122	519,772	515,396	4,376
Other Salaries	11-000-240-110	123,000	(37,553)	85,447	83,392	2,055
Purchased Professional & Technical						
Services	11-000-240-300	20,300	(10,000)	10,300	2,278	8,022
Other Purchased Services	11-000-240-500	10,000	(2,485)	7,515	5,575	1,940
Travel	11-000-240-580	2,000	934	2,934	2,934	-
Supplies and Materials	11-000-240-600	69,500	4,402	73,902	57,760	16,142
Other Objects	11-000-240-800	73,500	(7,400)	66,100	59,852	6,248
Total Support Services - School Administration		1,906,820	(19,540)	1,887,280	1,848,497	38,783
Required Maintenance for School Facilities:						
Salaries	11-000-261-100	87,250	2,565	89,815	89,815	-
Cleaning, Repair & Maintenance						
Services	11-000-261-420	390,000	132,968	522,968	521,395	1,573
General Supplies	11-000-261-610	45,000	(25,108)	19,892	19,892	-
Total Required Maintenance for School Facilities		522,250	110,425	632,675	631,102	1,573
Other Operation & Maintenance of Plant Services:						
Salaries	11-000-262-100	604,574	(52,612)	551,962	547,607	4,355
Cleaning, Repair & Maintenance						
Services	11-000-262-420	525,700	78,579	604,279	559,678	44,601
Rental of Land & Building	11-000-262-441	12,000	16,773	28,773	28,518	255
Other Purchased Property Services	11-000-262-490	58,400	-	58,400	32,176	26,224
Miscellaneous Purchased Services	11-000-262-590	10,000	8,218	18,218	10,853	7,365
General Supplies	11-000-262-610	194,500	41,933	236,433	225,593	10,840
Energy (Heat & Electricity)	11-000-262-620	672,000	(124,145)	547,855	454,005	93,850
Total Other Operation & Maintenance of Plant Services		2,077,174	(31,254)	2,045,920	1,858,430	187,490
Care & Upkeep of Grounds:						
Salaries	11-000-263-100	65,415	3,250	68,665	68,665	-
Total Care & Upkeep of Grounds		65,415	3,250	68,665	68,665	-
Security:						
Cleaning, Repair & Maintenance						
Services	11-000-266-420	75,000	30,036	105,036	70,790	34,246
Total Security		75,000	30,036	105,036	70,790	34,246

**OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBER	JUNE 30, 2017			ACTUAL	VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Student Transportation Services:						
Salaries for Pupil Transportation (Other Than Between Home & School)	11-000-270-163	75,000	12,956	87,956	86,146	1,810
Cleaning, Repair & Maintenance Services	11-000-270-420	89,000	30,300	119,300	119,300	-
Miscellaneous Purchased Services - Transportation	11-000-270-593	44,000	-	44,000	43,344	656
Total Student Transportation Services		208,000	43,256	251,256	248,790	2,466
Support Services - Information Technology:						
Salaries	11-000-252-100	248,247	2,995	251,242	251,242	-
Travel	11-000-252-580	2,000	198	2,198	2,198	-
Supplies, Textbooks, and Materials	11-000-252-600	51,000	18,680	69,680	69,680	-
Total Support Services - Information Technology		301,247	21,873	323,120	323,120	-
Unallocated Benefits Employee Benefits:						
Social Security Contributions	11-xxx-xxx-220	275,000	7,461	282,461	282,461	-
Other Retirement Contributions - Regular	11-xxx-xxx-241	337,400	(35)	337,365	337,365	-
Other Retirement Contributions - DCRP	11-xxx-xxx-249	15,000	-	15,000	13,314	1,686
Workman's Compensation	11-xxx-xxx-260	130,000	(5,529)	124,471	124,465	6
Health Benefits	11-xxx-xxx-270	3,009,868	(676,185)	2,333,683	2,311,404	22,279
Tuition Reimbursement	11-xxx-xxx-280	100,000	(30,000)	70,000	64,972	5,028
Other Employee Benefits	11-xxx-xxx-290	133,000	14,787	147,787	147,787	-
Total Unallocated Benefits - Employee Benefits		4,000,268	(689,501)	3,310,767	3,281,768	28,999
Nonbudgeted:						
On-Behalf TPAF Pension Contribution		-	-	-	1,224,965	(1,224,965)
On-Behalf TPAF Post-Retirement Medical		-	-	-	1,020,674	(1,020,674)
On-Behalf TPAF Long-Term Disability Insurance		-	-	-	1,787	(1,787)
Reimbursed TPAF Social Security Contributions		-	-	-	824,358	(824,358)
Total Undistributed Expenditures		12,487,301	(276,467)	12,210,834	14,855,125	(2,644,291)
Total Expenditures - Current Expense		22,212,253	(5,861)	22,206,392	24,569,324	(2,362,932)
Capital Outlay:						
Regular Programs - Instruction:						
Regular Vocational Programs	12-310-100-730	55,000	155,181	210,181	190,121	20,060
Special Education - Instruction:						
Special Vocational Programs	12-xxx-100-730	-	101,183	101,183	88,563	12,620
Operation & Maintenance of Plant Services						
Required Maintenance for School Facilities	12-000-260-730	-	124,526	124,526	120,048	4,478
School Buses - Special	12-000-261-730	17,500	(17,500)	-	-	-
Other Objects	12-000-270-734	187,419	187,419	187,419	187,419	-
	12-000-400-800	50,077	-	50,077	50,077	-
Total Equipment		122,577	550,809	673,386	636,228	37,158
Total Capital Outlay		122,577	550,809	673,386	636,228	37,158

**OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBER	JUNE 30, 2017			ACTUAL	VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Special Schools:						
Post-Secondary Programs - Instruction:						
Salaries of Teachers	13-330-100-101	958,639	(18,660)	939,979	939,979	-
Other Salaries for Instruction	13-330-100-106	60,000	(60,000)	-	-	-
General Supplies	13-330-100-610	180,500	20,501	201,001	195,379	5,622
Textbooks	13-330-100-640	23,500	(9,900)	13,600	13,556	44
Total Post-Secondary Programs - Instruction		1,222,639	(68,059)	1,154,580	1,148,914	5,666
Post-Secondary Programs - Support Services:						
Salaries of Other Professional Staff	13-330-200-100	298,371	10,224	308,595	308,595	-
General Supplies	13-330-200-600	2,500	-	2,500	1,893	607
Other Objects	13-330-200-800	33,000	(17,164)	15,836	2,895	12,941
Total Post-Secondary Programs - Support Services		333,871	(6,940)	326,931	313,383	13,548
Total Post-Secondary Programs		1,556,510	(74,999)	1,481,511	1,462,297	19,214
Adult Education - Local - Support Services:						
Salaries of Teachers	13-602-200-100	8,000	(2,044)	5,956	2,310	3,646
Total Adult Education - Local - Support Services		8,000	(2,044)	5,956	2,310	3,646
Vocational Evening - Local - Instruction:						
Salaries of Teachers	13-629-100-101	285,000	(15,621)	269,379	269,379	-
General Supplies	13-629-100-610	50,000	9,918	59,918	59,303	615
Textbooks	13-629-100-640	4,000	991	4,991	4,991	-
Total Vocational Evening - Local - Instruction		339,000	(4,712)	334,288	333,673	615
Vocational Evening - Local - Support Services:						
Salaries	13-629-200-100	1,562,209	36,470	1,598,679	1,586,411	12,268
Personal Services - Employee Benefits	13-629-200-200	1,614,997	152,491	1,767,488	1,767,488	-
Purchased Professional & Technical Services	13-629-200-300	111,000	50,587	161,587	128,061	33,526
Other Purchased Services	13-629-200-500	165,004	62	165,066	154,268	10,798
Cleaning, Repair & Maintenance Services	13-629-200-xxx	199,200	81,571	280,771	252,568	28,203
Energy (Heat & Electricity)	13-629-200-xxx	249,000	(8,366)	240,634	222,562	18,072
Supplies and Materials	13-629-200-600	97,000	21,275	118,275	107,066	11,209
Other Objects	13-629-200-800	18,250	(2,984)	15,266	11,000	4,266
Total Vocational Evening - Local Support Services		4,016,660	331,106	4,347,766	4,229,424	118,342
Total Vocational Evening - Local		4,355,660	326,394	4,682,054	4,563,097	118,957
Total Special Schools		5,920,170	249,351	6,169,521	6,027,704	141,817
Total Expenditures		28,255,000	794,299	29,049,299	31,233,256	(2,183,957)
Other Financing Sources/(Uses):						
Transfer from Capital Reserve to Capital Projects Fund	12-000-400-931	-	(275,000)	(275,000)	(257,433)	(17,567)
Total Other Financing Sources/(Uses)		-	(275,000)	(275,000)	(257,433)	(17,567)

**OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBER	JUNE 30, 2017			VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		ACTUAL
Excess/(Deficiency) of Revenues Over/(Under)						
Expenditures After Other Financing Sources/(Uses)		(750,000)	(1,069,299)	(1,819,299)	(695,451)	1,123,848
Fund Balances, July 1		4,167,199	-	4,167,199	4,167,199	-
Fund Balances, June 30		<u>\$ 3,417,199</u>	<u>\$ (1,069,299)</u>	<u>\$ 2,347,900</u>	<u>\$ 3,471,748</u>	<u>\$ 1,123,848</u>

RECAPITULATION OF BUDGET TRANSFERS

Rollover Encumbrances from Prior Year	\$ 794,299
Withdrawal from Capital Reserve Via Resolution Approved June 30, 2016	<u>275,000</u>
	<u>\$ 1,069,299</u>

RECAPITULATION OF FUND BALANCE

Restricted Fund Balance:	
Capital Reserve Account	\$ 100,773
Maintenance Reserve	807,000
Committed Fund Balance:	
Year-end Encumbrances	239,262
Assigned Fund Balance:	
Year-end Encumbrances	75,344
Unreserved - Designated for Subsequent Year Expenditures	750,000
Unassigned Fund Balance	<u>1,499,369</u>
Subtotal	3,471,748
Reconciliation to Governmental Fund Statements (GAAP):	
Last Two State Aid Payments Not Recognized on GAAP Basis	<u>(553,500)</u>
Fund Balance per Governmental Funds (GAAP)	<u><u>2,918,248</u></u>

**OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30,2017**

	June 30, 2017				VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
REVENUES					
Local Sources	\$ 576,112	\$ (3,590)	\$ 572,522	\$ 572,522	\$ -
State Sources	128,042	30,345	158,387	158,387	-
Federal Sources	943,066	200,848	1,143,914	1,143,914	-
Total Revenues	1,647,220	227,603	1,874,823	1,874,823	-
Expenditures:					
Instruction:					
Salaries of Teachers	862,958	(159,114)	703,844	703,844	-
Purchased Professional & Technical Services	173,369	(114,742)	58,627	58,627	-
Textbooks	700	-	700	700	-
General Supplies	354,978	(54,022)	300,956	300,956	-
Total Instruction	1,392,005	(318,948)	1,073,057	1,073,057	-
Support Services:					
Salaries - Program Director	30,413	116,443	146,856	146,856	-
Salaries of Secretarial&Clerical Assistants	37,778	2,904	40,682	40,682	-
Personal Services - Employee Benefits	127,882	122,219	250,101	250,101	-
Purchased Professional & Technical Services	34,442	(21,767)	12,675	12,675	-
Travel	400	-	400	400	-
Miscellaneous Purchased Services	800	-	800	800	-
Supplies & Materials	3,500	6,306	9,806	9,806	-
Miscellaneous	20,000	-	20,000	20,000	-
Total Support Services	255,215	226,105	481,320	481,320	-
Facilities Acquisition & Construction Services:					
Instructional Equipment	-	320,446	320,446	320,446	-
Total Facilities Acquisition & Construction Services	-	320,446	320,446	320,446	-
Total Expenditures	1,647,220	227,603	1,874,823	1,874,823	-
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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**OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEARS 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 (C-Series)	\$ 30,795,238	\$ 1,874,823
Difference - Budget to GAAP:		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	607,002	-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(553,500)</u>	-
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	<u>\$ 30,848,740</u>	<u>\$ 1,874,823</u>
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	<u>\$ 31,233,256</u>	<u>\$ 1,874,823</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	<u>\$ 31,233,256</u>	<u>\$ 1,874,823</u>

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REQUIRED SUPPLEMENTARY INFORMATION - PART III

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L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)

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OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST FOUR FISCAL YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.0532509687%	0.0529884773%	0.0516594433%	0.0498577549%
District's proportionate share of the net pension liability	\$ 15,771,410	\$ 11,894,178	\$ 9,672,061	\$ 9,528,808
District's covered payroll	\$ 3,834,629	\$ 3,849,411	\$ 3,772,423	\$ 3,698,454
District's proportionate share of the net pension liability as a percentage of its covered payroll	411.29%	308.99%	256.39%	257.64%
Plan fiduciary net position as a percentage of the total pension liability	40.14%	47.93%	52.08%	48.72%

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST FOUR FISCAL YEARS**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's contractually required contribution	\$ 499,488	\$ 473,074	\$ 455,533	\$ 425,837
Contributions in relation to the contractually required contribution	<u>499,488</u>	<u>473,074</u>	<u>455,533</u>	<u>425,837</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	3,621,499	3,834,629	3,849,411	3,772,423
Contributions as a percentage of covered payroll	13.79%	12.34%	11.83%	11.29%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
SCHEDULE OF THE STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' PENSION AND ANNUITY FUND
LAST FOUR FISCAL YEARS**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.000%	0.000%	0.000%	0.000%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the District	\$ 86,961,725	\$ 68,638,043	\$ 57,362,420	\$ 53,396,894
District's covered payroll	\$ 11,742,214	\$ 11,741,632	\$ 11,764,127	\$ 11,809,475
District's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	22.33%	28.71%	33.64%	33.76%

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND (TPAF)
LAST TEN FISCAL YEARS**

This schedule is not applicable. There is a special funding situation where the State of New Jersey pays 100% of the required contributions associated with the School District.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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**OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Teachers Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None.

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

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None.

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

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OTHER SUPPLEMENTARY INFORMATION

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D. School Based Budget Schedules

Not Applicable

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E. Special Revenue Fund

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**OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	APPRENTICE COORDINATOR (CAC)	COUNTY FOUNDATION FOR VOCL EDUCATION	OCEAN COUNTY JUVENILE DETENTION CENTER	NOAA TRUST GRANT
Revenues:				
State Sources	\$ 20,000	\$ -	\$ -	\$ -
Federal Sources	-	-	-	10,659
Other Sources	-	11,741	556,112	-
Total Revenues	\$ 20,000	\$ 11,741	\$ 556,112	\$ 10,659
Expenditures:				
Instruction:				
Salaries of Teachers	\$ -	\$ -	\$ 358,182	\$ -
Other Salaries for Instruction	-	-	-	8,930
Purchased Professional & Technical Services	-	-	-	-
Textbooks	-	-	700	-
General Supplies	-	11,741	-	1,729
Total Instruction	-	11,741	358,882	10,659
Support Services:				
Salaries of Supervisors of Instruction	20,000	-	9,966	-
Salaries of Secretarial & Clerical Assistants	-	-	40,682	-
Personal Services - Employee Benefit	-	-	121,882	-
Purchased Professional & Technical Services	-	-	-	-
Travel	-	-	400	-
Miscellaneous Purchased Services	-	-	800	-
Supplies & Materials	-	-	3,500	-
Miscellaneous	-	-	20,000	-
Total Support Services	20,000	-	197,230	-
Facilities Acquisition & Construction Services:				
Instructional Equipment	-	-	-	-
Total Facilities Acquisition & Construction Services	-	-	-	-
Total Expenditures	\$ 20,000	\$ 11,741	\$ 556,112	\$ 10,659

**OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	CARL D. PERKINS GRANT SECONDARY	CARL D. PERKINS GRANT SECONDARY RESERVE	CARL D. PERKINS GRANT POST- SECONDARY	N.C.L.B/IMPROVING AMERICA'S SCHOOLS	
				TITLE I	TITLE II-A
Revenues:					
State Sources	\$ -	\$ -	\$ 138,387	\$ -	\$ -
Federal Sources	452,902	66,866	-	308,464	21,079
Other Sources	-	-	-	-	-
Total Revenues	\$ 452,902	\$ 66,866	\$ 138,387	\$ 308,464	\$ 21,079
Expenditures:					
Instruction:					
Salaries of Teachers	\$ -	\$ -	\$ -	\$ 241,516	\$ -
Other Salaries for Instruction	-	-	-	-	-
Purchased Professional & Technical Services	-	38,520	7,028	-	13,079
General Supplies	166,334	15,671	97,481	-	8,000
Total Instruction	166,334	54,191	104,509	241,516	21,079
Support Services:					
Salaries of Supervisors of Instruction	-	-	-	-	-
Salaries of Secretarial & Clerical Assistants	-	-	-	-	-
Personal Services - Employee Benefits	-	-	-	66,948	-
Purchased Professional & Technical Services	-	12,675	-	-	-
Travel	-	-	-	-	-
Miscellaneous Purchased Services	-	-	-	-	-
Supplies & Materials	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Support Services	-	12,675	-	66,948	-
Facilities Acquisition & Construction Services:					
Instructional Equipment	286,568	-	33,878	-	-
Total Facilities Acquisition & Construction Services	286,568	-	33,878	-	-
Total Expenditures	\$ 452,902	\$ 66,866	\$ 138,387	\$ 308,464	\$ 21,079

**OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	I.D.E.A. PART B	SAFETY GRANT	TOTAL
Revenues:			
State Sources	\$ -	\$ -	\$ 158,387
Federal Sources	283,944	-	1,143,914
Other Sources	-	4,669	572,522
Total Revenues	\$ 283,944	\$ 4,669	\$ 1,874,823
Expenditures:			
Instruction:			
Salaries of Teachers	\$ 104,146	\$ -	\$ 703,844
Other Salaries for Instruction	-	-	8,930
Purchased Professional & Technical Services	-	-	58,627
General Supplies	-	-	300,956
Total Instruction	104,146	-	1,073,057
Support Services:			
Salaries of Supervisors of Instruction	116,890	-	146,856
Salaries of Secretarial & Clerical Assistants	-	-	40,682
Personal Services - Employee Benefits	61,271	-	250,101
Purchased Professional & Technical Services	-	-	12,675
Travel	-	-	400
Miscellaneous Purchased Services	-	-	800
Supplies & Materials	1,637	4,669	9,806
Miscellaneous	-	-	20,000
Total Support Services	179,798	4,669	481,320
Facilities Acquisition & Construction Services:			
Instructional Equipment	-	-	320,446
Total Facilities Acquisition & Construction Services	-	-	320,446
Total Expenditures	\$ 283,944	\$ 4,669	\$ 1,874,823

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F. Capital Projects Fund

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**OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

PROJECT TITLE	APPROPRIATIONS	EXPENDITURES		UNEXPENDED BALANCE 2017
		PRIOR YEAR	CURRENT YEAR	
Waretown & Jackson Centers - ADA Bathrooms	\$ 82,107	\$ 78,971	\$ 3,136	\$ -
Waretown Center - Window Replacement	109,560	109,560	-	-
Waretown Center - Security	73,760	71,368	2,392	-
Jackson Center - Security	117,969	75,629	42,340	-
Toms River Center - Roof	1,893,587	-	1,893,587	-
Waretown Center - Interior Renovations	687,960	-	687,960	-
Total	<u>\$ 2,964,943</u>	<u>\$ 335,528</u>	<u>\$ 2,629,415</u>	<u>\$ -</u>

Reconciliation of Fund Balance, June 30, 2017

Unexpended Project Balances, June 30, 2017	<u>\$ -</u>
Total Fund Balance (Budgetary Basis) - June 30, 2017	<u>-</u>
Less:	
Unexpended County Appropriations	-
Unexpended State Aid - ROD Grants	<u>-</u>
Total Fund Balance (GAAP Basis) - June 30, 2017	<u><u>\$ -</u></u>

**OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE-BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Revenues & Other Financing Sources:	
Transfer from Capital Projects	\$ 44,734
County Funding	386,393
Transfer from Capital Outlay	<u>257,433</u>
Total Revenues	<u>688,560</u>
Expenditures & Other Financing Uses:	
Project Expenditures	2,571,076
Project Balances Cancelled:	
Other Capital Projects	<u>58,339</u>
Total Expenditures	<u>2,629,415</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>(1,940,855)</u>
Net Change in Fund Balance	(1,940,855)
Fund Balance - Beginning	<u>1,940,855</u>
Fund Balance - Ending	<u><u>\$ -</u></u>

**OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS--BUDGETARY BASIS
WARETOWN AND JACKSON CENTERS ADA BATHROOMS
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
County Funding	\$ 82,107	\$ -	\$ 82,107	\$ 82,107
Total Revenues	82,107	-	82,107	82,107
Expenditures & Other Financing Uses:				
Project Expenditures	78,971	-	78,971	82,107
Project Balances Cancelled:				
Other Capital Projects	-	3,136	3,136	-
Total Expenditures & Other Financing Uses	78,971	3,136	82,107	82,107
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ 3,136	\$ (3,136)	\$ -	\$ -

ADDITIONAL PROJECT INFORMATION

Project Number	3790-040-14-2000 and 3790-020-14-2000
Grant Date	8/21/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$82,107
Additional Authorized Cost	-
Revised Authorized Cost	\$82,107
Percentage Increase Over Original Authorized Cost	0.00%
Percentage Completion	100.00%
Original Target Completion Date	N/A
Revised Target Completion Date	N/A

**OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS--BUDGETARY BASIS
WARETOWN CENTER WINDOW REPLACEMENT
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
County Funding	\$ 76,765	\$ -	\$ 76,765	\$ 76,765
State Sources - ROD Grants	24,800	-	24,800	24,800
Transfer from Capital Outlay	7,395	-	7,395	7,395
Transfer from Capital Projects	-	600	600	600
Total Revenues	108,960	600	109,560	109,560
Expenditures & Other Financing Uses:				
Project Expenditures	109,560	-	109,560	109,560
Total Expenditures & Other Financing Uses	109,560	-	109,560	109,560
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ (600)	\$ 600	\$ -	\$ -

ADDITIONAL PROJECT INFORMATION

Project Number	3790-040-14-1006
Grant Date	11/18/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$108,960
Additional Authorized Cost	\$600
Revised Authorized Cost	\$109,560
Percentage Increase Over Original Authorized Cost	0.55%
Percentage Completion	100.00%
Original Target Completion Date	N/A
Revised Target Completion Date	N/A

**OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS--BUDGETARY BASIS
WARETOWN CENTER SECURITY
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
County Funding	\$ 34,544	\$ -	\$ 34,544	34,544
State Sources - ROD Grants	39,216	-	39,216	39,216
Total Revenues	73,760	-	73,760	73,760
Expenditures & Other Financing Uses:				
Project Expenditures	71,368	-	71,368	73,760
Project Balances Cancelled:				
Other Capital Projects	-	2,392	2,392	-
Total Expenditures & Other Financing Uses	71,368	2,392	73,760	73,760
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ 2,392	\$ (2,392)	\$ -	\$ -

ADDITIONAL PROJECT INFORMATION

Project Number	3790-040-14-1004
Grant Date	5/11/2015
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$123,040
Additional Authorized Cost	-
Revised Authorized Cost	\$123,040
Percentage Increase Over Original Authorized Cost	0.00%
Percentage Completion	100.00%
Original Target Completion Date	N/A
Revised Target Completion Date	N/A

**OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS--BUDGETARY BASIS
JACKSON CENTER SECURITY
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
County Funding	\$ 80,781	\$ -	\$ 80,781	\$ 80,781
State Sources - ROD Grants	37,188	-	37,188	37,188
Total Revenues	117,969	-	117,969	117,969
Expenditures & Other Financing Uses:				
Project Expenditures	75,629	-	75,629	117,969
Project Balances Cancelled:				
Other Capital Projects	-	42,340	42,340	-
Total Expenditures & Other Financing Uses	75,629	42,340	117,969	117,969
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ 42,340	\$ (42,340)	\$ -	\$ -

ADDITIONAL PROJECT INFORMATION

Project Number	3790-020-14-1002
Grant Date	5/11/2015
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$117,969
Additional Authorized Cost	-
Revised Authorized Cost	\$117,969
Percentage Increase Over Original Authorized Cost	0.00%
Percentage Completion	100.00%
Original Target Completion Date	N/A
Revised Target Completion Date	N/A

**OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS--BUDGETARY BASIS
TOMS RIVER CENTER ROOF
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
County Funding	\$ 1,893,587	\$ -	\$ 1,893,587	\$ 1,893,587
Total Revenues	1,893,587	-	1,893,587	1,893,587
Expenditures & Other Financing Uses:				
Project Expenditures	-	1,883,116	1,883,116	1,893,587
Project Balances Cancelled:				
Other Capital Projects	-	10,471	10,471	-
Total Expenditures & Other Financing Uses	-	1,893,587	1,893,587	1,893,587
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ 1,893,587	\$ (1,893,587)	\$ -	\$ -

ADDITIONAL PROJECT INFORMATION

Project Number	
Grant Date	3/4/2016
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$1,893,587
Additional Authorized Cost	-
Revised Authorized Cost	\$1,883,116
Percentage Increase Over Original Authorized Cost	0.00%
Percentage Completion	100.00%
Original Target Completion Date	N/A
Revised Target Completion Date	N/A

**OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS--BUDGETARY BASIS
WARETOWN CENTER INTERIOR RENOVATIONS
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
County Funding	\$ -	\$ 386,393	\$ 386,393	\$ 386,393
Transfer from Capital Reserve	-	257,433	257,433	257,433
Transfer from Other Capital Projects		44,134	44,134	44,134
Total Revenues	-	687,960	687,960	687,960
Expenditures & Other Financing Uses:				
Project Expenditures	-	687,960	687,960	687,960
Total Expenditures & Other Financing Uses	-	687,960	687,960	687,960
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ -	\$ -	\$ -	\$ -

ADDITIONAL PROJECT INFORMATION

Project Number	
Grant Date	7/1/2016
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$687,960
Additional Authorized Cost	-
Revised Authorized Cost	\$687,960
Percentage Increase Over Original Authorized Cost	0.00%
Percentage Completion	100.00%
Original Target Completion Date	N/A
Revised Target Completion Date	N/A

G. Proprietary Funds

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Enterprise Funds

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EXHIBIT G-1

**OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF NET POSITION
AS OF JUNE 30, 2017**

ASSETS	FOOD SERVICE FUND	COST RECOVERY FUND	2017
Cash	\$ 13,445	\$ 9,942	\$ 23,387
Intergovernmental Accounts Receivable:			
State	30	-	30
Federal	711	-	711
Total Assets	14,186	9,942	24,128
NET POSITION			
Unrestricted	14,186	9,942	24,128
Total Net Position	\$ 14,186	\$ 9,942	\$ 24,128

**OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
AS OF JUNE 30, 2017**

	FOOD SERVICE FUND	COST RECOVERY FUND	2017
OPERATING REVENUES			
Local Sources:			
Daily Sales - Reimbursable Programs:			
School Lunch & Breakfast Programs	\$ 43,575	\$ -	\$ 43,575
Fees for Services	140,042	25,987	166,029
Total Operating Revenue	183,617	25,987	209,604
OPERATING EXPENSES			
Salaries & Wages	33,463	-	33,463
Cost of Sales - Reimbursable	33,409	-	33,409
Cost of Sales - Non-Reimbursable	113,960	-	113,960
Supplies & Materials	-	23,450	23,450
Total Operating Expenses	180,832	23,450	204,282
Operating Income	2,785	2,537	5,322
Nonoperating Revenues/(Expenses):			
State Sources:			
State School Lunch Program	463	-	463
Federal Sources:			
National School Lunch Program	9,189	-	9,189
National School Performance Based Program	612	-	612
Total Nonoperating Revenues/(Expenses)	10,264	-	10,264
Net Income	13,049	2,537	15,586
Net Position - July 1	1,137	7,405	8,542
Net Position - June 30	\$ 14,186	\$ 9,942	\$ 24,128

**OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
 PROPRIETARY FUNDS
 SCHEDULE OF CASH FLOWS
 AS OF JUNE 30, 2017**

	<u>BUSINESS-TYPE ACTIVITIES</u> <u>ENTERPRISE FUND</u>			
	<u>FOOD</u> <u>SERVICE</u> <u>FUND</u>	<u>COST RECOVERY</u> <u>FUND</u>		2017
Cash Flows From Operating Activities:				
Receipts from Customers	\$ 183,617	\$ 25,987	\$	209,604
Payments to Suppliers	(180,832)	(23,450)	(204,282)	
	<hr/>			
Net Cash Flows from Operating Activities	2,785	2,537	5,322	
	<hr/>			
Cash Flows From Noncapital Financing Activities:				
State Sources	526	-	526	
Federal Sources	10,985	-	10,985	
	<hr/>			
Net Cash Flows from Noncapital Financing Activities	11,511	-	11,511	
	<hr/>			
Net Increase in Cash & Cash Equivalents	14,296	2,537	16,833	
Balances - Beginning of Year	(851)	7,405	6,554	
	<hr/>			
Balances - End of Year	\$ 13,445	\$ 9,942	\$ 23,387	
	<hr/>			

Reconciliation of Operating Income to Net Cash Flows from Operating Activities:

Operating Income	\$ 2,785	\$ 2,537	\$ 5,322
Adjustments to Reconcile Operating Income to Net Cash Flows from Operating Activities:			
Increase/(Decrease) in Accounts Receivable	-	-	-
Increase/(Decrease) in Accounts Payable	-	-	-
	<hr/>		
Total Adjustments	-	-	-
	<hr/>		
Net Cash Flows from Operating Activities	\$ 2,785	\$ 2,537	\$ 5,322
	<hr/>		

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Internal Service Fund

Not Applicable

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H. Fiduciary Fund

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**OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2017**

ASSETS	PRIVATE PURPOSE		AGENCY			2017
	SCHOLARSHIP	UNEMPLOYMENT COMPENSATION	STUDENT ACTIVITY	PAYROLL	PELL GRANT	
Cash & Cash Equivalents	\$ 12,105	\$ 123,396	\$ 154,927	\$ 158,461	\$ -	\$ 448,889
Total Assets	12,105	123,396	154,927	158,461	-	448,889
LIABILITIES						
Payroll Deductions & Withholdings	-	-	-	158,461	-	158,461
Payable - Quarterly Unemployment	-	1,210	-	-	-	1,210
Due to Student Groups	-	-	154,927	-	-	154,927
Total Liabilities	-	1,210	154,927	158,461	-	314,598
NET POSITION						
Restricted for Unemployment Claims	-	122,186	-	-	-	122,186
Restricted for Students	12,105	-	-	-	-	12,105
Total Net Position	\$ 12,105	\$ 122,186	\$ -	\$ -	\$ -	\$ 134,291

**OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

OPERATING REVENUES:	PRIVATE PURPOSE		2017
	SCHOLARSHIP	UNEMPLOYMENT TRUST	
Local Sources:			
Contributions	\$ 49,612	\$ 27,540	\$ 77,152
Total Operating Revenues	49,612	27,540	77,152
OPERATING EXPENSES:			
Unemployment Compensation	-	20,067	20,067
Scholarship Payments	47,392	-	47,392
Total Operating Expenses	47,392	20,067	67,459
Excess/(Deficit) of Revenue	2,220	7,473	9,693
Net Position, July 1	9,885	114,713	124,598
Net Position, June 30	\$ 12,105	\$ 122,186	\$ 134,291

**STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	BALANCE JULY 1, 2016	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE JUNE 30, 2017
Vocational Schools:				
Brick	\$ 10,108	\$ 41,989	\$ 43,437	\$ 8,660
Jackson	5,527	14,633	16,067	4,093
Waretown	2,945	9,493	9,356	3,082
Toms River	23,311	4,282	4,348	23,245
MATES	40,283	66,457	70,126	36,614
Lakehurst	54,165	98,187	79,995	72,357
Adult Education	356	-	-	356
Miscellaneous	6,520	-	-	6,520
Total All Schools	\$ 143,215	\$ 235,041	\$ 223,329	\$ 154,927

**OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
PAYROLL AGENCY FUND AND PAYROLL FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

ASSETS	BALANCE JULY 1, 2016	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2017
Cash & Cash Equivalents	\$ 145,419	\$ 19,409,814	\$ 19,396,772	\$ 158,461
Total Assets	<u>\$ 145,419</u>	<u>\$ 19,409,814</u>	<u>\$ 19,396,772</u>	<u>\$ 158,461</u>
 LIABILITIES				
Payroll Deductions & Withholdings	\$ 145,419	\$ 19,409,814	\$ 19,396,772	\$ 158,461
Total Liabilities	<u>\$ 145,419</u>	<u>\$ 19,409,814</u>	<u>\$ 19,396,772</u>	<u>\$ 158,461</u>

**PELL GRANT AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

ASSETS	BALANCE JULY 1, 2016	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2017
Cash & Cash Equivalents	\$ -	\$ 1,337,294	\$ 1,337,294	\$ -
Total Assets	<u>\$ -</u>	<u>\$ 1,337,294</u>	<u>\$ 1,337,294</u>	<u>\$ -</u>
 LIABILITIES				
Due to Recipients	\$ -	\$ 1,337,294	\$ 1,337,294	\$ -
Total Liabilities	<u>\$ -</u>	<u>\$ 1,337,294</u>	<u>\$ 1,337,294</u>	<u>\$ -</u>

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I. Long-Term Debt

Not Applicable

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STATISTICAL SECTION (Unaudited)

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Financial Trends Information

Financial trends information is intended to assist the user in understanding and assessing how the School District's financial position has changed over time. Please refer to the following exhibits for a historical view of the School District's financial trends.

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OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
FISCAL YEAR ENDING JUNE 30,										
Governmental Activities:										
Invested in Capital Assets,										
Net of, Related Debt	\$ 22,661,862	\$ 20,523,837	\$ 20,422,313	\$ 20,966,874	\$ 21,617,255	\$ 22,274,579	\$ 22,980,492	\$ 23,975,694	\$ 23,848,359	\$ 24,072,363
Restricted	907,773	2,563,505	1,835,068	1,551,331	2,025,137	1,949,551	1,532,526	1,293,057	1,674,325	1,320,744
Unrestricted	(11,266,834)	(9,121,155)	(10,489,417)	(746,486)	(991,667)	(143,886)	183,599	(297,915)	(237,804)	314,813
Total Governmental Activities	\$ 12,302,801	\$ 13,966,187	\$ 11,767,964	\$ 21,771,719	\$ 22,650,725	\$ 24,080,244	\$ 24,696,617	\$ 24,970,836	\$ 25,284,880	\$ 25,707,920
Business-Type Activities:										
Unrestricted	\$ 24,128	\$ 8,542	\$ 39,168	\$ 23,379	\$ 90,192	\$ 56,817	\$ 42,381	\$ 30,495	\$ 22,721	\$ 22,713
Total Business-Type Activities	\$ 24,128	\$ 8,542	\$ 39,168	\$ 23,379	\$ 90,192	\$ 56,817	\$ 42,381	\$ 30,495	\$ 22,721	\$ 22,713
District-Wide:										
Invested in Capital Assets,										
Net of, Related Debt	\$ 22,661,862	\$ 20,523,837	\$ 20,422,313	\$ 20,966,874	\$ 21,617,255	\$ 22,274,579	\$ 22,980,492	\$ 23,975,694	\$ 23,848,359	\$ 24,072,363
Restricted	907,773	2,563,505	1,835,068	1,551,331	2,025,137	1,949,551	1,532,526	1,293,057	1,674,325	1,320,744
Unrestricted	(11,242,706)	(9,112,613)	(10,450,249)	(723,107)	(901,475)	(87,069)	225,980	(267,420)	(215,083)	337,526
Total District-Wide Net Position	\$ 12,326,929	\$ 13,974,729	\$ 11,807,132	\$ 21,795,098	\$ 22,740,917	\$ 24,137,061	\$ 24,738,998	\$ 25,001,331	\$ 25,307,601	\$ 25,730,633

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
FISCAL YEAR ENDING JUNE 30,										
Expenses:										
Governmental Activities										
Instruction:										
Basic Skills/Remedial	\$ (3,256,501)	\$ (2,893,971)	\$ (3,046,659)	\$ (2,946,244)	\$ (2,827,260)	\$ (2,627,618)	\$ (2,590,278)	\$ (2,713,141)	\$ (2,663,650)	\$ (2,381,141)
Special Education	(1,262,946)	(1,345,393)	(1,266,602)	(1,328,327)	(1,439,906)	(1,375,274)	(1,356,206)	(1,525,494)	(1,472,442)	(1,266,441)
Other Special Education	(266,671)	(244,875)	(226,796)	(211,045)	(254,109)	(188,680)	(171,451)	(206,896)	(190,380)	(211,993)
Vocational	(6,001,138)	(6,039,426)	(5,969,783)	(5,723,492)	(5,577,705)	(5,447,967)	(5,355,192)	(5,809,188)	(5,091,878)	(4,860,667)
Support Services:										
School Administrative										
Services	(1,848,497)	(1,810,299)	(1,718,525)	(1,696,007)	(1,647,699)	(1,604,942)	(1,562,722)	(1,989,968)	(1,876,217)	(2,249,726)
General & Business										
Administrative Services	(1,935,988)	(1,900,857)	(1,729,444)	(1,726,906)	(1,670,243)	(1,516,129)	(1,540,499)	(1,582,146)	(1,505,196)	(1,528,959)
Plant Operations &										
Maintenance	(2,628,987)	(2,499,235)	(2,378,067)	(2,523,304)	(2,930,767)	(3,026,195)	(2,707,701)	(2,736,206)	(2,955,482)	(2,296,575)
Pupil Transportation	(248,790)	(233,039)	(227,015)	(203,878)	(217,048)	(217,739)	(247,656)	(276,162)	(249,708)	(187,089)
Business & Other Support										
Services	(9,940,658)	(12,005,707)	(8,657,498)	(7,516,250)	(7,753,528)	(7,028,409)	(6,366,957)	(5,843,482)	(5,423,635)	(5,910,327)
Special Schools	(6,027,704)	(5,624,554)	(5,532,317)	(5,545,655)	(5,152,877)	(4,827,816)	(4,640,294)	(4,853,142)	(4,491,531)	(4,533,579)
Interest & Other Costs	(49,981)	-	-	-	-	-	-	-	-	-
Unallocated Depreciation	(1,339,744)	(1,225,660)	(1,243,212)	(1,207,751)	(1,289,331)	(1,263,188)	(1,285,148)	(1,241,986)	(1,198,970)	(1,387,452)
Total Governmental Activities	(34,807,605)	(35,823,016)	(31,995,918)	(30,628,859)	(30,760,473)	(29,123,957)	(27,824,104)	(28,777,811)	(27,119,089)	(26,813,949)
Expenses										
Business-Type Activities:										
Food Service	(180,832)	(224,360)	(187,834)	(395,422)	(204,426)	(215,153)	(203,052)	(206,214)	(200,872)	(189,913)
Enterprise Fund	(23,450)	(40,762)	(20,252)	(31,204)	-	(1,042)	(2,015)	-	-	(3,696)
Total Business-Type	(204,282)	(265,122)	(208,086)	(426,626)	(204,426)	(216,195)	(205,067)	(206,214)	(200,872)	(193,609)
Activities Expense										
Total District Expenses	\$ (35,011,887)	\$ (36,088,138)	\$ (32,204,004)	\$ (31,055,485)	\$ (30,964,899)	\$ (29,340,152)	\$ (28,029,171)	\$ (28,984,025)	\$ (27,319,961)	\$ (27,007,558)
Program Revenues:										
Governmental Activities:										
Operating Grants &										
Contributions	\$ 1,554,377	\$ 7,607,255	\$ 4,561,218	\$ 1,252,071	\$ 1,223,049	\$ 1,026,990	\$ 1,318,420	\$ 1,397,276	\$ 1,022,482	\$ 986,682
Total Governmental Activities	1,554,377	7,607,255	4,561,218	1,252,071	1,223,049	1,026,990	1,318,420	1,397,276	1,022,482	986,682
Business-Type Activities:										
Charges for Services and										
Operating Grants &										
Contributions:										
Food Service	193,881	201,490	200,086	350,941	232,801	227,405	204,410	213,988	200,880	194,597
Enterprise Fund	25,987	33,006	23,789	8,872	5,000	19,470	12,543	-	-	50

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

	FISCAL YEAR ENDING JUNE 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total Business Type Activities										
Program Revenues	219,868	234,496	223,875	359,813	237,801	246,875	216,953	213,988	200,880	194,647
Total District Program Revenues	\$ 1,774,245	\$ 7,841,751	\$ 4,785,093	\$ 1,611,884	\$ 1,460,850	\$ 1,273,865	\$ 1,535,373	\$ 1,611,264	\$ 1,223,362	\$ 1,181,329
Net/(Expense)/Revenue:										
Governmental Activities	\$ (33,253,228)	\$ (28,215,761)	\$ (27,434,700)	\$ (29,376,788)	\$ (29,537,424)	\$ (28,096,967)	\$ (26,505,684)	\$ (27,380,535)	\$ (26,096,607)	\$ (25,827,267)
Business-Type Activities	15,586	(30,626)	15,789	(66,813)	33,375	30,680	11,886	7,774	8	1,038
Total District-Wide Net Expense	\$ (33,237,642)	\$ (28,246,387)	\$ (27,418,911)	\$ (29,443,601)	\$ (29,504,049)	\$ (28,066,287)	\$ (26,493,798)	\$ (27,372,761)	\$ (26,096,599)	\$ (25,826,229)
General Revenues & Other Changes in Net Position:										
Governmental Activities:										
County Appropriation	\$ 17,914,646	\$ 19,855,085	\$ 17,682,495	\$ 17,547,596	\$ 17,364,646	\$ 17,364,646	\$ 17,364,646	\$ 17,364,646	\$ 16,777,436	\$ 15,651,381
County Appropriation-Capital Project	386,393	-	-	-	-	-	-	-	-	18,983
Unrestricted Grants & Contributions	8,458,305	5,927,671	5,306,864	7,475,791	7,634,557	7,207,560	6,209,785	7,361,438	6,881,334	7,811,845
Tuition	3,928,234	3,885,097	2,850,196	2,735,385	2,155,175	2,263,407	1,951,231	1,657,083	1,316,804	1,196,693
Miscellaneous Income	902,264	746,131	1,120,198	739,010	953,527	628,737	705,803	683,324	697,993	874,289
Transfers	-	-	-	-	-	16,244	-	-	-	-
Total Governmental Activities	31,589,842	30,413,984	26,959,753	28,497,782	28,107,905	27,480,594	26,231,465	27,066,491	25,673,567	25,553,191
Business-Type Activities: Transfers	-	-	-	-	(16,244)	-	-	-	-	-
Total Business-Type Activities	-	-	-	-	(16,244)	-	-	-	-	-
Total District-Wide	\$ 31,589,842	\$ 30,413,984	\$ 26,959,753	\$ 28,497,782	\$ 28,107,905	\$ 27,480,594	\$ 26,231,465	\$ 27,066,491	\$ 25,673,567	\$ 25,553,191
Change in Net Position:										
Governmental Activities	\$ (1,663,386)	\$ 2,198,223	\$ (474,947)	\$ (879,006)	\$ (1,429,519)	\$ (1,429,519)	\$ (616,373)	\$ (274,219)	\$ (314,044)	\$ (423,040)
Business-Type Activities	15,586	(30,626)	15,789	(66,813)	33,375	17,131	30,680	11,886	7,774	8
Total District	\$ (1,647,800)	\$ 2,167,597	\$ (459,158)	\$ (945,819)	\$ (1,396,144)	\$ (1,412,388)	\$ (585,693)	\$ (262,333)	\$ (306,270)	\$ (423,032)

**OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
FUND BALANCES AND GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

	FISCAL YEAR ENDING JUNE 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Fund:										
Restricted	\$ 907,773	\$ 1,019,206	\$ 631,206	\$ 386,186	\$ 782,816	\$ 2,553,153	\$ 2,026,811	\$ 743,057	\$ 1,674,325	\$ 1,416,913
Committed	239,262	416,026	733,995	474,273	220,203	-	-	-	-	-
Assigned	825,344	1,128,273	469,867	690,872	1,022,118	-	-	-	-	-
Unassigned	945,869	996,692	1,022,844	1,065,235	728,906	926,567	921,087	1,334,187	847,158	1,024,341
Total General Fund	\$ 2,918,248	\$ 3,560,197	\$ 2,857,912	\$ 2,616,566	\$ 2,754,043	\$ 3,479,720	\$ 2,947,898	\$ 2,077,244	\$ 2,521,483	\$ 2,441,254
All Other Governmental Funds										
Restricted, Reported in:										
Capital Projects Fund	\$ -	\$ 1,892,987	\$ 4,228	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserved	-	-	-	-	-	-	-	-	-	343,007
Unreserved, Reported in:										
Special Revenue Fund	-	-	-	-	-	-	-	-	-	(1,626)
Capital Projects Fund	-	-	-	-	-	-	-	-	-	5,202
Total All Other Governmental Funds	\$ -	\$ 1,892,987	\$ 4,228	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 346,583

**OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues:										
County Appropriation	\$ 18,301,039	\$ 19,855,085	\$ 17,682,495	\$ 17,547,596	\$ 17,364,646	\$ 17,364,646	\$ 17,364,646	\$ 17,364,646	\$ 16,777,436	\$ 15,670,364
Tuition Charges	3,928,234	3,885,097	2,850,196	2,735,385	2,155,175	2,263,407	1,951,231	1,657,083	1,316,804	1,196,693
Interest Earnings	-	-	-	-	-	3,149	6,060	7,978	41,726	205,283
Miscellaneous	902,264	746,131	1,120,198	739,010	953,527	625,588	699,743	675,346	656,267	669,006
State Sources	8,868,768	9,111,709	8,122,551	7,728,201	7,924,367	7,252,074	6,593,729	7,260,420	7,299,959	8,179,000
Federal Sources	1,143,914	1,117,312	991,005	999,661	919,811	982,476	934,476	1,498,294	603,857	619,527
Total Revenue	33,144,219	34,715,334	30,766,445	29,749,853	29,317,526	28,491,340	27,549,885	28,463,767	26,696,049	26,539,873
Expenditures:										
Instruction:										
Regular Instruction	3,256,501	2,893,971	3,046,659	2,946,244	2,827,260	2,627,618	2,590,278	2,713,141	2,663,650	2,381,141
Special Education Instruction	1,262,946	1,345,393	1,266,602	1,328,327	1,439,906	1,375,274	1,356,206	1,525,494	1,472,442	1,266,441
Other Special Instruction	266,671	244,875	226,796	211,045	254,109	188,680	171,451	206,896	190,380	211,993
Vocational Education	6,001,138	6,039,426	5,969,783	5,723,492	5,577,705	5,447,967	5,355,192	5,809,188	5,091,878	4,860,667
Support Services:										
Student & Instruction Related Services	2,320,631	2,183,315	2,102,344	938,864	921,717	716,255	722,290	774,732	714,968	702,086
School Administrative Services	1,848,497	1,810,299	1,718,525	1,696,007	1,647,699	1,604,942	1,562,722	1,989,968	1,876,217	1,961,556
General & Business Administration Services	1,935,988	1,900,857	1,729,444	2,006,878	2,093,207	1,872,405	1,811,286	1,605,576	1,627,972	1,523,444
Plant Operations & Maintenance	2,628,987	2,449,176	2,327,997	2,459,236	2,886,239	2,986,232	2,649,219	2,736,206	2,955,482	2,296,575
Pupil Transportation	248,790	233,039	227,015	203,878	217,048	217,739	247,656	276,162	249,708	187,089
Other Support Services	6,353,552	6,017,914	5,628,896	6,206,266	6,362,329	5,513,596	5,224,209	5,048,180	4,653,209	5,382,008
Special Schools	6,027,704	5,624,554	5,532,317	5,545,655	5,152,877	4,827,816	4,640,294	4,853,142	4,491,531	4,533,579
Capital Outlay	3,477,673	1,377,243	748,721	621,438	676,535	597,238	348,428	1,369,321	974,966	1,961,154
Interest & Other Charges	50,077	-	-	-	-	-	-	-	-	-
Total Expenditures	35,679,155	32,120,062	30,525,099	29,887,330	30,056,631	27,975,762	26,679,231	28,908,006	26,962,403	27,267,733
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(2,534,936)	2,595,272	241,346	(137,477)	(739,105)	515,578	870,654	(444,239)	(266,354)	(727,860)
Other Financing Sources/(Uses):										
Transfers In	-	-	-	-	16,244	-	-	-	-	-
Total Other Financing Sources/(Uses)	-	-	-	-	16,244	-	-	-	-	-
Net Change in Fund Balances	\$ (2,534,936)	\$ 2,595,272	\$ 241,346	\$ (137,477)	\$ (722,861)	\$ 515,578	\$ 870,654	\$ (444,239)	\$ (266,354)	\$ (727,860)

Source: District records

OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

FISCAL YEAR ENDING JUNE 30,	INTEREST ON INVESTMENTS	SUMMER CAMP	MISCELLANEOUS	TOTAL
2017	\$ -	\$ 32,365	\$ 263,114	\$ 295,479
2016	-	-	205,024	205,024
2015	-	-	578,028	578,028
2014	-	-	159,618	159,618
2013	-	-	361,866	361,866
2012	3,149	-	183,624	186,773
2011	6,060	-	245,610	251,670
2010	7,978	-	191,553	199,531
2009	41,726	-	219,714	261,440
2008	205,283	-	202,268	407,551

Source: District records

EXHIBITS 6 THROUGH 13 ARE NOT APPLICABLE

Demographic and Economic Information

Demographic and Economic information is intended to (1) to assist users in understanding the socioeconomic environment within which the School District operates and (2) to provide information that facilitates comparisons of financial information over time and among school districts. Please refer to the following exhibits for a historical view of the demographic and economic statistics and factors prevalent in the location in which the School District's operates.

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**OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

YEAR	POPULATION (a)	PER CAPITA PERSONAL INCOME (b)	UNEMPLOYMENT RATE (c)
2017	N/A	N/A	N/A
2016	592,497	N/A	5.2%
2015	588,721	\$ 46,109	6.0%
2014	585,916	\$ 44,381	7.2%
2013	583,090	42,573	8.5%
2012	580,592	42,499	10.3%
2011	578,931	41,460	10.0%
2010	577,643	39,900	10.1%
2009	573,678	39,746	9.7%
2008	569,662	41,329	6.0%

Source:

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

^b Per Capita Provided by the NJ Dept of Labor and Workforce Development

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

EXHIBIT J-15 NOT APPLICABLE

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Operating Information

Operating information is intended to provide contextual information about the School District's operations and resources to assist readers in using financial information to understand and assess the School District's economic condition. Please refer to the following exhibits for a historical view of the factors and statistics pertinent to the School District's operations.

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**OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEAR**

Function/Program	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Instruction:										
Vocational	128	128	130	133	134	131	131	132	130	120
Support Services:										
Student & Instruction Related Services	22	22	21	22	22	22	21	23	23	26
School Administrative Services	40	38	36	35	35	35	34	36	36	36
General & Business Administrative Services	4	4	4	4	4	4	4	5	5	5
Plant Operations & Maintenance	21	22	22	25	23	21	22	27	25	28
Business & Other Support Services	17	17	18	18	18	18	17	18	18	16
Total	232	231	231	237	236	231	229	241	237	231

Source: District Personnel Records

**OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS**

FISCAL YEAR	ENROLLMENT	OPERATING EXPENDITURES (a)	PUPIL COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF (b)	SCHOOL HIGH SENIOR RATIO	PUPIL/TEACHER	AVERAGE DAILY ENROLLMENT (ADE) (c)	AVERAGE DAILY ATTENDANCE (ADA) (c)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
2017	2,034	\$ 32,201,482	\$ 15,832	5.41%	13	13	13	1,317	1,249	1%	94.84%
2016	2,047	30,742,819	15,018	4.51%	13	13	13	1,309	1,239	-1%	94.65%
2015	2,072	29,776,378	14,371	-0.81%	13	13	13	1,321	1,249	1%	94.55%
2014	2,020	29,265,892	14,488	-13.21%	13	13	13	1,311	1,246	-23%	95.04%
2013	1,760	29,380,096	16,693	6.58%	13	13	13	1,666	1,544	0.26%	92.68%
2012	1,748	27,378,524	15,663	1.24%	13	13	13	1,662	1,565	9.59%	94.16%
2011	1,702	26,330,803	15,471	-2.08%	13	13	13	1,525	1,428	-5.28%	93.64%
2010	1,743	27,538,685	15,800	-1.57%	13	13	13	1,604	1,496	6.91%	93.27%
2009	1,619	25,987,436	16,052	-2.13%	14	14	14	1,507	1,404	4.13%	93.17%
2008	1,543	25,306,579	16,401	6.04%	13	13	13	1,451	1,356	4.23%	93.45%

Sources: District records

Note: Enrollment based on annual October district count.

a Operating expenditures equal total expenditures less debt service and 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).

OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
 SCHOOL BUILDING INFORMATION
 LAST TEN FISCAL YEAR

DISTRICT BUILDINGS	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
High School:										
Brick Center (1972):										
Square Feet	85,870	85,870	85,870	85,870	85,870	85,870	85,870	85,870	85,870	85,870
Capacity (Students)	894	894	894	894	894	894	894	894	894	894
Enrollment	778	921	792	877	794	833	804	807	795	788
Jackson Center (1974):										
Square Feet	51,300	51,300	51,300	51,300	51,300	51,300	51,300	51,300	51,300	51,300
Capacity (Students)	454	454	454	454	454	454	454	454	454	454
Enrollment	322	342	345	355	366	348	358	339	366	281
Toms River Center (1975):										
Square Feet	56,725	56,725	56,725	56,725	56,725	56,725	56,725	56,725	56,725	56,725
Capacity (Students)	554	554	554	554	554	554	554	554	554	554
Enrollment	941	662	888	712	579	599	574	596	526	549
Waretown (1974):										
Square Feet	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000
Capacity (Students)	260	260	260	260	260	260	260	260	260	260
Enrollment	144	237	258	303	276	256	229	278	261	202
NLC (1994):										
Square Feet	61,506	61,506	61,506	61,506	61,506	61,506	61,506	61,506	61,506	61,506
Capacity (Students)	340	340	340	340	340	340	340	340	340	340
Enrollment	297	354	319	337	316	298	293	321	279	275
MATES (2006):										
Square Feet - 51,598	51,598	51,598	51,598	51,598	51,598	51,598	51,598	51,598	51,598	51,598
Capacity (Students)	250	250	250	250	250	250	250	250	250	250
Enrollment	280	274	274	266	266	249	232	220	227	205
Cuisine on the Green (2013):										
Square Feet - 4,200	4,200	4,200	4,200							
Capacity (Students)	18	18	18							
Enrollment	15	16	27							

Number of Schools at June 30, 2017:

**OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS**

SCHOOL FACILITIES	PROJECT #	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Brick Center	Required Maintenance	\$ 164,719	\$ 142,653	\$ 94,169	\$ 143,145	\$ 176,216	\$ 178,991	\$ 138,190	\$ 137,560	\$ 174,708	\$ 119,474
Jackson Center	Required Maintenance	101,078	87,537	57,786	87,839	108,132	109,836	84,798	84,412	107,207	73,314
Toms River Center	Required Maintenance	108,565	94,022	62,066	94,345	116,142	117,972	91,080	90,665	115,148	78,745
Ocean Center (Waretown)	Required Maintenance	44,924	38,906	25,683	39,039	48,059	48,816	37,688	37,516	47,648	32,584
Navy Lakehurst Center	Required Maintenance	98,613	85,402	56,376	85,696	105,495	107,157	82,730	82,353	104,592	71,526
Administration Building	Required Maintenance	11,006	9,532	6,292	9,565	11,775	11,960	9,234	9,192	11,674	7,983
Building 33-NAES	Required Maintenance	-	-	-	8,576	10,557	10,723	8,278	8,242	10,467	7,158
Building 487A-NAES	Required Maintenance	-	-	-	-	-	-	-	-	-	-
Student Services Center	Required Maintenance	5,615	4,863	3,210	4,880	6,007	6,102	4,711	4,690	5,956	4,073
MATES	Required Maintenance	96,582	83,643	55,215	83,932	103,323	104,950	81,027	80,657	102,438	70,053
Total		\$ 631,102	\$ 546,558	\$ 360,797	\$ 557,017	\$ 685,706	\$ 696,507	\$ 537,736	\$ 535,287	\$ 679,838	\$ 464,910

* 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

**OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2017**

	COVERAGE	DEDUCTIBLE
School Package Policy (1):		
Building & Contents (All Locations)	\$ 78,282,059	\$ 5,000
Boiler & Machinery	100,000,000	5,000
Employee Dishonesty	250,000	1,000
General Automobile Liability	16,000,000	-
School Board Legal Liability	16,000,000	5,000
Employers Liability	16,000,000	-
Professional Liability	16,000,000	-
EDP	3,000,000	1,000
Pollution Liability	1,000,000	25,000
Workers' Compensation (1)	2,000,000	
Compulsory Student Accident Insurance (2)	5,000,000	
Volunteer Accident Coverage (3)	500,000	
Surety Bonds (4)		
Treasurer	250,000	N/A
Board Secretary	100,000	N/A
Boat Policy (5)		
Hull & Machinery	99,000	1,000
Protection & Indemnity	1,000,000	1,000
(1)	NJSIG	
(2)	National Union Fire Insurance Company of Pittsburgh, PA	
(3)	QBE Insurance Co.	
(4)	Hanover Insurance Company	
(5)	Atlantic Specialty Insurance Co.	

Source: District records

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SINGLE AUDIT SECTION

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HOLMAN | FRENIA
ALLISON, P.C.

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EXHIBIT K-1

**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
Ocean County Vocational-Technical School District
County of Ocean
Toms River, New Jersey 08753

We have audited, in accordance with the auditing standards generally accepted in the United States of America and 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, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Ocean County Vocational-Technical School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Ocean County Vocational-Technical School District's basic financial statements, and have issued our report thereon dated November 20, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Ocean County Vocational-Technical 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 School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Ocean County Vocational-Technical School District's internal control.

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

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

deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Michael Holt
Certified Public Accountant
Public School Accountant, No. 1148

Toms River, New Jersey
November 20, 2017



EXHIBIT K-2

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

Honorable President and Members
of the Board of Education
Ocean County Vocational-Technical School District
County of Ocean
Toms River, New Jersey 08753

Report on Compliance for Each Major Federal and State Program

We have audited the Ocean County Vocational-Technical School District’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the School District’s major federal and state programs for the fiscal year ended June 30, 2017. The Ocean County Vocational-Technical 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 federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the Ocean County Vocational-Technical School District’s major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); New Jersey OMB’s Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*; and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards, the Uniform Guidance and New Jersey OMB’s Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether

noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, the Ocean County Vocational-Technical School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of the Ocean County Vocational-Technical School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or 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 or state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey OMB's Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

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

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

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

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Michael Holt
Certified Public Accountant
Public School Accountant, No. 1148

Toms River, New Jersey
November 20, 2017

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OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
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 AWARD IDENTIFICATION NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2016	CARRYOVER/ (WALKOVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO SUB-RECIPIENTS	JUNE 30, 2017	
											UNEARNED REVENUE/ (ACCOUNTS RECEIVABLE)	DUE TO GRANTOR
U.S. Department of Agriculture:												
Passed Through New Jersey Department of Agriculture:												
Child Nutrition Cluster:												
National School Lunch Program	10.555	16161NJ304N1099	100-010-3350-026	\$ 9,420	7/1/15-6/30/16	\$ (1,765)	-	1,765	\$ -	-	\$ -	\$ -
National School Lunch Program	10.555	171NJ304N1099	100-010-3350-026	9,189	7/1/16-6/30/17	-	-	8,519	(9,189)	-	-	(670)
HHPKA - Performance Based Lunch	10.555	16161NJ304N1099	100-010-3350-026	675	7/1/15-6/30/16	(130)	-	130	-	-	-	-
HHPKA - Performance Based Lunch	10.555	171NJ304N1099	100-010-3350-026	612	7/1/16-6/30/17	-	-	571	(612)	-	-	(41)
Total U.S. Department of Agriculture												
						(1,895)	-	10,985	(9,801)	-	-	(711)
U.S. Department of Commerce:												
Passed Through Conserve Wildlife Foundation of New Jersey:												
NOAA Trust Grant	11.999	Not Available	Not Available	23,010	9/1/15-12/31/17	-	-	9,367	(10,659)	-	-	(1,292)
Total U.S. Department of Commerce												
						-	-	9,367	(10,659)	-	-	(1,292)
U.S. Department of Education:												
Passed Through New Jersey Department of Education:												
Student Financial Assistance Cluster:												
Pell Grant	84.063	P063P164338	Not Available	1,337,294	7/1/16-6/30/17	-	-	1,337,294	(1,337,294)	-	-	-
Total Student Financial Assistance Cluster												
						-	-	1,337,294	(1,337,294)	-	-	-
Career and Technical Education:												
Perkins Grant - Secondary	84.048	V048A160030	100-034-5062-084	454,185	7/1/16-6/30/17	-	-	452,902	(452,902)	-	-	-
Perkins Grant - Secondary Reserve	84.048	V048A160030	100-034-5062-084	66,866	7/1/16-6/30/17	-	-	66,866	(66,866)	-	-	-
Subtotal CFDA #84.048						-	-	519,768	(519,768)	-	-	-
Special Education Cluster:												
IDEA, Part B - Basic	84.027	H027A160100	100-034-5065-016	283,944	7/1/16-6/30/17	-	-	283,944	(283,944)	-	-	-
No Child Left Behind (N.C.L.B.):												
Title I	84.010	S010A160030	100-034-5064-194	308,464	7/1/16-6/30/17	-	-	308,464	(308,464)	-	-	-
Title II-A, Supporting Effective Instruction	84.367	S367A160029	100-034-5063-290	21,079	7/1/16-6/30/17	-	-	21,079	(21,079)	-	-	-
Total U.S. Department of Education												
						-	-	2,470,549	(2,470,549)	-	-	-
Total Federal Awards												
						\$ (1,895)	\$ -	\$ 2,490,901	\$ (2,491,009)	\$ -	\$ -	\$ (2,003)

The accompanying Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

STATE GRANTOR/ PROGRAM TITLE OR CLUSTER	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2016	CARRYOVER/ (WALKOVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO SUB-RECIPIENTS	DUE TO GRANTOR	MEMO	
										UNEARNED REVENUE/ (ACCOUNTS RECEIVABLE)	BUDGETARY RECEIVABLE EXPENDITURES
New Jersey Department of Education:											
General Fund:											
State Aid - Public:											
Categorical Special Education Aid	495-034-5120-089	\$ 708,060	7/1/16-6/30/17	\$ -	\$ -	\$ 708,060	\$ (708,060)	\$ -	\$ -	\$ (70,171)	\$ 708,060
Equalization Aid	495-034-5120-078	2,014,757	7/1/16-6/30/17	-	-	2,014,757	(2,014,757)	-	-	(199,668)	2,014,757
Categorical Security Aid	495-034-5120-084	134,823	7/1/16-6/30/17	-	-	134,823	(134,823)	-	-	(13,361)	134,823
Adjustment Aid	495-034-5120-085	2,686,465	7/1/16-6/30/17	-	-	2,686,465	(2,686,465)	-	-	(266,237)	2,686,465
PARCC Readiness Aid	495-034-5120-098	13,780	7/1/16-6/30/17	-	-	13,780	(13,780)	-	-	(1,366)	13,780
Per Pupil Growth Aid	495-034-5120-097	13,780	7/1/16-6/30/17	-	-	13,780	(13,780)	-	-	(1,366)	13,780
Professional Learning Community Aid	495-034-5120-101	13,430	7/1/16-6/30/17	-	-	13,430	(13,430)	-	-	(1,331)	13,430
Total State Aid - Public						5,585,095	(5,585,095)			(553,500)	5,585,095
On-Behalf TPAF Pension Contributions (Noncash Assistance)											
On-Behalf TPAF Post-Retirement Medical (Noncash Assistance)	495-034-5094-001	1,020,674	7/1/16-6/30/17	-	-	1,020,674	(1,020,674)	-	-	-	1,020,674
On-Behalf TPAF Non-Contributory Insurance (Noncash Assistance)	495-034-5094-004	1,787	7/1/16-6/30/17	-	-	1,787	(1,787)	-	-	-	1,787
Reimbursed TPAF Social Security Contributions	495-034-5094-003	797,569	7/1/15-6/30/16	(38,359)	-	38,359	-	-	-	-	-
Reimbursed TPAF Social Security Contributions	495-034-5094-003	824,358	7/1/16-6/30/17	-	-	784,509	(824,358)	(39,849)	-	-	824,358
Total General Fund						8,655,389	(8,656,879)			(553,500)	8,656,879
Special Revenue Fund:											
Apprentice Coordinator Grant (CAC)	780-062-4545-006	22,000	7/1/15-6/30/16	(5,000)	-	5,000	-	-	-	-	-
Apprentice Coordinator Grant (NJ Build)	780-062-4545-006	2,500	7/1/15-6/30/16	(625)	-	625	-	-	-	-	-
Apprentice Coordinator Grant (CAC)	780-062-4545-006	20,000	7/1/16-6/30/17	-	-	15,000	(20,000)	(5,000)	-	-	20,000
Perkins Grant - Post Secondary	100-034-5062-032	138,387	7/1/16-6/30/17	-	-	138,387	(138,387)	-	-	-	138,387
Total Special Revenue Fund						159,012	(158,387)			(5,000)	158,387
State Department of Agriculture:											
Enterprise Fund:											
National School Lunch Program	100-010-3350-023	500	7/1/15-6/30/16	(93)	-	93	-	-	-	-	-
National School Lunch Program	100-010-3350-023	463	7/1/16-6/30/17	-	-	433	(463)	(30)	-	-	463
Total Enterprise Fund						526	(463)			(30)	463
Total State Financial Assistance						8,814,927	(8,815,729)			(44,879)	8,815,729
Less: State Financial Assistance Not Subject to Calculation for Major Program Determination:											
On-Behalf TPAF Pension Contributions (Noncash Assistance)	495-034-5094-002	1,224,965	7/1/16-6/30/17	-	-	-	1,224,965	-	-	-	-
On-Behalf TPAF Post-Retirement Medical (Noncash Assistance)	495-034-5094-001	1,020,674	7/1/16-6/30/17	-	-	-	1,020,674	-	-	-	-
On-Behalf TPAF Non-Contributory Insurance (Noncash Assistance)	495-034-5094-004	1,787	7/1/16-6/30/17	-	-	-	1,787	-	-	-	-
Total State Financial Assistance Subject to Calculation for Major Program Determination										1,787	
											\$ (6,568,303)

The accompanying Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

**OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Note 1. Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal awards and state financial assistance programs of the Ocean County Vocational-Technical School District. The School District is defined in Note 1 of the basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. *Code of 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*. 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 schedule of expenditures of federal awards and state financial assistance.

Note 2. Summary of Significant Accounting Policies

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting with the following exception: programs recorded in the enterprise fund are presented using the accrual basis of accounting and programs recorded in the capital projects fund are presented using the modified accrual basis of accounting. These bases of accounting are described in Note 1 to the School District's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

The School District did not elect the 10-percent de minimis indirect cost rate as discussed in 2 CFR 200.414.

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 Contributions represents the amount paid by the state on behalf of the School District for the 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.

Note 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.

**OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Note 3. Relationship to Basic Financial Statements (continued)

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June 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 one or more state aid June payments in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$53,502 for the general fund and \$(1,337,294) for the fiduciary fund. See Exhibit C-3 Note A of the basic financial statements, 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 expenditures reported in the School District's basic financial statements on a GAAP basis are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 8,710,381	\$ 8,710,381
Special Revenue Fund	1,143,914	158,387	1,302,301
Food Service Fund	<u>9,801</u>	<u>463</u>	<u>10,264</u>
Total Awards & Financial Assistance	<u>\$ 1,153,715</u>	<u>\$ 8,869,231</u>	<u>\$ 10,022,946</u>

Note 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.

Note 5. Federal and State Loans Outstanding

The Ocean County Vocational-Technical School District had no loan balances outstanding at June 30, 2017.

**OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
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

Internal control over financial reporting:

1) Material weakness(es) identified? yes X no

2) Significant deficiency(ies) identified? yes X none reported

Noncompliance material to 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? yes X none reported

Type of auditor's report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported
in accordance with 2 CFR 200 section .516(a) of Uniform Guidance? yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.063</u>	<u>P063P164338</u>	<u>Student Financial Assistance Cluster:</u> <u>Federal Pell Grant Program</u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>

Dollar threshold used to determine Type A programs \$750,000

Auditee qualified as low-risk auditee? X yes no

**OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

State Financial Assistance

Dollar threshold used to determine Type A programs \$750,000

Auditee qualified as low-risk auditee? X yes no

Internal control over major programs:

 1) Material weakness(es) identified? yes X no

 2) Significant deficiency(ies) identified? yes X no

Type of auditor's report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported
in accordance with New Jersey OMB's Circular 15-08? yes X no

Identification of major programs:

State Grant/Project Number(s)

Name of State Program

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
<u>495-034-5120-078</u>	<u>State Aid - Public:</u>
<u>495-034-5120-084</u>	<u>Equalization Aid</u>
<u>495-034-5120-085</u>	<u>Security Aid</u>
<u>495-034-5120-089</u>	<u>Adjustment Aid</u>
<u>495-034-5120-097</u>	<u>Special Education Categorical Aid</u>
<u>495-034-5120-098</u>	<u>Per Pupil Growth Aid</u>
<u>495-034-5120-098</u>	<u>PARCC Readiness Aid</u>
<u>495-034-5120-101</u>	<u>Professional Learning Community Aid</u>

**OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

None.

**OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Section III – Federal Awards & State Financial Assistance Findings & Questioned Costs

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by Title 2 U.S. *Code of 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.

FEDERAL AWARDS

None.

STATE FINANCIAL ASSISTANCE

None.

**OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

This section identifies the status of prior year findings related to the financial statements, federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards* (Uniform Guidance), and New Jersey OMB's Circular 15-08.

Financial Statement Findings

No Prior Year Findings.

Federal Awards

No Prior Year Findings.

State Financial Assistance

No Prior Year Findings.