

OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL

Toms River, New Jersey
County of Ocean

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2018**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE
OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
TOMS RIVER, NEW JERSEY**



YEAR ENDED JUNE 30, 2018

**PREPARED BY DISTRICT FINANCE OFFICER
SCHOOL BUSINESS ADMINISTRATOR/BOARD SECRETARY
FRANK J. FRAZEE**

TABLE OF CONTENTS

	PAGE
INTRODUCTORY SECTION (First Section)	
Letter of Transmittal	1
Organizational Chart	7
Roster of Officials	9
Consultants and Advisors	10
FINANCIAL SECTION (Second Section)	
Independent Auditor's Report	13
REQUIRED SUPPLEMENTARY INFORMATION – PART I	
Management's Discussion and Analysis	19
BASIC FINANCIAL STATEMENTS	
A. Government-Wide Financial Statements:	
A-1 Statement of Net Position	31
A-2 Statement of Activities	32
B. Fund Financial Statements:	
B-1 Balance Sheet	39
B-2 Statement of Revenues, Expenditures and Changes in Fund Balances	40
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	41
Proprietary Funds:	
B-4 Statement of Net Position	45
B-5 Statement of Revenues, Expenditures and Changes in Fund Net Position	46
B-6 Statement of Cash Flows	47
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	51
B-8 Statement of Changes in Fiduciary Net Position	52
Notes to Financial Statements	55
REQUIRED SUPPLEMENTARY INFORMATION – PART II	
C. Budgetary Comparison Schedules	
C-1 Budgetary Comparison Schedule – General Fund	93
C-2 Budgetary Comparison Schedule – Special Revenue Fund	99
Notes to the Required Supplementary Information - Part II	
C-3 Budget-to-GAAP Reconciliation	103
REQUIRED SUPPLEMENTARY INFORMATION – PART III	
L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)	
L-1 Schedule of the District's Proportionate Share of the Net Pension Liability - PERS	109
L-2 Schedule of the School District Contributions - PERS	110

TABLE OF CONTENTS

	PAGE
L-3 Schedule of the District's Proportionate Share of the Net Pension Liability - TPAF	111
M. Schedules Related to Accounting and Reporting for Pensions (GASB 68)	
M-1 Schedule of District's Proportionate Share of the Total OPEB Obligation - OPEB	115
Notes to the Required Supplementary Information - Part III	119
 OTHER SUPPLEMENTARY INFORMATION 	
D. School Based Budget Schedules Fund (if applicable):	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type - Actual	N/A
D-3 Blended Resource Fund - Schedule of Blended Expenditures - Budget and Actual	N/A
E. Special Revenue Fund:	
E-1 Combining Schedule of Program Revenues & Expenditures - Special Revenue Fund – Budgetary Basis	127
E-2 Preschool Education Aid Schedule(s) of Expenditures - Budgetary Basis	N/A
F. Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	133
F-2 Summary Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis	134
G. Proprietary Funds:	
Enterprise Fund:	
G-1 Combining Schedule of Net Position	147
G-2 Combining Schedule of Revenues, Expenses & Changes in in Fund Net Position	148
G-3 Combining Schedule of Cash Flows	149
Internal Service Fund –	
G-4 Combining Schedule of Net Position	N/A
G-5 Combining Schedule of Revenues, Expenses & Changes in Fund Net Position	N/A
G-6 Combining Schedule of Cash Flows	N/A
H. Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Position	153
H-2 Combining Statement of Changes in Fiduciary Net Position	154
H-3 Student Activity Agency Fund - Schedule of Receipts & Disbursements	154
H-4 Payroll Agency Fund - Schedule of Receipts & Disbursements	155
H-5 Pell Grant Agency Fund - Schedule of Receipts and Disbursements	155
I. Long-Term Debt:	
I-1 Schedule of Serial Bonds Payable	N/A
I-2 Schedule of Obligations Under Capital Leases	N/A
I-3 Debt Service Fund - Budgetary Comparison Schedule	N/A
I-4 Schedule of Early Retirement Incentive Plan Loans Payable	N/A

TABLE OF CONTENTS

PAGE

STATISTICAL SECTION (Unaudited)

(Third Section)

Financial Trends:

J-1	Net Position by Component	163
J-2	Changes in Net Position	164
J-3	Fund Balances – Governmental Funds	166
J-4	Changes in Fund Balances – Governmental Funds	167
J-5	General Fund - Other Local Revenue by Source	168

Revenue Capacity:

J-6	Assessed Value & Actual Value of Taxable Property	N/A
J-7	Direct and Overlapping Property Tax Rates	N/A
J-8	Principal Property Taxpayers	N/A
J-9	Property Tax Levies and Collections	N/A

Debt Capacity:

J-10	Ratios of Outstanding Debt by Type	N/A
J-11	Ratios of Net General Bonded Debt Outstanding	N/A
J-12	Ratios of Overlapping Governmental Activities Debt	N/A
J-13	Legal Debt Margin Information	N/A

Demographic & Economic Information:

J-14	Demographic & Economic Statistics	171
J-15	Principal Employers	N/A

Operating Information:

J-16	Full-Time Equivalent District Employees by Function/Program	175
J-17	Operating Statistics	176
J-18	School Building Information	177
J-19	Schedule of Required Maintenance	178
J-20	Insurance Schedule	179

SINGLE AUDIT SECTION

(Fourth Section)

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	183
K-2	Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance in Accordance with Uniform Guidance and New Jersey OMB Circular Letter 15-08	185
K-3	Schedule of Expenditures of Federal Awards, Schedule A	187
K-4	Schedule of Expenditures of State Financial Assistance, Schedule B	188
K-5	Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance	189
K-6	Schedule of Findings and Questioned Cost - Part I	191
K-7	Schedule of Findings and Questioned Costs - Part II & III	193
K-8	Summary Schedule of Prior Year Audit Findings	195

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INTRODUCTORY SECTION

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Board of Education

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Frank J. Frazee, CPA
Business Administrator/Board Secretary
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February 11, 2019

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, 2018, 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, 2018, 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



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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>
2017-2018	2,691	-3.10%
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%

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.



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MAJOR INITIATIVES

Ocean County Vocational Technical School was the recipient of several major monetary donations during the 2017-2018 school year. A \$1.25 million donation through the Hirair and Anna Hovnanian Foundation has funded the purchase of equipment for the Culinary Arts Program at the Brick Center and a new Practical Nursing Lab equipped with state of the art technology and equipment at the Toms River Center. Additionally, major renovations will be made to the exterior of the Toms River Center to enhance and improve the facility.

The Lutz Family Foundation presented OCVTS with \$41,400 to fund the purchase of equipment for the new Precision Machine Technology Program in the Jackson Center. The Lutz family built a family legacy in the machine trades/manufacturing sector and the family foundation supports the development of much needed training programs in those fields. The Precision Machine Technology Program will partner closely with the Pre-Engineering Technology Program, which was introduced in September 2018, to prepare students for careers in the digital fabrication/manufacturing fields.

The OceanFirst Foundation awarded OCVTS with two Model Classroom Grants, each in the amount of \$20,000. The Precision Machine Technology Program in Jackson and the Heating, Ventilation, Air Conditioning and Refrigeration Program in Brick will use the awards to provide students with the latest technology and equipment in their fields.

Ray Soehngen, of Brick, owner and president of Broadway Ray, LLC. was recognized as the 2017 Business Partnership of the Year, sponsored by the New Jersey Council of County Vocational Technical Schools (NJCCVTS). 'Broadway Ray,' as he is affectionately known, is a retiree of General Electric. Through the GE Foundation Matching Gifts Program Mr. Soehngen partners with non-profit organizations such as the Ocean County Vocational Technical School's Performing Arts Academy's (PAA) Parent Teacher Student Organization (PTSO) to help with fundraising efforts. Since his retirement, Mr. Soehngen has provided charter bus tours to the New York theater district. The PAA PTSO has partnered with Broadway Ray for several years to run bus trips for Broadway productions. Broadway Ray has donated \$26,150 which culminates into \$52,300 after the matching of General Electric Foundation.

One hundred and nine Ocean County Vocational Technical School students competed at the New Jersey SkillsUSA Championships in Somerset, New Jersey. The students competed in over 50 different career-skills events and earned 35 medals overall; 9 gold, 18 silver and 8 bronze. The gold medal winners advanced to competitions at the 54th Annual SkillsUSA National Competition/Conference held in Louisville, Kentucky where a Culinary Arts student from the Brick Center brought home a Silver Medal.

Construction has begun on the \$26.7 million Performing Arts High School on the Ocean County College (OCC) campus in Toms River. The proposed 53,000 square-foot facility is financed through a partnership between the State of New Jersey, the Ocean County Board of Chosen Freeholds, 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 \$29,469,900, provided through the generosity of the Ocean



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County Foundation for Vocational Technical Education and the Ocean County Vocational Technical Education Association, as well as over 290 scholarship sponsors, organizations, businesses and educational institutions.

Ocean County Vocational Technical School held its 95th commencement ceremony for the graduates of the Practical Nursing program. Families and friends gathered to recognize the 61 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 27 of the 61 graduates, were pinned by family members.

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.



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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,

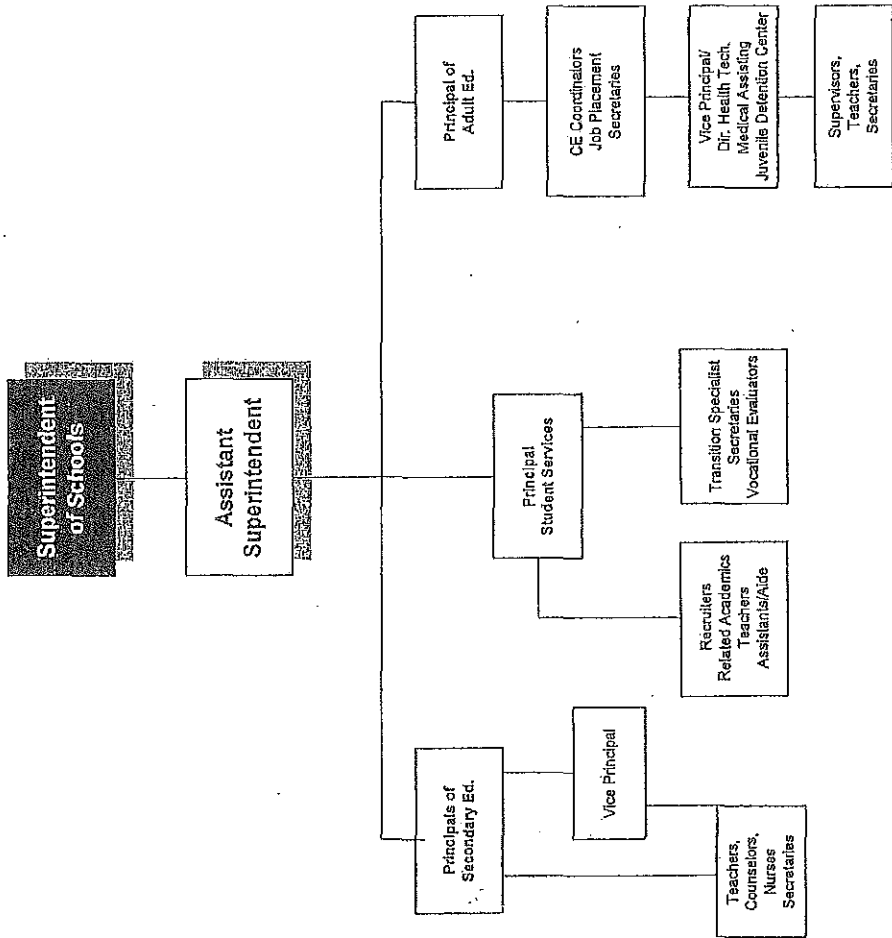
William P. Hoey, Jr.
Superintendent

Frank J. Frazee, CPA
Business Administrator/Board Secretary

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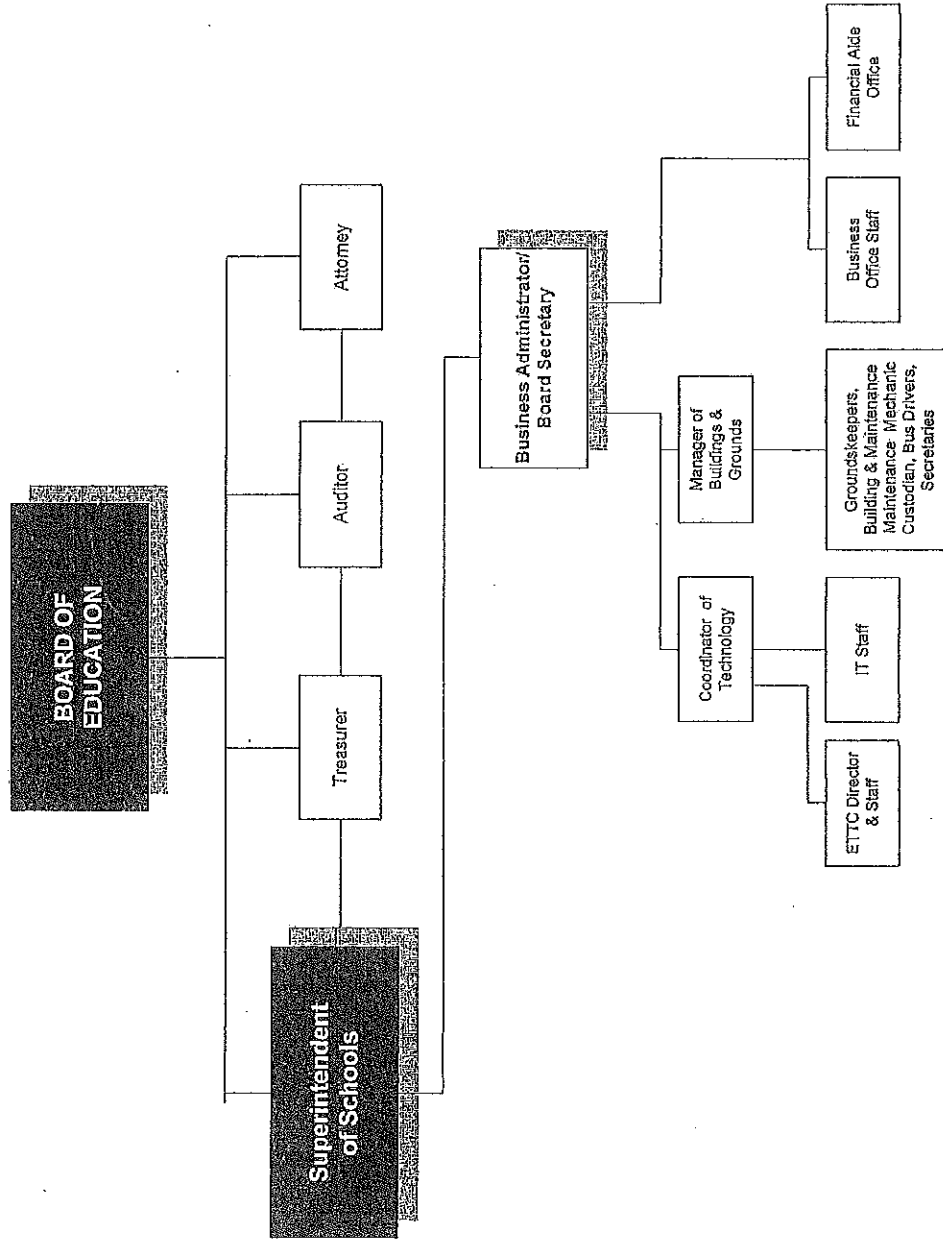
OCEAN COUNTY VOCATIONAL - TECHNICAL SCHOOLS

Administrative Organization Chart (A)



OCEAN COUNTY VOCATIONAL - TECHNICAL SCHOOLS

Administrative Organization Chart (B)



**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
TOMS RIVER, NEW JERSEY
ROSTER OF OFFICIALS
JUNE 30, 2018**

Members of the Board of Education

TERM EXPIRES

Nina Anuario, President	2020
Stephen Scaturro, Vice President	2021
Judith DeStefano-Anen	2018
Ronald L. Rosetto	2019
Maureen C. Stankowitz	2018

Other Officials

William P. Hoey, Jr. Superintendent of Schools
Dr. Micheal B. Maschi, Assistant Superintendent
Frank J. Frazee, School Business Administrator/Board Secretary
Debra L. Ness, Treasurer of School Monies
Robert C. Shea, Esq., Solicitor

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
TOMS RIVER, NEW JERSEY
CONSULTANTS AND ADVISORS
JUNE 30, 2018**

ARCHITECTS

Yezzi Associates
Toms River, New Jersey

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OFFICIAL DEPOSITORY

Wells Fargo
Toms River, New Jersey 08753

FINANCIAL SECTION

Second Section

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INDEPENDENT AUDITORS REPORT

Honorable President and Members
of the Board of Education
Ocean County Vocational Technical School
County of Ocean
Toms River, NJ 08753-2703

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, County of Ocean, State of New Jersey, as of and for the fiscal year ended, June 30, 2018, 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, County of Ocean, State of New Jersey, as of June 30, 2018, 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.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the financial statements, during the fiscal year ended June 30, 2018 the District adopted Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Post-employment Benefits Other than Pensions - an Amendment of GASB Statement No. 45, 57, &74. Our opinion is not modified with respect to this matter.

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 and other post employment benefits, 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 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 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 February 11, 2019 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.

Jerry W. Conaty
Certified Public Accountant
Public School Accountant, #2470

Toms River New Jersey
February 11, 2019

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REQUIRED SUPPLEMENTARY INFORMATION - PART I

Management's Discussion and Analysis

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OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2018 UNAUDITED

This section of the Ocean County Vocational Technical Schools Board of Education's Comprehensive Annual Financial Report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2018. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 - Basic Financial Statements-Management's Discussion and Analysis-for State and Local Governments issued in June 1999 that is also required by the New Jersey State Department of Education. Certain comparative information between the current fiscal year 2017-2018 and the prior fiscal year 2016-2017 is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2018 are as follows:

- In total, net position of governmental activities increased \$27,805,912, which represents a 226.01% increase from 2017. Total net position of business-type activities decreased \$846, which represents an 3.51% decrease from 2017. The reason for this large increase is a result of the County of Ocean generously funded the PAA Building at the Ocean County College.
- General revenues accounted for \$57,631,261 in revenue or 83.83% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$11,118,027 or 16.17% of total revenues of \$68,749,288.
- Total assets of governmental activities increased by \$28,524,817 as cash and cash equivalents increased by \$661,751, receivables increased by \$27,761,350, and total capital assets decreased by \$101,716.
- Total liabilities of governmental activities decreased by \$3,103,204 as accounts payable increased by \$148,538 and non-current liabilities due beyond one year decreased by \$3,345,070.
- The District had \$40,704,810 in governmental activity expenses; only \$10,879,461 of these expenses were offset by program specific charges for services, grants, or contributions. General revenues from governmental activities (primarily county appropriations and local funding) of \$57,631,261 were adequate to provide for these programs, resulting in a increase in net position for governmental activities of \$27,805,912.
- In the governmental funds, the general fund had \$32,144,608 in revenues and \$31,547,070 in expenditures. The general fund's fund balance increased by \$597,538 over 2017.

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

This annual report consists of a series of financial statements and notes to these financial statements. These statements are organized in a way to allow the reader to understand the Ocean County Vocational Technical Schools Board of Education as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements themselves.

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

The Statement of Net Position (A-1) presents information on the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Changes in Net Position (A-2) presents information showing how the net position of the District changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods of the district.

The government-wide financial statements can be found as Exhibits A-1 and A-2 in this report.

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

Governmental Funds

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

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

The District maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance for the general fund, special revenue fund, capital projects fund, and debt service fund, all of which are considered to be major funds.

The general and special revenue funds utilize a legally adopted annual budget. A budgetary comparison statement has been provided for the general fund and special revenue fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found as Exhibits B-1 through B-3 in this report.

Proprietary Funds

The District maintains one proprietary fund type, an enterprise fund. The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the District is that the costs of providing goods or services be financed through user charges. The food services enterprise fund provides for the operation of food services in all schools within the District. The proprietary fund has been included within business-type activities in the district-wide financial statements.

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

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

The District uses trust and agency funds to account for resources held for student activities and groups, for payroll transactions, student scholarship fund and for the District's unemployment trust fund. The basic fiduciary fund financial statements can be found as Exhibits B-7 and B-8 in this report.

Notes to the Financial Statements. The notes provide additional information that is essential for a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found after the fund financial statements in this report.

Other Information. The combining and individual fund statements referred to earlier in connection with governmental and enterprise funds are presented immediately following the notes to the financial statements.

Government-Wide Financial Analysis

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

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. The following table provides a summary of net position for June 30, 2018 and 2017, respectively:

Net Position
June 30, 2018

	Governmental Activities		Business-Type Activities	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Assets				
Current and Other				
Assets	\$ 31,849,920	\$ 3,426,819	\$ 23,829	\$ 24,128
Capital Assets, Net	22,763,578	22,661,862	-	-
Total Assets	54,613,498	26,088,681	23,829	24,128
Deferred Outflows of Resources				
Deferred Outflows				
Relating to Pension	3,724,104	5,054,367	-	-
Total Assets and Deferred Outflows of Resources	3,724,104	5,054,367	-	-
Liabilities				
Long-Term Liabilities	14,487,118	17,832,188	-	-
Other Liabilities	1,249,925	1,008,059	547	-
Total Liabilities	15,737,043	18,840,247	547	-
Deferred Inflows of Resources				
Deferred Inflows				
Relating to Pension	2,491,846	-	-	-
Total Liabilities and Deferred Inflows of Resources	2,491,846	-	-	-
Net Position				
Net Investment in				
Capital Assets	22,763,578	22,661,862	-	-
Restricted	28,559,702	907,773	-	-
Unrestricted	(11,214,567)	(11,266,834)	23,282	24,128
Total Net Position	\$ 40,108,713	\$ 12,302,801	\$ 23,282	\$ 24,128

The District's largest net position component is the Restricted portion as shown above. Restricted balances represent resources that are subject to external restrictions on how they may be used.

Restricted net position increased \$27,651,929 from the prior year to \$28,559,702 at June 30, 2018.

Unrestricted net position may be used to meet the District's ongoing operating obligations to vendors, debtors and employees. The unrestricted net position includes the unassigned General Fund balance netted with the amount of long-term obligations that are not invested in capital assets. The (\$11,214,567) is shown as unrestricted net position for Governmental Activities.

The following table provides a summary of revenues and expenses for the District’s governmental and business-type activities and the change in net position for June 30, 2018 and 2017. Significant variances in revenues and expenditures from year to year, and explanations thereof, are detailed in the ‘Financial Analysis of the District’s Funds’ section later in this report.

	June 30, 2018		
	Governmental	Business-Type	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
Revenues:			
Program Revenues:			
Charges for Services	\$ -	\$ 225,448	\$ 225,448
Operating Grants and Contributions	10,879,461	13,118	10,892,579
General Revenues:			
County Appropriation	18,272,939	-	18,272,939
County Appropriation - Restricted	27,452,902	-	27,452,902
Local Funding	1,146,104	-	1,146,104
Federal and State Aid	6,407,328	-	6,407,328
Tuition	3,994,813	-	3,994,813
Other General Revenues	357,175	-	357,175
Total Revenues	68,510,722	238,566	68,749,288
Expenses:			
Instructional Services	11,113,843	-	11,113,843
Support Services	22,014,622	239,412	22,254,034
Special Schools	6,158,708	-	6,158,708
Interest and Other Charges	1,417,637	-	1,417,637
Total Expenses	40,704,810	239,412	40,944,222
Change in Net Position	27,805,912	(846)	27,805,066
Net Position, Beginning	12,302,801	24,128	12,326,929
Net Position, Ending	\$ 40,108,713	\$ 23,282	\$ 40,131,995

	June 30, 2017		
	Governmental	Business-Type	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
Revenues:			
Program Revenues:			
Charges for Services	\$ -	\$ 209,604	\$ 209,604
Operating Grants and Contributions	1,554,377	10,264	1,564,641
General Revenues:			
County Appropriation	17,914,646	-	17,914,646
County Appropriation - Restricted	386,393	-	386,393
Federal and State Aid	8,458,305	-	8,458,305
Tuition	3,928,234	-	3,928,234
Other General Revenues	902,264	-	902,264
Total Revenues	33,144,219	219,868	33,364,087
Expenses:			
Instructional Services	10,787,256	-	10,787,256
Support Services	16,602,824	204,282	16,807,106
Special Schools	6,027,704	-	6,027,704
Interest and Other Charges	1,389,821	-	1,389,821
Total Expenses	34,807,605	204,282	35,011,887
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

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. The unassigned fund balance is divided between designated balances and undesignated balances. The capital projects fund is restricted by state law to be spent for the purpose of the fund and is not available for spending at the District's discretion.

Financial Information at Fiscal Year-End

The following schedule presents a summary of the general fund, special revenue fund, and debt service fund revenues for the fiscal year ended Jun 30, 2018 and 2017 and the amount and percentage of increases and (decreases) in relation to prior year revenues.

	June 30, 2018			
	Amount	Percent Of Total	Increase (Decrease) From 2017	Percent of Increase (Decrease)
Current Expenditures:				
Instruction	\$ 11,113,843	32.27%	\$ 326,587	3.03%
Special Schools	6,158,708	17.88%	131,004	2.17%
Undistributed	15,650,298	45.45%	313,853	2.05%
Capital Outlay	1,462,840	4.25%	(2,014,833)	-57.94%
Debt Service:				
Interest	50,077	0.15%	-	0.00%
Total	\$ 34,435,766	100.00%	\$ (1,243,389)	-3.48%

	June 30, 2017			
	Amount	Percent Of Total	Increase (Decrease) From 2016	Percent of Increase (Decrease)
Current Expenditures:				
Instruction	\$ 10,787,256	30.23%	\$ 263,591	2.50%
Special Schools	6,027,704	16.89%	403,150	7.17%
Undistributed	15,336,445	42.98%	741,845	5.08%
Capital Outlay	3,477,673	9.75%	2,100,430	152.51%
Debt Service:				
Interest	50,077	0.14%	50,077	100.00%
Total	\$ 35,679,155	100.00%	\$ 3,609,093	11.24%

Instruction costs increased primarily due to negotiated salary increases and additional instructional positions being added.

General Fund Budgetary Highlights

Throughout the year, as necessary, budget transfers were effectuated between budget accounts to re-align the 2017-2018 budget. Budget transfers were effectuated based on expected positive and negative budget variances. The budget is continually managed and revised with budget transfers as necessary or practical to do so.

Significant Budget Transfers and Variations:

- TPAF, which is the state’s contribution to the pension fund, is an “on-behalf” revenue and expenditure item to the district and is required to be reflected in the financial statements.
- Reallocations were made among the various salary budget accounts to reflect changes in the personnel budget for the 2017-2018 year.
- Transfers were made into purchased services for special education programs to provide funds for required additional services.

Proprietary Funds. The District’s proprietary fund provides the same type of information found in the district-wide financial statements, but in more detail.

The Food Services Enterprise Fund showed a decrease in net position of \$1,062 in 2017-2018 as compared to an increase in net position of \$13,049 in 2016-2017. The primary factor(s) affecting the change in net position of the food service fund was a result of decreased activity during the 2017-2018 school year.

The Cost Recovery Enterprise Fund showed an increase in net position of \$216 in 2017-2018 as compared to an increase in net position of \$2,537 in 2016-2017. The primary factor(s) affecting the change in net position of the cost recovery fund was a result of increased activity during the 2017-2018 school year.

Capital Assets

At June 30, 2018 the District has capital assets of \$22,763,578, net of depreciation, which includes buildings and improvements, machinery and equipment.

	<u>June 30, 2018</u>	
	Governmental Activities	Business-Type Activities
Buildings and Improvements	\$ 38,234,820	\$ -
Machinery and Equipment	15,380,958	-
Accumulated Depreciation	(30,852,200)	
Total	<u>\$ 22,763,578</u>	<u>\$ -</u>
	<u>June 30, 2017</u>	
	Governmental Activities	Business-Type Activities
Buildings and Improvements	\$ 37,295,813	\$ -
Machinery and Equipment	14,859,586	-
Accumulated Depreciation	(29,493,537)	
Total	<u>\$ 22,661,862</u>	<u>\$ -</u>

Additional information on the District's capital assets can be found in Note 5 to the basic financial statements.

Debt Administration and Other Obligations

At June 30, 2018 and 2017, the District had no outstanding debt issues. 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.

Additional information on the District's debt administration and other obligations can be found in Note 7 to the basic financial statements.

Economic Factors and Subsequent Year's Budgets

- The District anticipates that the approved 2018-2019 budget will be adequate to satisfy all 2018-2019 financial needs, barring any significant unexpected situations or conditions unforeseen at this time.
- It is expected the State of New Jersey will again delay the final state aid payments to school districts for 2018-2019.
- For the 2017-2018 school year, the School Board was able to sustain its budget through the county aid levy, state education aid and local revenue sources. Approximately 27% of the School Board's revenue is from federal, state and local aid (restricted and not restricted), while 73% of total revenue is from county appropriation.
- 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 construction phase.

Requests for Information

This financial report is designed to provide a general overview of the Ocean County Vocational Technical School finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Frank J. Frazee the Business Administrator/Board Secretary's Office, 137 Bey Lea Road, Toms River, NJ 08753-2703, or e-mail ffrazee@mail.ocvts.org.

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, 2018

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	<u>TOTAL</u>
ASSETS:			
Cash & Cash Equivalents	\$ 2,869,912	\$ 23,014	\$ 2,892,926
Receivables, Net (Note 4)	28,051,235	815	28,052,050
Restricted Cash & Cash Equivalents (Note 3)	928,773	-	928,773
Capital Assets, Net (Note 5)			
Depreciable	22,763,578	-	22,763,578
	<hr/>		
Total Assets	54,613,498	23,829	54,637,327
<hr/>			
DEFERRED OUTFLOWS OF RESOURCES:			
Related to Pensions (Note 8)	3,724,104	-	3,724,104
	<hr/>		
Total Deferred Outflow of Resources	3,724,104	-	3,724,104
<hr/>			
LIABILITIES:			
Accounts Payable	587,512	547	588,059
Due to Other Governments	546,720	-	546,720
Unearned Revenue	115,693	-	115,693
Noncurrent Liabilities (Note 7):			
Due in more than one year	14,487,118	-	14,487,118
	<hr/>		
Total Liabilities	15,737,043	547	15,737,590
<hr/>			
DEFERRED INFLOWS OF RESOURCES:			
Related to Pensions (Note 8)	2,491,846	-	2,491,846
	<hr/>		
Total Deferred Inflow of Resources	2,491,846	-	2,491,846
<hr/>			
NET POSITION:			
Net Investment in Capital Assets	22,763,578	-	22,763,578
Restricted for:			
Capital Projects	27,731,702	-	27,731,702
Maintenance Reserve	828,000	-	828,000
Unrestricted Net Position (Deficit) (Note 18)	(11,214,567)	23,282	(11,191,285)
	<hr/>		
Total Net Position	\$ 40,108,713	\$ 23,282	\$ 40,131,995
	<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, 2018**

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	\$ 3,406,736	\$ -	\$ -	\$ -	\$ (3,406,736)	\$ -	\$ (3,406,736)
Regular Vocational Programs- Instructions	6,062,405	-	1,067,940	-	(4,994,465)	-	(4,994,465)
Special Vocational Programs- Instruction	1,369,113	-	-	-	(1,369,113)	-	(1,369,113)
Sponsored Cocurricular Activities	275,589	-	-	-	(275,589)	-	(275,589)
Support Services:							
Attendance & Social Work	73,786	-	-	-	(73,786)	-	(73,786)
Health Services	500,585	-	-	-	(500,585)	-	(500,585)
Other Support Services - Student - Regular	1,287,432	-	487,715	-	(799,717)	-	(799,717)
Other Support Services - Student - Special	305,230	-	-	-	(305,230)	-	(305,230)
Improvement of Instruction Services	6,335	-	-	-	(6,335)	-	(6,335)
Educational Media Services/School Library	149,196	-	-	-	(149,196)	-	(149,196)
Support Services - General Administration	974,668	-	-	-	(974,668)	-	(974,668)
Support Services - School Administration	1,863,385	-	-	-	(1,863,385)	-	(1,863,385)
Support Services - Central Services	644,168	-	-	-	(644,168)	-	(644,168)
Support Services - Information Technology	315,565	-	-	-	(315,565)	-	(315,565)
Required Maintenance for School Facilities	497,740	-	-	-	(497,740)	-	(497,740)
Operation & Maintenance of Plant	1,709,604	-	-	-	(1,709,604)	-	(1,709,604)
Care and Upkeep of Grounds	70,938	-	-	-	(70,938)	-	(70,938)
Security	66,686	-	-	-	(66,686)	-	(66,686)
Student Transportation Services	230,126	-	-	-	(230,126)	-	(230,126)
Unallocated Benefits - Employee Benefits	13,319,178	-	9,323,806	-	(3,995,372)	-	(3,995,372)
Unallocated Depreciation	1,367,560	-	-	-	(1,367,560)	-	(1,367,560)
Interest and Other Costs	50,077	-	-	-	(50,077)	-	(50,077)
Special Schools	6,158,708	-	-	-	(6,158,708)	-	(6,158,708)
Total Governmental Activities	40,704,810	-	10,879,461	-	(29,825,349)	-	(29,825,349)

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, 2018**

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
Business-Type Activities:							
Food Service	205,086	190,906	13,118	-	-	(1,062)	(1,062)
Enterprise Fund	34,326	34,542	-	-	-	216	216
Total Business-Type Activities	239,412	225,448	13,118	-	-	(846)	(846)
Total Primary Government	\$ 40,944,222	\$ 225,448	\$ 10,892,579	\$ -	(29,825,349)	(846)	(29,826,195)
General Revenues:							
County Appropriation					18,272,939	-	18,272,939
County Appropriation - Restricted					27,452,902	-	27,452,902
Local Funding					1,146,104	-	1,146,104
Federal & State Aid Not Restricted					6,407,328	-	6,407,328
Tuition Charges					3,994,813	-	3,994,813
Miscellaneous					357,175	-	357,175
Total General Revenues					57,631,261	-	57,631,261
Change In Net Position					27,805,912	(846)	27,805,066
Net Position - Beginning					12,302,801	24,128	12,326,929
Net Position - Ending					\$ 40,108,713	\$ 23,282	\$ 40,131,995

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

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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, 2018

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	TOTAL
ASSETS				
Cash & Cash Equivalents	\$ 2,668,045	\$ 201,867	\$ -	\$ 2,869,912
Interfund Receivable	44,435	-	-	44,435
Intergovernmental Accounts Receivable:				
Other	334,968	-	27,675,364	28,010,332
Federal	-	758	-	758
State	40,145	-	-	40,145
Restricted Cash & Cash Equivalents	928,773	-	-	928,773
Total Assets	\$ 4,016,366	\$ 202,625	\$ 27,675,364	\$ 31,894,355
LIABILITIES & FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 254,015	\$ 118,282	\$ -	\$ 372,297
Interfund Payable	-	-	44,435	44,435
Accrued Salaries & Wages	215,215	-	-	215,215
Unearned Revenue	31,350	84,343	-	115,693
Total Liabilities	500,580	202,625	44,435	747,640
Fund Balances:				
Restricted for:				
Capital Reserve	100,773	-	-	100,773
Maintenance Reserve	828,000	-	-	828,000
Capital Projects	-	-	27,630,929	27,630,929
Committed for:				
Other Purposes	502,727	-	-	502,727
Assigned for:				
Designated for Subsequent Year's				
Expenditures	999,500	-	-	999,500
Other Purposes	166,016	-	-	166,016
Unassigned:				
General Fund	918,770	-	-	918,770
Total Fund Balances	3,515,786	-	27,630,929	31,146,715
Total Liabilities & Fund Balances	\$ 4,016,366	\$ 202,625	\$ 27,675,364	

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 \$53,615,779 and the accumulated depreciation is \$30,831,830	22,763,578
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	3,724,104
Deferred Inflows related to pensions	(2,491,846)
Accrued pension contributions for the June 30, 2018 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.	(546,720)
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.	(14,487,118)

Net Position of Governmental Activities \$ 40,108,713

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, 2018**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	TOTAL
REVENUES:				
County Appropriation	\$ 18,272,939	\$ -	\$ 27,452,902	\$ 45,725,841
Local Funding	-	-	1,146,104	1,146,104
Tuition Charges	3,994,813	-	-	3,994,813
Miscellaneous	357,175	695,953	-	1,053,128
Total Local Sources	22,624,927	695,953	28,599,006	51,919,886
State Sources	9,519,681	156,292	-	9,675,973
Federal Sources	-	1,068,374	-	1,068,374
Total Revenues	32,144,608	1,920,619	28,599,006	62,664,233
EXPENDITURES:				
Current:				
Basic Skills/Remedial	3,406,736	-	-	3,406,736
Regular Vocational Programs - Instruction	4,994,465	1,067,940	-	6,062,405
Special Vocational Programs - Instruction	1,369,113	-	-	1,369,113
Sponsored Cocurricular Activities	275,589	-	-	275,589
Support Services & Undistributed Costs:				
Attendance & Social Work	73,786	-	-	73,786
Health Services	500,585	-	-	500,585
Other Support Services - Student - Regular	799,717	487,715	-	1,287,432
Other Support Services - Student - Special	305,230	-	-	305,230
Improvement of Instruction Services	6,335	-	-	6,335
Educational Media Services/School Library	149,196	-	-	149,196
Support Services - General Administration	974,668	-	-	974,668
Support Services - School Administration	1,863,385	-	-	1,863,385
Support Services - Central Services	644,168	-	-	644,168
Support Services - Information Technology	315,565	-	-	315,565
Required Maintenance for School Facilities	497,740	-	-	497,740
Operation & Maintenance of Plant	1,716,040	-	-	1,716,040
Care and Upkeep of Grounds	70,938	-	-	70,938
Security	66,686	-	-	66,686
Student Transportation Services	230,126	-	-	230,126
Unallocated Benefits - Employee Benefits	6,948,418	-	-	6,948,418
Special Schools	6,158,708	-	-	6,158,708
Capital Outlay	129,799	364,964	968,077	1,462,840
Interest and Other Charges	50,077	-	-	50,077
Total Expenditures	31,547,070	1,920,619	968,077	34,435,766
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	597,538	-	27,630,929	28,228,467
Net Change in Fund Balances	597,538	-	27,630,929	28,228,467
Fund Balance July 1	2,918,248	-	-	2,918,248
Fund Balance June 30	\$ 3,515,786	\$ -	\$ 27,630,929	\$ 31,146,715

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

**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, 2018**

Total Net Changes in Fund Balances - Governmental Funds (B-2) \$ 28,228,467

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	\$ (1,367,560)	
	Capital Outlays	<u>1,469,276</u>	
			101,716

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. (512,039)

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 (+). (12,232)

Change in Net Position of Governmental Activities \$ 27,805,912

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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, 2018**

ASSETS	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS		TOTAL
	FOOD SERVICE	COST RECOVERY	
Cash	\$ 12,856	\$ 10,158	\$ 23,014
Intergovernmental Accounts Receivable:			
State	38	-	38
Federal	777	-	777
Total Assets	13,671	10,158	23,829
LIABILITIES			
Accounts Payable	547	-	547
Total Liabilities	547	-	547
NET POSITION			
Unrestricted	13,124	10,158	23,282
Total Net Position	\$ 13,124	\$ 10,158	\$ 23,282

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

**OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2018**

	BUSINESS-TYPE ACTIVITIES		TOTAL
	ENTERPRISE FUND		
	FOOD SERVICE	COST RECOVERY	
OPERATING REVENUES			
Local Sources:			
Daily Sales - Reimbursable Programs:			
School Lunch & Breakfast Programs	\$ 46,217	\$ -	\$ 46,217
Fees for Services	144,689	34,542	179,231
Total Operating Revenue	190,906	34,542	225,448
OPERATING EXPENSES			
Salaries & Wages	33,559	-	33,559
Cost of Sales - Reimbursable	40,669	-	40,669
Cost of Sales - Non-Reimbursable	130,858	-	130,858
Supplies & Materials	-	34,326	34,326
Total Operating Expenses	205,086	34,326	239,412
Operating Income	(14,180)	216	(13,964)
Nonoperating Revenues/(Expenses):			
State Sources:			
State School Lunch Program	598	-	598
Federal Sources:			
National School Lunch Program	10,496	-	10,496
National School Performance Based Program	704	-	704
National School Breakfast	1,320	-	1,320
Total Nonoperating Revenues/(Expenses)	13,118	-	13,118
Net Income	(1,062)	216	(846)
Total Net Position - July 1	14,186	9,942	24,128
Total Net Position - June 30	\$ 13,124	\$ 10,158	\$ 23,282

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

OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	BUSINESS-TYPE ACTIVITIES		
	ENTERPRISE FUND		
	FOOD FUND	COST RECOVERY	TOTAL
Cash Flows From Operating Activities:			
Receipts from Customers	\$ 190,832	\$ 34,542	\$ 225,374
Payments to Suppliers	(204,539)	(34,326)	(238,865)
	<hr/>		
Net Cash Flows from Operating Activities	(13,707)	216	(13,491)
	<hr/>		
Cash Flows From Noncapital Financing Activities:			
State Sources	598	-	598
Federal Sources	12,520	-	12,520
	<hr/>		
Net Cash Flows from Noncapital Financing Activities	13,118	-	13,118
	<hr/>		
Net Increase in Cash & Cash Equivalents	(589)	216	(373)
Balances - Beginning of Year	13,445	9,942	23,387
	<hr/>		
Balances - End of Year	\$ 12,856	\$ 10,158	\$ 23,014
	<hr/> <hr/>		

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

Operating Income	\$ (14,180)	\$ 216	\$ (13,964)
Adjustments to Reconcile Operating Income to Net Cash Flows from Operating Activities:			
Increase in Accounts Receivable	(74)	-	(74)
Increase/(Decrease) in Accounts Payable	547	-	547
	<hr/>		
Net Cash Flows from Operating Activities	\$ (13,707)	\$ 216	\$ (13,491)
	<hr/> <hr/>		

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

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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, 2018**

ASSETS	PRIVATE PURPOSE			TOTAL
	SCHOLARSHIP	UNEMPLOYMENT COMPENSATION	AGENCY FUND	
Cash & Cash Equivalents	\$ 10,730	\$ 143,360	\$ 370,827	\$ 524,917
Total Assets	10,730	143,360	370,827	524,917
LIABILITIES				
Payroll Deductions & Withholdings	-	-	160,009	160,009
Payable - Quarterly Unemployment	-	776	-	776
Due to Student Groups	-	-	210,695	210,695
Due to Recipients	-	-	123	123
Total Liabilities	-	776	370,827	371,603
NET POSITION				
Restricted for Unemployment Claims	-	142,584	-	142,584
Restricted for Students	10,730	-	-	10,730
Total Net Position	\$ 10,730	\$ 142,584	\$ -	\$ 153,314

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, 2018**

	<u>PRIVATE PURPOSE</u>		TOTAL
	<u>SCHOLARSHIP</u> TRUST	<u>UNEMPLOYMENT</u> TRUST	
ADDITIONS			
Contributions	\$ 45,550	\$ 27,989	\$ 73,539
Total Contributions	45,550	27,989	73,539
Total Additions	45,550	27,989	73,539
DEDUCTIONS			
Unemployment Claims	-	7,591	7,591
Scholarship Payments	46,925	-	46,925
Total Deductions	46,925	7,591	54,516
Change in Net Position	(1,375)	20,398	19,023
Net Position, July 1	12,105	122,186	134,291
Net Position, June 30	\$ 10,730	\$ 142,584	\$ 153,314

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

OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

Note 1. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Ocean County Vocational Technical Scholl 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, 2018 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, 2018.

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

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.

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

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 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.

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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.

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

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 of the School District.

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, pell grant and student activity 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.

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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.

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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 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.

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2018 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

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:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Land Improvements	10-20 Years	N/A
Building 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.

OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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.

OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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.

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.

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

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:

Net Investment in Capital Assets – This components 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.

Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2018 and February 11, 2019, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements. See Note 19 for additional disclosures.

Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

The following GASB Statements became effective for the fiscal year ended June 30, 2018:

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.

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*.

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
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

Recently Issued Accounting Pronouncements (continued)

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 has not yet determined the potential 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 has not yet determined the potential impact on the School District's financial statements.

Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The Governmental Accounting Standards Board (GASB) has issued a new standard with guidance the GASB believes will enhance debt-related disclosures in notes to financial statements, including those addressing direct borrowings and direct placements. The new standard clarifies which liabilities governments should include in their note disclosures related to debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management has not yet determined the potential 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, 2018, the School District's bank balance of \$4,852,982 was exposed to custodial credit risk as follows:

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2018 (Continued)**

Note 2. Deposits and Investments

Insured under FDIC and GUDPA	\$	4,262,770
Uninsured and Uncollateralized		590,212
Total	\$	4,852,982

Investments

The School District had no investments at June 30, 2018.

Note 3. Reserve Accounts

Capital Reserve

A capital reserve account was established by the School District 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, 2017 to June 30, 2018 fiscal year is as follows:

Ending Balance, June 30, 2018 and 2017	\$	100,773
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The June 30, 2018 LRFP balance of local support costs of uncompleted capital projects at June 30, 2018 is \$34,561,000.

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 3. Reserve Accounts (Continued)

Maintenance Reserve

The School District established a maintenance reserve account in June of 2011 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, 2017 to June 30, 2018 fiscal year is as follows:

Beginning Balance, July 1, 2017	\$	807,000
Increased by:		
Deposits Approved by Board		146,000
		953,000
Decreased by:		
Budget Withdrawals		(125,000)
Ending Balance, June 30, 2018	\$	828,000

Note 4. Accounts Receivable

Accounts receivable at June 30, 2018 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, 2018, consisted of the following:

<u>Description</u>	Governmental Funds			Total Governmental Activities
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	
Federal Awards	\$ -	\$ 758	\$ -	\$ 758
State Awards	40,145	-	-	40,145
Tuition	334,968	-	-	334,968
Other	-	-	27,675,364	27,675,364
Total	\$ 375,113	\$ 758	\$ 27,675,364	\$ 28,051,235
			Proprietary Funds	
			<u>Food Service Fund</u>	Total Business-Type Activities
Federal Awards			\$ 777	\$ 777
State Awards			38	38
Total			\$ 815	\$ 815

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2018 was as follows:

	Governmental Activities			Balance June 30, 2018
	Balance July 1, 2017	Additions	Retirements and Transfers	
Governmental Activities:				
Capital Assets being depreciated:				
Buildings and Improvements	\$ 37,295,813	\$ 939,007	\$ -	\$ 38,234,820
Equipment	14,859,586	530,269	(8,897)	15,380,958
Total Capital Assets being depreciated	<u>52,155,399</u>	<u>1,469,276</u>	<u>(8,897)</u>	<u>53,615,778</u>
Less: Accumulated Depreciation:				
Equipment	(29,493,537)	(1,367,560)	8,897	(30,852,200)
Total Accumulated Depreciation	<u>(29,493,537)</u>	<u>(1,367,560)</u>	<u>8,897</u>	<u>(30,852,200)</u>
Total Capital Assets being depreciated, net	<u>22,661,862</u>	<u>101,716</u>	<u>-</u>	<u>22,763,578</u>
Total Governmental Activities Capital Assets, net	<u>\$ 22,661,862</u>	<u>\$ 101,716</u>	<u>\$ -</u>	<u>\$ 22,763,578</u>

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

Note 6. Interfund Receivables, Payables and Transfers

Individual fund receivables/payables balances at June 30, 2018 are as follows:

Fund	Interfund Receivables	Interfund Payables
General Fund	\$ 44,435	\$ -
Capital Projects Fund	-	44,435
	<u>\$ 44,435</u>	<u>\$ 44,435</u>

The interfund receivables and payables above predominately resulted from payment made by certain funds on behalf of other funds. All interfund balances are expected to be repaid within one year.

There were no interfund transfers for the year ended June 30, 2018.

Note 7. Long-Term Obligations

During the fiscal year-ended June 30, 2018 the following changes occurred in long-term obligations for the governmental and business-type activities:

	Balance June 30, 2017	Additions	Reductions	Balance June 30, 2018	Balance Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 2,060,778	\$ 12,232	\$ -	\$ 2,073,010	\$ -
Net Pension Liability	15,771,410	-	3,357,302	12,414,108	-
	<u>\$ 17,832,188</u>	<u>\$ 12,232</u>	<u>\$ 3,357,302</u>	<u>\$ 14,487,118</u>	<u>\$ -</u>

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

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 <http://www.nj.gov/treasury/pensions/financial-reports.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 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. 43:15A* 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 2017, the State's pension contribution was less than the actuarial determined amount.

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 8. Pension Plans (Continued)

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, 2018, the School District reported a liability of \$12,414,108 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2017. 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, 2016, to the measurement date of June 30, 2017. 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, 2017. The School District's proportion measured as of June 30, 2017, was 0.0533288672%, which was an increase of 0.0000778985% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the School District recognized full accrual pension expense of \$1,011,322 in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2017 measurement date. At June 30, 2018 the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 292,309	\$ -
Changes of Assumptions	2,501,015	2,491,846
Net Difference between Projected and Actual Earnings on Pension Plan Investments	84,532	-
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	299,528	-
School District contributions subsequent to measurement date	546,720	-
	\$ 3,724,104	\$ 2,491,846

\$546,720 reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is estimated based on unadjusted 2017-2018 total salaries for PERS employees multiplied by an employer pension contribution rate of 13.37%. The payable is due on April 1, 2019 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. 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:

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 8. Pension Plans (Continued)

Year Ending June 30,		
2019	\$	401,796
2020		545,896
2021		331,598
2022		(337,330)
2023		(256,422)
	<u>\$</u>	<u>685,538</u>

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:

	<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	-
June 30, 2017	5.48	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
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	-
June 30, 2017	5.00	-
Changes in Proportion and Differences between District Contributions		
Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 8. Pension Plans (Continued)

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 5.48, 5.57, 5.72 and 6.44 years for the 2017, 2016, 2015, and 2014 amounts, respectively.

Actuarial Assumptions – The collective total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following assumptions:

Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.00%
Period of Actuarial Experience	
Study upon which Actuarial	
Assumptions were Based	July 1, 2011 - June 30, 2014

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, 2016 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 (7.00% at June 30, 2017) 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, 2017 are summarized in the following table:

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 8. Pension Plans (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017 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 40% 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 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 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, 2017, calculated using the discount rate of 5.00% 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:

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 8. Pension Plans (Continued)

	At 1% Decrease (4.00%)	At Current Discount Rate (5.00%)	At 1% Increase (6.00%)
School District's Proportionate Share of the Net Pension Liability	\$ 15,400,543	\$ 12,414,108	\$ 9,926,037

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2018 and 2017:

	<u>6/30/2018</u>	<u>6/30/2017</u>
Collective Deferred Outflows of Resources	\$ 5,396,431,901	\$ 7,815,204,785
Collective Deferred Inflows of Resources	\$ 4,672,602,040	\$ -
Collective Net Pension Liability	\$ 23,278,401,588	\$ 29,617,131,759
School District's portion	0.05333%	0.05325%

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.nj.gov/treasury/pensions/financial-reports.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

OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)

Note 8. Pension Plans (Continued)

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 2017, 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 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, 2017 was \$73,427,562. The School District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. 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, 2017, the State proportionate share of the TPAF net pension liability attributable to the School District was 0.1089048285%, which was a decrease of 0.001640158% from its proportion measured as of June 30, 2016.

For the fiscal year ended June 30, 2018, the State of New Jersey recognized a pension expense in the amount of \$5,086,690 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, 2017 measurement date.

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 8. Pension Plans (Continued)

Actuarial Assumptions – The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.25%
Salary Increases:	
2012-2021	Varies Based on Experience
Thereafter	Varies Based on Experience
Investment Rate of Return	7.00%

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, 2016 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 (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2016 are summarized in the following table:

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 8. Pension Plans (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 4.25% as of June 30, 2017. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, 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 40% 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 2036. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2036, 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 – 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 4.25% 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:

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 8. Pension Plans (Continued)

	<u>At 1% Decrease (3.25%)</u>	<u>At Current Discount Rate (4.25%)</u>	<u>At 1% Increase (5.25%)</u>
State of New Jersey's Proportionate Share of Net Pension Liability associated with the School District	\$ 15,400,543	\$ 12,414,108	\$ 9,926,037

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.

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2018 and 2017:

	<u>6/30/2018</u>		<u>6/30/2017</u>
Collective Deferred Outflows of Resources	\$ 14,353,461,035.00	\$	17,581,004,596.00
Collective Deferred Inflows of Resources	\$ 11,992,821,439.00	\$	300,836,088.00
Collective Net Pension Liability	\$ 67,670,209,171.00	\$	79,028,907,033.00
School District's portion	0.1089048285%		0.1105449865%

C. Defined Contribution Retirement 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.
- 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.

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 8. Pension Plans (Continued)

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.

Note 9. Other Post-Retirement Benefits

General Information about the OPEB Plan

The State of New Jersey reports a liability as a result of its statutory requirements to pay other postemployment (health) benefits for State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A 52:14-17.32f. According to N.J.S.A 52:14- 17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits are the responsibility of the individual local education employers.

Basis of Presentation

The Schedule presents the State of New Jersey's obligation under NJSA 52:14-17.32f. The Schedule does not purport to be a complete presentation of the financial position or changes in financial position of the State Health Benefit Local Education Retired Employees Plan or the State of New Jersey. The accompanying Schedule was prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the State of New Jersey to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 9. Other Post-Retirement Benefits (continued)

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total nonemployer OPEB liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2016. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate 2.50%

	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary Increases:			
Through 2026	1.55 - 4.55% based on years of service	2.15 - 4.15% based on age	2.10 - 8.98% based on age
Thereafter	2.00 - 5.45% based on years of service	3.15 - 5.15% based on age	3.10 - 9.98% based on age

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount- Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount- Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 – June 30, 2015, July 1, 2010 – June 30, 2013, and July 1, 2011 – June 30, 2014 for TPAF, PFRS and PERS, respectively.

OPEB Obligation and OPEB Expense - The State’s proportionate share of the total Other Post Employment Benefits Obligations, attributable to the School District as of June 30, 2017 was \$58,162,643. The School District’s proportionate share was \$0.

The OPEB Obligation was measured as of June 30, 2017, and the total OPEB Obligation used to calculate the OPEB Obligation was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The State’s proportionate share of the OPEB Obligation associated with the District was based on projection of the State’s long-term contributions to the OPEB plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2017, the State proportionate share of the OPEB Obligation attributable to the School District was 0.10843179%, which was a decrease of 0.00005126% from its proportion measured as of June 30, 2016.

For the fiscal year ended June 30, 2018, the State of New Jersey recognized an OPEB expense in the amount of \$3,408,392 for the State’s proportionate share of the OPEB expense attributable to the School District. This OPEB expense was based on the OPEB plans June 30, 2017 measurement date.

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 9. Other Post-Retirement Benefits (continued)

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% decreasing to a 5.0% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

The discount rate for June 30, 2017 and 2016 was 3.58% and 2.85%, respectively. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Total Nonemployer OPEB Liability to changes in discount rate:

The following presents the total nonemployer OPEB liability as of June 30, 2017 and 2016, respectively, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2017		
	At 1% Decrease (2.58%)	At Discount Rate (3.58%)	At 1% Increase (4.58%)
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 69,043,253	\$ 58,162,643	\$ 49,532,039
State of New Jersey's Total Nonemployer OPEB Liability	\$ 63,674,362,200	\$ 53,639,841,858	\$ 45,680,364,953
	June 30, 2016		
	At 1% Decrease (1.85%)	At Discount Rate (2.85%)	At 1% Increase (3.85%)
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 75,090,047	\$ 62,678,394	\$ 52,908,833
State of New Jersey's Total Nonemployer OPEB Liability	\$ 69,283,705,084	\$ 57,831,784,184	\$ 48,817,654,566

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 9. Other Post-Retirement Benefits (continued)

Sensitivity of Total Nonemployer OPEB Liability to changes in the healthcare trend rate:

The following presents the total nonemployer OPEB liability as of June 30, 2017 and 2016, respectively, calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2017		
	1% Decrease	Healthcare Cost Trend Rate *	1% Increase
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 47,833,151	\$ 58,162,643	\$ 71,880,086
State of New Jersey's Total Nonemployer OPEB Liability	\$ 44,113,584,560	\$ 53,639,841,858	\$ 66,290,599,457
	June 30, 2016		
	1% Decrease	Healthcare Cost Trend Rate *	1% Increase
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 51,429,367	\$ 62,678,394	\$ 77,717,271
State of New Jersey's Total Nonemployer OPEB Liability	\$ 47,452,589,164	\$ 57,831,784,184	\$ 71,707,778,970

* See Healthcare Cost Trend Assumptions for details of rates.

Additional Information

Collective balances of the Local Group at June 30, 2017 are as follows:

	<u>Deferred Outflows of</u>	<u>Deferred Inflows of</u>
Change in Proportion	\$ 99,843,255	\$ (99,843,255)
Change in Assumptions	-	(6,343,769,032)
Contributions Made in Fiscal Year Year Ending 2018 After June 30, 2017 Measurement Date **	1,190,373,242	-
	<u>\$ 1,290,216,497</u>	<u>\$ (6,443,612,287)</u>

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 9. Other Post-Retirement Benefits (continued)

Additional Information (continued):

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

Fiscal Year Ending June 30,	
2018	\$ (742,830,097.00)
2019	(742,830,097.00)
2020	(742,830,097.00)
2021	(742,830,097.00)
2022	(742,830,097.00)
Thereafter	(2,629,618,547.00)
	\$ (6,343,769,032.00)

** Employer Contributions made after June 30, 2017 are reported as a deferred outflow of resources, but are not amortized in expense.

Plan Membership

At June 30, 2016, the Program membership consisted of the following:

	June 30, 2016
Active Plan Members	223,747.00
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	142,331.00
	366,078.00

Changes in the Total OPEB Liability

The change in the State's Total OPEB liability for the fiscal year ended June 30, 2018 (measurement date June 30, 2017) is as follows:

Total OPEB Liability	
Service Cost	\$ 2,391,878,884.00
Interest Cost	1,699,441,736.00
Changes of Assumptions	(7,086,599,129.00)
Contributions: Member	45,748,749.00
Gross Benefit Payments	(1,242,412,566.00)
Net Change in Total OPEB Liability	(4,191,942,326.00)
Total OPEB Liability (Beginning)	57,831,784,184.00
Total OPEB Liability (Ending)	\$ 53,639,841,858.00
Total Covered Employee Payroll	13,493,400,208.00
Net OPEB Liability as a Percentage of Payroll	398%

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

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, 2018, the on-behalf payments for pension, social security, post-retirement medical costs, and long-term disability were \$1,609,277, \$826,971, \$1,039,366 and \$1,753, 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>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2017-2018	\$ 27,989	\$ -	\$ 7,591	\$ 142,584
2016-2017	27,540	-	20,067	122,186
2015-2016	26,500	-	9,601	114,713

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 School Alliance Insurance Fund and, public entity risk pool. The Pool provides its members with the following coverage:

Property - Blanket Building & Grounds	General & Automobile Liability
Boiler & Machinery	Workers' Compensation
School Board Legal Liability	Comprehensive Crime Coverage

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.

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 12. Contingencies (Continued)

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	Lincoln Investment Planning, Inc.	Met Life
Ameriprise	Fidelity Investments	

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, 2018, the liability for compensated absences reported was \$2,073,010.

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.

OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)

Note 15. Tax Abatements (Continued)

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. 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 District did not have any excess fund balance at June 30, 2018.

Note 17. Fund Balances

General Fund – Of the \$3,515,786 General Fund fund balance at June 30, 2018, \$100,773 has been restricted for the Capital Reserve Account; \$828,000 has been restricted for the Maintenance Reserve Account; \$502,727 has been committed to other purposes; \$166,016 has been assigned to other purposes; \$999,500 has been designated for subsequent year's expenditures and \$918,770 has been unassigned.

Note 18. Deficit in Net Position

Unrestricted Net Position – The School District governmental activities had a deficit in unrestricted net position in the amount of \$11,214,567 at June 30, 2018. 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, 2018. This deficit in unrestricted net position for governmental activities does not indicate that the School District is facing financial difficulties.

Note 19. Subsequent Events

On July 13, 2018 the School District received a revised state aid notice from that State of New Jersey for its budget for the year ended June 30, 2019. This revised notice included a decrease in the School District's state aid of \$142,500. The New Jersey Department of Education authorized school districts that received a decrease in state aid to transfer additional unassigned general fund surplus into the budget for the year ended June 30, 2019. The School District approved a resolution dated August 1, 2018 to transfer additional unassigned general fund surplus in the amount of \$142,000 into the budget to compensate for the decrease in state aid.

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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, 2018**

	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Revenues:						
Local Sources:						
County Appropriations	10-1200	\$ 18,272,939	\$ -	\$ 18,272,939	\$ 18,272,939	\$ -
Tuition from Other LEA's Within the State	10-1320	4,108,000	-	4,108,000	3,994,813	(113,187)
Miscellaneous	10-1790	250,666	-	250,666	357,175	106,509
Total Local Sources		22,631,605	-	22,631,605	22,624,927	(6,678)
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	-
Adult Education Aid	10-3191	-	503,255	503,255	503,255	-
Lead Testing for Schools Aid	10-3300	-	-	-	4,335	4,335
Nonbudgeted:						
On-Behalf TPAF Pension Contribution		-	-	-	1,609,227	1,609,227
On-Behalf TPAF Post-Retirement Medical		-	-	-	1,039,366	1,039,366
On-Behalf TPAF Long-Term Disability Insurance		-	-	-	1,753	1,753
Reimbursed TPAF Social Security Contributions		-	-	-	826,971	826,971
Total State Sources		5,585,095	503,255	6,088,350	9,570,002	3,481,652
Total Revenues		28,216,700	503,255	28,719,955	32,194,929	3,474,974
Expenditures:						
Current Expense:						
Basic Skills/Remedial - Instruction:						
Salaries of Teachers	11-140-100-101	3,392,450	(10,905)	3,381,545	3,369,543	12,002
General Supplies	11-140-100-610	51,050	(4,275)	46,775	28,965	17,810
Textbooks	11-140-100-640	10,000	(1,017)	8,983	8,228	755
Other Objects	11-140-100-800	2,500	-	2,500	-	2,500
Total Basic Skills/Remedial - Instruction		3,456,000	(16,197)	3,439,803	3,406,736	33,067
Regular Vocational Programs - Instruction:						
Salaries of Teachers	11-310-100-101	3,523,320	(40,316)	3,483,004	3,483,004	-
Other Salaries for Instruction	11-310-100-106	448,075	92,945	541,020	538,096	2,924
Purchased Professional & Educational Services	11-310-100-320	30,000	26,000	56,000	29,266	26,734
Purchased Technical Services	11-310-100-340	67,000	31,800	98,800	91,452	7,348
Travel	11-310-100-580	9,000	-	9,000	9,000	-
General Supplies	11-310-100-610	726,475	217,601	944,076	742,085	201,991
Textbooks	11-310-100-640	135,000	(31,278)	103,722	101,562	2,160
Total Regular Vocational Programs - Instruction		4,938,870	296,752	5,235,622	4,994,465	241,157
Special Vocational Programs - Instruction:						
Salaries of Teachers	11-320-100-101	1,168,463	9,111	1,177,574	1,171,605	5,969
Other Salaries for Instruction	11-320-100-106	10,000	-	10,000	8,045	1,955
Purchased Technical Services	11-320-100-340	4,000	3,519	7,519	7,518	1
Travel	11-320-100-580	750	-	750	578	172
General Supplies	11-320-100-610	145,050	80,322	225,372	177,421	47,951
Textbooks	11-320-100-640	7,600	-	7,600	3,946	3,654
Total Special Vocational Programs - Instruction		1,335,863	92,952	1,428,815	1,369,113	59,702

**OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
School Sponsored Cocurricular Activities:						
Other Objects	11-401-100-800	258,000	50,000	308,000	275,589	32,411
Total School Sponsored Cocurricular Activities		258,000	50,000	308,000	275,589	32,411
Total Instruction		9,988,733	423,507	10,412,240	10,045,903	366,337
Undistributed Expenditures:						
Attendance & Social Work:						
Salaries	11-000-211-100	73,786	-	73,786	73,786	-
Total Attendance & Social Work		73,786	-	73,786	73,786	-
Health Services:						
Salaries	11-000-213-100	481,915	278	482,193	482,193	-
Purchased Professional Services	11-000-213-300	11,500	1,500	13,000	12,064	936
Travel	11-000-213-580	200	-	200	33	167
Supplies and Materials	11-000-213-600	6,500	1,000	7,500	6,295	1,205
Total Health Services		500,115	2,778	502,893	500,585	2,308
Other Support Services - Students - Regular:						
Salaries of Other Professional Staff	11-000-218-104	646,980	10,463	657,443	657,222	221
Salaries of Secretarial & Clerical Assistants	11-000-218-105	42,050	-	42,050	42,050	-
Purchased Professional Services	11-000-218-320	15,000	(10,000)	5,000	5,000	-
Travel	11-000-218-580	2,000	-	2,000	333	1,667
Supplies & Materials	11-000-218-600	77,200	27,460	104,660	95,112	9,548
Total Other Support Services - Students - Regular		783,230	27,923	811,153	799,717	11,436
Other Support Services - Students - Special Services:						
Salaries of Other Professional Staff	11-000-219-104	190,920	42,043	232,963	232,963	-
Salaries of Secretarial & Clerical Assistants	11-000-219-105	68,579	(2,397)	66,182	66,182	-
Supplies & Materials	11-000-219-600	6,500	-	6,500	6,085	415
Total Other Support Services - Students - Special Services		265,999	39,646	305,645	305,230	415
Improvement of Instruction Services:						
Other Purchased Services	11-000-221-500	15,000	(8,565)	6,435	6,335	100
Total Improvement of Instruction Services		15,000	(8,565)	6,435	6,335	100
Educational Media Services/School Library:						
Supplies and Materials	11-000-222-600	136,000	107,165	243,165	149,196	93,969
Total Educational Media Services/School Library		136,000	107,165	243,165	149,196	93,969
Support Services - General Administration:						
Salaries	11-000-230-100	353,201	-	353,201	349,139	4,062
Legal Services	11-000-230-331	70,000	(10,000)	60,000	53,574	6,426
Professional Services	11-000-230-339	50,000	124,812	174,812	142,301	32,511
Communications/Telephone	11-000-230-530	227,000	(43,000)	184,000	163,021	20,979
Travel	11-000-230-580	7,000	6,000	13,000	8,751	4,249
Other Purchased Services	11-000-230-590	229,535	(28,335)	201,200	200,534	666
General Supplies	11-000-230-600	18,000	4,500	22,500	19,526	2,974
Miscellaneous Expenditures	11-000-230-890	36,000	2,500	38,500	37,822	678
Total Support Services - General Administration		990,736	56,477	1,047,213	974,668	72,545

**OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Support Services - Central Services:						
Salaries	11-000-251-100	544,921	(33,960)	510,961	508,829	2,132
Purchased Professional Services	11-000-251-330	87,500	17,792	105,292	76,465	28,827
Purchased Technical Services	11-000-251-340	18,000	-	18,000	16,037	1,963
Travel	11-000-251-580	5,500	-	5,500	5,500	-
Supplies and Materials	11-000-251-600	5,500	-	5,500	4,924	576
Miscellaneous Expenditures	11-000-251-890	28,500	5,000	33,500	32,413	1,087
Total Support Services - Central Services		689,921	(11,168)	678,753	644,168	34,585
Support Services - School Administration:						
Salaries of Principals & Assistant						
Principals	11-000-240-103	1,024,291	(1,291)	1,023,000	1,010,254	12,746
Salaries of Other Professional Staff	11-000-240-104	120,550	(2,500)	118,050	114,750	3,300
Salaries of Secretarial & Clerical						
Assistants	11-000-240-105	536,200	(7,751)	528,449	527,161	1,288
Other Salaries	11-000-240-110	95,500	(13,809)	81,691	76,542	5,149
Purchased Professional & Technical						
Services	11-000-240-300	21,000	(15,000)	6,000	5,270	730
Other Purchased Services	11-000-240-500	10,000	-	10,000	7,969	2,031
Travel	11-000-240-580	2,000	-	2,000	1,600	400
Supplies and Materials	11-000-240-600	69,500	4,765	74,265	55,506	18,759
Other Objects	11-000-240-800	70,000	(1,583)	68,417	64,333	4,084
Total Support Services - School Administration		1,949,041	(37,169)	1,911,872	1,863,385	48,487
Required Maintenance for School Facilities:						
Salaries	11-000-261-100	101,440	-	101,440	101,440	-
Cleaning, Repair & Maintenance						
Services	11-000-261-420	390,000	37,950	427,950	334,240	93,710
General Supplies	11-000-261-610	45,000	17,600	62,600	62,060	540
Total Required Maintenance for School Facilities		536,440	55,550	591,990	497,740	94,250
Other Operation & Maintenance of Plant Services:						
Salaries	11-000-262-100	574,632	(11,896)	562,736	547,689	15,047
Cleaning, Repair & Maintenance						
Services	11-000-262-420	514,324	40,162	554,486	468,940	85,546
Rental of Land & Building	11-000-262-441	12,000	7,100	19,100	17,186	1,914
Other Purchased Property Services	11-000-262-490	58,400	5,650	64,050	32,684	31,366
Miscellaneous Purchased Services	11-000-262-590	10,000	29,780	39,780	-	39,780
General Supplies	11-000-262-610	194,500	36,966	231,466	207,990	23,476
Energy (Heat & Electricity)	11-000-262-620	662,000	(158,866)	503,134	441,551	61,583
Total Other Operation & Maintenance of Plant Services		2,025,856	(51,104)	1,974,752	1,716,040	258,712
Care & Upkeep of Grounds:						
Salaries	11-000-263-100	70,938	-	70,938	70,938	-
Total Care & Upkeep of Grounds		70,938	-	70,938	70,938	-
Security:						
Cleaning, Repair & Maintenance						
Services	11-000-266-420	75,000	26,030	101,030	66,686	34,344
Total Security		75,000	26,030	101,030	66,686	34,344

**OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Student Transportation Services:						
Salaries for Pupil Transportation (Other Than Between Home & School)	11-000-270-163	75,000	-	75,000	70,979	4,021
Cleaning, Repair & Maintenance Services	11-000-270-420	89,000	27,700	116,700	108,421	8,279
Miscellaneous Purchased Services - Transportation	11-000-270-593	44,000	9,000	53,000	50,726	2,274
Total Student Transportation Services		208,000	36,700	244,700	230,126	14,574
Support Services - Information Technology:						
Salaries	11-000-252-100	260,358	684	261,042	261,042	-
Travel	11-000-252-580	2,000	-	2,000	1,963	37
Supplies, Textbooks, and Materials	11-000-252-600	51,000	2,492	53,492	52,560	932
Total Support Services - Information Technology		313,358	3,176	316,534	315,565	969
Unallocated Benefits Employee Benefits:						
Social Security Contributions	11-xxx-xxx-220	290,000	3,076	293,076	293,076	-
Other Retirement Contributions - Regular	11-xxx-xxx-241	364,755	(15,114)	349,641	349,641	-
Other Retirement Contributions - DCRP	11-xxx-xxx-249	15,000	5,000	20,000	14,096	5,904
Workman's Compensation	11-xxx-xxx-260	143,000	(40,906)	102,094	101,401	693
Health Benefits	11-xxx-xxx-270	3,175,205	(662,573)	2,512,632	2,443,502	69,130
Tuition Reimbursement	11-xxx-xxx-280	75,000	(25,000)	50,000	43,564	6,436
Other Employee Benefits	11-xxx-xxx-290	143,000	82,821	225,821	225,821	-
Total Unallocated Benefits - Employee Benefits		4,205,960	(652,696)	3,553,264	3,471,101	82,163
Nonbudgeted:						
On-Behalf TPAF Pension Contribution		-	-	-	1,609,227	(1,609,227)
On-Behalf TPAF Post-Retirement Medical		-	-	-	1,039,366	(1,039,366)
On-Behalf TPAF Long-Term Disability Insurance		-	-	-	1,753	(1,753)
Reimbursed TPAF Social Security Contributions		-	-	-	826,971	(826,971)
Total Undistributed Expenditures		12,839,380	(405,257)	12,434,123	15,162,583	(2,728,460)
Total Expenditures - Current Expense		22,828,113	18,250	22,846,363	25,208,486	(2,362,123)
Capital Outlay:						
Regular Programs - Instruction: Regular Vocational Programs	12-310-100-730	107,423	16,850	124,273	57,274	66,999
Special Education - Instruction: Special Vocational Programs	12-xxx-100-730	-	234,364	234,364	56,675	177,689
Operation & Maintenance of Plant Services	12-000-260-730	-	5,000	5,000	-	5,000
Required Maintenance for School Facilities	12-000-261-730	17,500	7,650	25,150	15,850	9,300
School Buses - Special	12-000-270-734	-	67,136	67,136	-	67,136
Assessment for Debt Service	12-000-400-896	50,077	-	50,077	50,077	-
Total Equipment		175,000	331,000	506,000	179,876	326,124
Total Capital Outlay		175,000	331,000	506,000	179,876	326,124

**OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Special Schools:						
Post-Secondary Programs - Instruction:						
Salaries of Teachers	13-330-100-101	943,992	1,747	945,739	936,753	8,986
Other Salaries for Instruction	13-330-100-106	-	-	-	-	-
General Supplies	13-330-100-610	185,500	64,842	250,342	184,934	65,408
Textbooks	13-330-100-640	23,500	(11,926)	11,574	8,074	3,500
Total Post-Secondary Programs - Instruction		1,152,992	54,663	1,207,655	1,129,761	77,894
Post-Secondary Programs - Support Services:						
Salaries of Other Professional Staff	13-330-200-100	323,156	(5,197)	317,959	311,020	6,939
General Supplies	13-330-200-600	2,500	-	2,500	1,880	620
Other Objects	13-330-200-800	10,000	13,820	23,820	2,971	20,849
Total Post-Secondary Programs - Support Services		335,656	8,623	344,279	315,871	28,408
Total Post-Secondary Programs		1,488,648	63,286	1,551,934	1,445,632	106,302
Adult Education - Local - Support Services:						
Salaries of Teachers	13-602-200-100	8,500	-	8,500	3,060	5,440
Total Adult Education - Local - Support Services		8,500	-	8,500	3,060	5,440
Vocational Evening - Local - Instruction:						
Salaries of Teachers	13-629-100-101	285,000	35,796	320,796	320,796	-
General Supplies	13-629-100-610	65,000	59,000	124,000	116,192	7,808
Textbooks	13-629-100-640	4,000	4,500	8,500	7,504	996
Total Vocational Evening - Local - Instruction		354,000	99,296	453,296	444,492	8,804
Vocational Evening - Local - Support Services:						
Salaries	13-629-200-100	1,644,648	27,817	1,672,465	1,569,924	102,541
Personal Services - Employee Benefits	13-629-200-200	1,737,800	231,907	1,969,707	1,963,230	6,477
Purchased Professional & Technical Services	13-629-200-300	118,100	29,893	147,993	117,058	30,935
Other Purchased Services	13-629-200-500	173,441	(3,559)	169,882	125,730	44,152
Cleaning, Repair & Maintenance Services	13-629-200-xxx	199,200	43,701	242,901	184,368	58,533
Energy (Heat & Electricity)	13-629-200-xxx	249,000	(36,466)	212,534	202,755	9,779
Supplies and Materials	13-629-200-600	97,000	8,380	105,380	90,729	14,651
Other Objects	13-629-200-800	18,250	1,606	19,856	11,730	8,126
Total Vocational Evening - Local Support Services		4,237,439	303,279	4,540,718	4,265,524	275,194
Total Vocational Evening - Local		4,591,439	402,575	4,994,014	4,710,016	283,998
Total Special Schools		6,088,587	465,861	6,554,448	6,158,708	395,740
Total Expenditures		29,091,700	815,111	29,906,811	31,547,070	(1,640,259)

**OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Excess/(Deficiency) of Revenues Over/(Under)						
Expenditures After Other Financing Sources/(Uses)		(875,000)	(311,856)	(1,186,856)	647,859	1,834,715
Fund Balances, July 1		3,471,748	-	3,471,748	3,471,748	-
Fund Balances, June 30		<u>\$ 2,596,748</u>	<u>\$ (311,856)</u>	<u>\$ 2,284,892</u>	<u>\$ 4,119,607</u>	<u>\$ 1,834,715</u>

RECAPITULATION OF BUDGET TRANSFERS

Rollover Encumbrances from Prior Year	\$ 314,606
Cancellation of Rollover Encumbrances from Prior Year	<u>(2,750)</u>
	<u>\$ 311,856</u>

RECAPITULATION OF FUND BALANCE

Restricted Fund Balance:	
Capital Reserve	\$ 100,773
Maintenance Reserve	828,000
Committed Fund Balance:	
Year-end Encumbrances	502,727
Assigned Fund Balance:	
Year-end Encumbrances	166,016
Designated for Subsequent Year Expenditures	857,500
Additional Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures (July 1, 2018 - August 1, 2018)	142,000
Unassigned Fund Balance	<u>1,522,591</u>
Subtotal	4,119,607
Reconciliation to Governmental Fund Statements (GAAP):	
Last Two State Aid Payments Not Recognized on GAAP Basis	<u>(603,821)</u>
Fund Balance per Governmental Funds (GAAP)	<u>3,515,786</u>

**OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30,2018**

REVENUES	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Local Sources	\$ 616,714	\$ 124,833	\$ 741,547	\$ 741,547	\$ -
State Sources	134,629	21,663	156,292	156,292	-
Federal Sources	964,356	142,094	1,106,450	1,106,450	-
Total Revenues	1,715,699	288,590	2,004,289	2,004,289	-
Expenditures:					
Instruction:					
Salaries of Teachers	871,151	(224,314)	646,837	646,837	-
Other Salaries for Instruction		6,751	6,751	6,751	-
Purchased Professional & Technical Services	17,917	28,661	46,578	46,578	-
Textbooks	700	60	760	760	-
Travel/Field Trips	-	10,121	10,121	10,121	-
General Supplies	597,522	(240,629)	356,893	356,893	-
Total Instruction	1,487,290	(419,350)	1,067,940	1,067,940	-
Support Services:					
Salaries - Program Director	20,000	111,301	131,301	131,301	-
Salaries of Secretarial & Clerical Assistants	42,050	-	42,050	42,050	-
Personal Services - Employee Benefits	141,659	107,991	249,650	249,650	-
Purchased Professional & Technical Services		29,360	29,360	29,360	-
Travel	400	(60)	340	340	-
Miscellaneous Purchased Services	800	(800)	-	-	-
Supplies & Materials	3,500	11,514	15,014	15,014	-
Miscellaneous	20,000	-	20,000	20,000	-
Total Support Services	228,409	259,306	487,715	487,715	-
Facilities Acquisition & Construction Services:					
Instructional Equipment	-	448,634	448,634	448,634	-
Total Facilities Acquisition & Construction Services	-	448,634	448,634	448,634	-
Total Expenditures	1,715,699	288,590	2,004,289	2,004,289	-
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART II

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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, 2018**

**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)	\$ 32,194,929	\$ 2,004,289
Difference - Budget to GAAP:		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	553,500	-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(603,821)	-
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Current Year	-	(83,670)
Prior Year	-	-
	-	-
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	\$ 32,144,608	\$ 1,920,619
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 31,547,070	\$ 2,004,289
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
Prior Year	-	-
Current Year	-	(83,670)
	-	(83,670)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	\$ 31,547,070	\$ 1,920,619

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REQUIRED SUPPLEMENTARY INFORMATION - PART III

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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 FIVE FISCAL YEARS*

	2018	2017	2016	2015	2014
District's proportion of the net pension liability	0.05333%	0.05325%	0.05299%	0.05166%	0.04986%
District's proportionate share of the net pension liability	\$ 12,414,108	\$ 15,771,410	\$ 11,894,178	\$ 9,672,061	\$ 9,672,061
District's covered payroll	\$ 3,821,499	\$ 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	324.85%	411.29%	308.99%	256.39%	257.64%
Plan fiduciary net position as a percentage of the total pension liability	48.10%	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 FIVE FISCAL YEARS**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's contractually required contribution	\$ 546,720	\$ 494,035	\$ 473,074	\$ 455,533	\$ 425,837
Contributions in relation to the contractually required contribution	<u>546,720</u>	<u>494,035</u>	<u>473,074</u>	<u>455,533</u>	<u>425,837</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	3,908,159	3,821,499	3,834,629	3,849,411	3,772,423
Contributions as a percentage of covered payroll	13.99%	12.93%	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 (TPAF)
LAST FIVE FISCAL YEARS*

	<u>2018</u>	<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%	0.000%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the District	\$ 73,427,562	\$ 86,961,725	\$ 68,638,043	\$ 57,362,420	\$ 53,894
District's covered payroll	\$ 11,742,214	\$ 11,741,632	\$ 11,764,127	\$ 11,809,475	\$ 11,789,843
District's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	25.41%	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.

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**SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR OTHER POST EMPLOYMENT
BENEFITS (GASB 75)**

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**OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (OPEB)
LAST FISCAL YEAR***

		2018
District's Total OPEB Liability		
Service Cost	\$	2,368,378
Interest Cost		1,835,473
Changes of Assumptions		(7,422,038)
Contributions: Member		49,606
Gross Benefit Payments		(1,347,170)
Net Change in District's Total OPEB Liability		(4,515,751)
District's Total OPEB Liability (Beginning)		62,678,394
District's Total OPEB Liability (Ending)	\$	58,162,643
District's Covered Employee Payroll	\$	15,563,713
District's Net OPEB Liability as a Percentage of Payroll		374%

Note - The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

* 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.

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III

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**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III
YEAR ENDED JUNE 30, 2018**

Teachers Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 3.22% as of June 30, 2016, to 4.25% as of June 30, 2017.

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 3.98% as of June 30, 2016, to 5.00% as of June 30, 2017.

State Health Benefit Local Education Retired Employees Plan (OPEB)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 2.85% as of June 30, 2016, to 3.58% as of June 30, 2017.

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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, 2018**

	APPRENTICE COORDINATOR (CAC)	COUNTY FOUNDATION FOR VOC'L EDUCATION	OCEAN COUNTY JUVENILE DETENTION CENTER	NOAA TRUST GRANT
Revenues:				
State Sources	\$ 20,000	\$ -	\$ -	\$ -
Federal Sources	-	-	-	4,460
Other Sources	-	25,353	601,714	-
Total Revenues	\$ 20,000	\$ 25,353	\$ 601,714	\$ 4,460
Expenditures:				
Instruction:				
Salaries of Teachers	\$ -	\$ -	\$ 364,691	\$ -
Other Salaries for Instruction	-	-	-	1,923
Purchased Professional & Technical Services	-	-	-	-
Textbooks	-	-	760	-
Travel/Field Trips	-	-	-	-
General Supplies	-	25,353	-	2,537
Total Instruction	-	25,353	365,451	4,460
Support Services:				
Salaries of Supervisors of Instruction	20,000	-	32,944	-
Salaries of Secretarial & Clerical Assistants	-	-	42,050	-
Personal Services - Employee Benefits	-	-	137,698	-
Purchased Professional & Technical Services	-	-	-	-
Travel	-	-	340	-
Miscellaneous Purchased Services	-	-	-	-
Supplies & Materials	-	-	3,231	-
Miscellaneous	-	-	20,000	-
Total Support Services	20,000	-	236,263	-
Total Expenditures	\$ 20,000	\$ 25,353	\$ 601,714	\$ 4,460

**OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	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	\$ -	\$ -	\$ 136,292	\$ -	\$ -
Federal Sources	483,299	69,520	-	372,580	20,000
Other Sources	-	-	-	-	-
Total Revenues	\$ 483,299	\$ 69,520	\$ 136,292	\$ 372,580	\$ 20,000
Expenditures:					
Instruction:					
Salaries of Teachers	\$ -	\$ -	\$ -	\$ 282,146	\$ -
Other Salaries for Instruction	-	-	-	-	-
Purchased Professional & Technical Services	-	40,627	5,951	-	-
Textbooks	-	-	-	-	-
Travel/Field Trips	-	-	-	-	-
General Supplies	203,904	19,533	53,553	3,165	-
Total Instruction	203,904	60,160	59,504	285,311	-
Support Services:					
Personal Services - Employee Benefits	-	-	-	87,269	-
Purchased Professional & Technical Services	-	9,360	-	-	20,000
Total Support Services	-	9,360	-	87,269	20,000
Facilities Acquisition & Construction Services:					
Instructional Equipment	279,395	-	76,788	-	-
Total Facilities Acquisition & Construction Services	279,395	-	76,788	-	-
Total Expenditures	\$ 483,299	\$ 69,520	\$ 136,292	\$ 372,580	\$ 20,000

OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	N.C.L.B./IMPROVING AMERICA'S SCHOOLS TITLE IV	I.D.E.A. PART B	SAFETY GRANT	NOAA GRANT 17-19	THE HIRAIR AND ANNA HOVNIANIAN FOUNDATION	TOTAL
Revenues:						
State Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 156,292
Federal Sources	48,197	103,566	-	4,828	-	1,106,450
Other Sources	-	-	11,257	-	103,223	741,547
Total Revenues	\$ 48,197	\$ 103,566	\$ 11,257	\$ 4,828	\$ 103,223	\$ 2,004,289
Expenditures:						
Instruction:						
Salaries of Teachers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 646,837
Other Salaries for Instruction	-	-	-	4,828	-	6,751
Purchased Professional & Technical Services	-	-	-	-	-	46,578
Textbooks	-	-	-	-	-	760
Travel/Field Trips	10,121	-	-	-	-	10,121
General Supplies	-	-	-	-	48,848	356,893
Total Instruction	10,121	-	-	4,828	48,848	1,067,940
Support Services:						
Salaries of Supervisors of Instruction	-	78,357	-	-	-	131,301
Salaries of Secretarial & Clerical Assistants	-	-	-	-	-	42,050
Personal Services - Employee Benefits	-	24,683	-	-	-	249,650
Purchased Professional & Technical Services	-	-	-	-	-	29,360
Travel	-	-	-	-	-	340
Miscellaneous Purchased Services	-	-	-	-	-	-
Supplies & Materials	-	526	11,257	-	-	15,014
Miscellaneous	-	-	-	-	-	20,000
Total Support Services	-	103,566	11,257	-	-	487,715
Facilities Acquisition & Construction Services:						
Instructional Equipment	38,076	-	-	-	54,375	448,634
Total Facilities Acquisition & Construction Services	38,076	-	-	-	54,375	448,634
Total Expenditures	\$ 48,197	\$ 103,566	\$ 11,257	\$ 4,828	\$ 103,223	\$ 2,004,289

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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, 2018**

PROJECT TITLE	APPROPRIATIONS	EXPENDITURES		UNEXPENDED BALANCE
		PRIOR YEAR	CURRENT YEAR	
Performing Arts Building	\$ 26,321,800	\$ -	\$ 1,838,500	\$ 24,483,300
Jackson Center - Natural Gas Conversion	216,200	-	216,200	-
Waretown Center - Control Upgrades	40,000	-	15,365	24,635
Administration Building - HVAC	432,200	-	432,200	-
Brick Center - Interior Doors	264,852	-	264,852	-
Toms River Center - Interior Doors	157,947	-	157,947	-
Toms River Center - Control Upgrades	19,903	-	-	19,903
Toms River Center - Exterior Improvements	1,146,104	-	-	1,146,104
Total	\$ 28,599,006	\$ -	\$ 2,925,064	\$ 25,673,942

Reconciliation of Fund Balance, June 30, 2018

Unexpended Project Balances, June 30, 2018	<u>\$ 25,673,942</u>
Total Fund Balance (Budgetary Basis) - June 30, 2018	<u>25,673,942</u>
Less:	
Reserve for Encumbrances	<u>1,956,987</u>
Total Fund Balance (GAAP Basis) - June 30, 2018	<u><u>\$ 27,630,929</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, 2018**

Revenues & Other Financing Sources:	
County Funding	\$ 27,452,902
Local Funding	<u>1,146,104</u>
Total Revenues	<u>28,599,006</u>
Expenditures & Other Financing Uses:	
Project Expenditures	<u>2,925,064</u>
Total Expenditures	<u>2,925,064</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>25,673,942</u>
Net Change in Fund Balance	25,673,942
Fund Balance - Beginning	<u>-</u>
Fund Balance - Ending	<u><u>\$ 25,673,942</u></u>

**OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS--BUDGETARY BASIS
PERFORMING ARTS ACADEMY BUILDING
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2018**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
County Funding	\$ -	\$ 26,321,800	\$ 26,321,800	\$ 26,321,800
Total Revenues	-	26,321,800	26,321,800	26,321,800
Expenditures & Other Financing Uses:				
Project Expenditures	-	1,838,500	1,838,500	26,321,800
Total Expenditures & Other Financing Uses	-	1,838,500	1,838,500	26,321,800
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ -	\$ 24,483,300	\$ 24,483,300	\$ -

ADDITIONAL PROJECT INFORMATION

Project Number	
Grant Date	7/1/2017
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$26,754,000
Additional Authorized Cost	-
Revised Authorized Cost	\$26,754,000
Percentage Increase Over Original Authorized Cost	0.00%
Percentage Completion	6.98%
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 NATURAL GAS CONVERSION
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2018**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
County Funding	\$ -	\$ 216,200	\$ 216,200	\$ 216,200
Total Revenues	-	216,200	216,200	216,200
Expenditures & Other Financing Uses:				
Project Expenditures	-	216,200	216,200	216,200
Total Expenditures & Other Financing Uses	-	216,200	216,200	216,200
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ -	\$ -	\$ -	\$ -

ADDITIONAL PROJECT INFORMATION

Project Number	
Grant Date	7/1/2017
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$216,200
Additional Authorized Cost	
Revised Authorized Cost	\$216,200
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 CONTROL UPGRADES
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2018**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
County Funding	\$ -	\$ 40,000	\$ 40,000	40,000
Total Revenues	-	40,000	40,000	40,000
Expenditures & Other Financing Uses:				
Project Expenditures	-	15,365	15,365	40,000
Total Expenditures & Other Financing Uses	-	15,365	15,365	40,000
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ -	\$ 24,635	\$ 24,635	\$ -

ADDITIONAL PROJECT INFORMATION

Project Number	
Grant Date	7/1/2017
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$40,000
Additional Authorized Cost	-
Revised Authorized Cost	\$15,365
Percentage Increase Over Original Authorized Cost	0.00%
Percentage Completion	38.41%
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
ADMINISTRATION OFFICE HVAC SYSTEM UPGRADE
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2018**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
County Funding	\$ -	\$ 432,200	\$ 432,200	\$ 432,200
Total Revenues	-	432,200	432,200	432,200
Expenditures & Other Financing Uses:				
Project Expenditures	-	432,200	432,200	432,200
Total Expenditures & Other Financing Uses	-	432,200	432,200	432,200
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ -	\$ -	\$ -	\$ -

ADDITIONAL PROJECT INFORMATION

Project Number	
Grant Date	7/1/2017
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$432,200
Additional Authorized Cost	-
Revised Authorized Cost	\$432,200
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
BRICK CENTER INTERIOR DOORS
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2018**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
County Funding	\$ -	\$ 264,852	\$ 264,852	\$ 264,852
Total Revenues	-	264,852	264,852	264,852
Expenditures & Other Financing Uses:				
Project Expenditures	-	264,852	264,852	264,852
Total Expenditures & Other Financing Uses	-	264,852	264,852	264,852
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ -	\$ -	\$ -	\$ -

ADDITIONAL PROJECT INFORMATION

Project Number	
Grant Date	7/1/2017
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$264,852
Additional Authorized Cost	-
Revised Authorized Cost	\$264,852
Percentage Increase Over Original Authorized Cost	0.00%
Percentage Completion	0.00%
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 INTERIOR DOORS
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2018**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
County Funding	\$ -	\$ 157,947	\$ 157,947	\$ 157,947
Total Revenues	-	157,947	157,947	157,947
Expenditures & Other Financing Uses:				
Project Expenditures	-	157,947	157,947	157,947
Total Expenditures & Other Financing Uses	-	157,947	157,947	157,947
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ -	\$ -	\$ -	\$ -

ADDITIONAL PROJECT INFORMATION

Project Number	
Grant Date	7/1/2017
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$157,947
Additional Authorized Cost	-
Revised Authorized Cost	\$157,947
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 CONTROL UPGRADES
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2018**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
County Funding	\$ -	\$ 19,903	\$ 19,903	\$ 19,903
Total Revenues	-	19,903	19,903	19,903
Expenditures & Other Financing Uses:				
Project Expenditures	-	-	-	19,903
Total Expenditures & Other Financing Uses	-	-	-	19,903
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ -	\$ 19,903	\$ 19,903	\$ -

ADDITIONAL PROJECT INFORMATION

Project Number	
Grant Date	7/1/2017
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$19,903
Additional Authorized Cost	-
Revised Authorized Cost	\$19,903
Percentage Increase Over Original Authorized Cost	0.00%
Percentage Completion	0.00%
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, 2018**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
Local Funding	\$ -	\$ 1,146,104	\$ 1,146,104	\$ 1,146,104
Total Revenues	-	1,146,104	1,146,104	1,146,104
Expenditures & Other Financing Uses:				
Project Expenditures	-	-	-	1,146,104
Total Expenditures & Other Financing Uses	-	-	-	1,146,104
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ -	\$ 1,146,104	\$ 1,146,104	\$ -

ADDITIONAL PROJECT INFORMATION

Project Number	
Grant Date	7/1/2017
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$1,146,104
Additional Authorized Cost	-
Revised Authorized Cost	\$1,146,104
Percentage Increase Over Original Authorized Cost	0.00%
Percentage Completion	0.00%
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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OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF NET POSITION
AS OF JUNE 30, 2018

ASSETS	FOOD SERVICE FUND	COST RECOVERY FUND	TOTAL
Cash	\$ 12,856	\$ 10,158	\$ 23,014
Intergovernmental Accounts Receivable:			
State	38	-	38
Federal	777	-	777
	<hr/>		
Total Assets	13,671	10,158	23,829
	<hr/>		
 LIABILITIES			
Accounts Payable	547	-	547
	<hr/>		
Total Liabilities	547	-	547
	<hr/>		
 NET POSITION			
Unrestricted	13,124	10,158	23,282
	<hr/>		
Total Net Position	\$ 13,124	\$ 10,158	\$ 23,282
	<hr/> <hr/>		

OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

	FOOD SERVICE FUND	COST RECOVERY FUND	TOTAL
OPERATING REVENUES			
Local Sources:			
Daily Sales - Reimbursable Programs:			
School Lunch & Breakfast Programs	\$ 46,217	\$ -	\$ 46,217
Fees for Services	144,689	34,542	179,231
	<hr/>		
Total Operating Revenue	190,906	34,542	225,448
	<hr/>		
OPERATING EXPENSES			
Salaries & Wages	33,559	-	33,559
Cost of Sales - Reimbursable	40,669	-	40,669
Cost of Sales - Non-Reimbursable	130,858	-	130,858
Supplies & Materials	-	34,326	34,326
	<hr/>		
Total Operating Expenses	205,086	34,326	239,412
	<hr/>		
Operating Income	(14,180)	216	(13,964)
	<hr/>		
Nonoperating Revenues/(Expenses):			
State Sources:			
State School Lunch Program	598	-	598
Federal Sources:			
National School Lunch Program	10,496	-	10,496
National School Performance Based Program	704	-	704
National School Breakfast Program	1,320	-	1,320
	<hr/>		
Total Nonoperating Revenues/(Expenses)	13,118	-	13,118
	<hr/>		
Net Income	(1,062)	216	(846)
Net Position - July 1	14,186	9,942	24,128
	<hr/>		
Net Position - June 30	\$ 13,124	\$ 10,158	\$ 23,282
	<hr/> <hr/>		

OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
PROPRIETARY FUNDS
SCHEDULE OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

	BUSINESS-TYPE ACTIVITIES		
	ENTERPRISE FUND		
	FOOD SERVICE FUND	COST RECOVERY FUND	TOTAL
Cash Flows From Operating Activities:			
Receipts from Customers	\$ 190,832	\$ 34,542	\$ 225,374
Payments to Suppliers	(204,539)	(34,326)	(238,865)
Net Cash Flows from Operating Activities	(13,707)	216	(13,491)
Cash Flows From Noncapital Financing Activities:			
State Sources	598	-	598
Federal Sources	12,520	-	12,520
Net Cash Flows from Noncapital Financing Activities	13,118	-	13,118
Net Increase in Cash & Cash Equivalents	(589)	216	(373)
Balances - Beginning of Year	13,445	9,942	23,387
Balances - End of Year	\$ 12,856	\$ 10,158	\$ 23,014

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

Operating Income	\$ (14,180)	\$ 216	\$ (13,964)
Adjustments to Reconcile Operating Income to Net Cash Flows from Operating Activities:			
Increase/(Decrease) in Accounts Receivable	(74)	-	(74)
Increase/(Decrease) in Accounts Payable	547	-	547
Total Adjustments	473	-	473
Net Cash Flows from Operating Activities	\$ (13,707)	\$ 216	\$ (13,491)

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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, 2018**

ASSETS	PRIVATE PURPOSE		AGENCY			TOTAL
	SCHOLARSHIP	UNEMPLOYMENT COMPENSATION	STUDENT ACTIVITY	PAYROLL	PELL GRANT	
Cash & Cash Equivalents	\$ 10,730	\$ 143,360	\$ 210,695	\$ 160,009	\$ 123	\$ 524,917
Total Assets	10,730	143,360	210,695	160,009	123	524,917
LIABILITIES						
Payroll Deductions & Withholdings	-	-	-	160,009	-	160,009
Payable - Quarterly Unemployment	-	776	-	-	-	776
Due to Student Groups	-	-	210,695	-	-	210,695
Due to Recipients	-	-	-	-	123	123
Total Liabilities	-	776	210,695	160,009	123	371,603
NET POSITION						
Restricted for Unemployment Claims	-	142,584	-	-	-	142,584
Restricted for Students	10,730	-	-	-	-	10,730
Total Net Position	\$ 10,730	\$ 142,584	\$ -	\$ -	\$ -	\$ 153,314

**OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

OPERATING REVENUES:	PRIVATE PURPOSE		TOTAL
	SCHOLARSHIP	UNEMPLOYMENT TRUST	
Local Sources:			
Contributions	\$ 45,550	\$ 27,989	\$ 73,539
Total Operating Revenues	45,550	27,989	73,539
OPERATING EXPENSES:			
Unemployment Compensation	-	7,591	7,591
Scholarship Payments	46,925	-	46,925
Total Operating Expenses	46,925	7,591	54,516
Excess/(Deficit) of Revenue	(1,375)	20,398	19,023
Net Position, July 1	12,105	122,186	134,291
Net Position, June 30	\$ 10,730	\$ 142,584	\$ 153,314

**STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	BALANCE JULY 1, 2017	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE JUNE 30, 2018
Vocational Schools:				
Brick	\$ 8,660	\$ 44,920	\$ 41,458	\$ 12,122
Jackson	4,093	15,006	10,085	9,014
Waretown	3,082	7,708	5,729	5,061
Toms River	23,245	9,586	5,858	26,973
MATES	36,614	71,536	62,451	45,699
Lakehurst	72,357	121,292	93,827	99,822
Adult Education	356	-	-	356
Miscellaneous	6,520	4,797	-	11,317
Student Services	-	431	100	331
Total All Schools	\$ 154,927	\$ 275,276	\$ 219,508	\$ 210,695

**OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
PAYROLL AGENCY FUND AND PAYROLL FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

ASSETS	BALANCE JULY 1, 2017	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2018
Cash & Cash Equivalents	\$ 158,461	\$ 19,895,912	\$ 19,894,364	\$ 160,009
Total Assets	<u>\$ 158,461</u>	<u>\$ 19,895,912</u>	<u>\$ 19,894,364</u>	<u>\$ 160,009</u>
 LIABILITIES				
Payroll Deductions & Withholdings	\$ 158,461	\$ 19,895,912	\$ 19,894,364	\$ 160,009
Total Liabilities	<u>\$ 158,461</u>	<u>\$ 19,895,912</u>	<u>\$ 19,894,364</u>	<u>\$ 160,009</u>

**PELL GRANT AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

ASSETS	BALANCE JULY 1, 2017	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2018
Cash & Cash Equivalents	\$ -	\$ 1,316,538	\$ 1,316,415	\$ 123
Total Assets	<u>\$ -</u>	<u>\$ 1,316,538</u>	<u>\$ 1,316,415</u>	<u>\$ 123</u>
 LIABILITIES				
Due to Recipients	\$ -	\$ 1,316,538	\$ 1,316,415	\$ 123
Total Liabilities	<u>\$ -</u>	<u>\$ 1,316,538</u>	<u>\$ 1,316,415</u>	<u>\$ 123</u>

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I. Long-Term Debt

Not Applicable

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STATISTICAL SECTION (Unaudited)

Third Section

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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 performance. The Exhibits are presented for the last ten fiscal years.

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
FISCAL YEAR ENDING JUNE 30.										
Governmental Activities:										
Invested in Capital Assets,										
Net of, Related Debt	\$ 22,763,578	\$ 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
Restricted	28,559,702	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
Unrestricted	(11,214,567)	(11,266,834)	(9,121,155)	(10,489,417)	(746,486)	(991,667)	(143,886)	183,599	(297,915)	(237,804)
Total Governmental Activities										
Net Position	\$ 40,108,713	\$ 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
Business-Type Activities:										
Unrestricted	\$ 23,282	\$ 24,128	\$ 24,128	\$ 8,542	\$ 39,168	\$ 23,379	\$ 90,192	\$ 56,817	\$ 42,381	\$ 30,495
Total Business-Type Activities										
Net Position	\$ 23,282	\$ 24,128	\$ 24,128	\$ 8,542	\$ 39,168	\$ 23,379	\$ 90,192	\$ 56,817	\$ 42,381	\$ 30,495
District-Wide:										
Invested in Capital Assets,										
Net of, Related Debt	\$ 22,763,578	\$ 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
Restricted	28,559,702	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
Unrestricted	(11,191,285)	(11,242,706)	(9,097,027)	(10,480,875)	(707,318)	(968,288)	(53,694)	240,416	(255,534)	(207,309)
Total District-Wide Net Position										
	\$ 40,131,995	\$ 12,326,929	\$ 13,990,315	\$ 11,776,506	\$ 21,810,887	\$ 22,674,104	\$ 24,170,436	\$ 24,753,434	\$ 25,013,217	\$ 25,315,375

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

	FISCAL YEAR ENDING JUNE 30.									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses:										
Governmental Activities										
Instruction:										
Basic Skills/Remedial	\$ (3,406,736)	\$ (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)
Special Education	(1,369,113)	(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)
Other Special Education	(275,589)	(266,671)	(244,875)	(226,796)	(211,045)	(254,109)	(188,680)	(171,451)	(206,896)	(190,380)
Vocational	(6,062,405)	(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)
Support Services:										
School Administrative Services	(1,863,385)	(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)
General & Business	(1,934,401)	(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)
Administrative Services										
Plant Operations & Maintenance	(2,344,968)	(2,628,891)	(2,499,235)	(2,378,067)	(2,523,304)	(2,930,767)	(3,026,195)	(2,707,701)	(2,736,206)	(2,955,482)
Pupil Transportation	(230,126)	(248,790)	(233,039)	(227,015)	(203,878)	(217,048)	(217,739)	(247,656)	(276,162)	(249,708)
Business & Other Support Services	(15,641,742)	(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)
Special Schools	(6,158,708)	(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)
Interest & Other Costs	(50,077)	(50,077)	-	-	-	-	-	-	-	-
Unallocated Depreciation	(1,367,560)	(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)
Total Governmental Activities Expenses	(40,704,810)	(34,807,605)	(35,823,016)	(31,995,918)	(30,628,859)	(30,760,473)	(29,123,937)	(27,824,104)	(28,777,811)	(27,119,089)
Business-Type Activities:										
Food Service	(205,086)	(180,832)	(224,360)	(187,834)	(395,422)	(204,426)	(215,153)	(203,052)	(206,214)	(200,872)
Enterprise Fund	(34,326)	(23,450)	(40,762)	(20,252)	(31,204)	-	(1,042)	(2,015)	-	-
Total Business-Type Activities Expense	(239,412)	(204,282)	(265,122)	(208,086)	(426,626)	(204,426)	(216,195)	(205,067)	(206,214)	(200,872)
Total District Expenses	\$ (40,944,222)	\$ (35,011,887)	\$ (36,088,138)	\$ (32,204,004)	\$ (31,055,485)	\$ (30,964,899)	\$ (29,340,132)	\$ (28,029,171)	\$ (28,984,025)	\$ (27,319,961)
Program Revenues:										
Governmental Activities:										
Operating Grants & Contributions	\$ 10,879,461	\$ 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
Total Governmental Activities Program Revenues	10,879,461	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
Business-Type Activities:										
Charges for Services and Contributions:										
Operating Grants & Contributions:										
Food Service	204,024	193,881	201,490	200,086	350,941	232,801	227,405	204,410	213,988	200,880
Enterprise Fund	34,542	25,987	33,006	23,789	8,872	5,000	19,470	12,543	-	-

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

	FISCAL YEAR ENDING JUNE 30.									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Total Business Type Activities	238,566	219,868	234,496	223,875	359,813	237,801	246,875	216,953	213,988	200,880
Program Revenues										
Total District Program Revenues	\$ 11,118,027	\$ 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
Net/(Expense)/Revenue:										
Governmental Activities	\$ (29,825,349)	\$ (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)
Business-Type Activities	(846)	15,586	(30,626)	15,789	(66,813)	33,375	30,680	11,886	7,774	8
Total District-Wide Net Expense	\$ (29,826,195)	\$ (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)
General Revenues & Other Changes in Net Position:										
Governmental Activities:										
County Appropriation	\$ 18,272,939	\$ 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
County Appropriation-Capital Project	27,452,902	386,393	-	-	-	-	-	-	-	-
Local Funding	1,146,104	-	-	-	-	-	-	-	-	-
Unrestricted Grants & Contributions	6,407,328	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
Tuition	3,994,813	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
Miscellaneous Income	357,175	902,264	746,131	1,120,198	739,010	953,527	628,737	705,803	683,324	697,993
Transfers	-	-	-	-	-	-	16,244	-	-	-
Total Governmental Activities	57,631,261	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
Business-Type Activities:										
Transfers	-	-	-	-	(16,244)	-	-	-	-	-
Total Business-Type Activities	-	-	-	-	(16,244)	-	-	-	-	-
Total District-Wide	\$ 57,631,261	\$ 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
Change in Net Position:										
Governmental Activities	\$ 27,805,912	\$ (1,663,386)	\$ 2,198,223	\$ (474,947)	\$ (879,006)	\$ (1,429,519)	\$ (1,429,519)	\$ (616,373)	\$ (274,219)	\$ (314,044)
Business-Type Activities	(846)	15,586	(30,626)	15,789	(66,813)	33,375	17,131	30,680	11,886	7,774
Total District	\$ 27,805,066	\$ (1,647,800)	\$ 2,167,597	\$ (459,158)	\$ (945,819)	\$ (1,396,144)	\$ (1,412,388)	\$ (585,693)	\$ (262,333)	\$ (306,270)

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
FISCAL YEAR ENDING JUNE 30,										
General Fund:										
Restricted	\$ 928,773	\$ 907,773	\$ 1,019,206	\$ 631,206	\$ 386,186	\$ 782,816	\$ 2,553,153	\$ 2,026,811	\$ 743,057	\$ 1,674,325
Committed	502,727	239,262	416,026	733,995	474,273	220,203	-	-	-	-
Assigned	1,165,516	825,344	1,128,273	469,867	690,872	1,022,118	-	-	-	-
Unassigned	918,770	945,869	996,692	1,022,844	1,065,235	728,906	926,567	921,087	1,334,187	847,158
Total General Fund	\$ 3,515,786	\$ 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
All Other Governmental Funds										
Restricted, Reported in:										
Capital Projects Fund	\$ 27,630,929	\$ -	\$ 1,892,987	\$ 4,228	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total All Other Governmental Funds	\$ 27,630,929	\$ -	\$ 1,892,987	\$ 4,228	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues:										
County Appropriation	\$ 45,725,841	\$ 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
Local Funding	1,146,104	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
Tuition Charges	3,994,813	-	-	-	-	-	3,149	6,060	7,978	41,726
Interest Earnings	-	-	-	-	-	-	-	-	-	-
Miscellaneous	1,053,128	902,264	746,131	1,120,198	739,010	953,527	625,588	699,743	675,346	656,267
State Sources	9,675,973	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
Federal Sources	1,068,374	1,143,914	1,117,312	991,005	999,661	919,811	982,476	934,476	1,498,294	603,857
Total Revenue	62,664,233	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
Expenditures:										
Instruction:										
Regular Instruction	3,406,736	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
Special Education Instruction	1,369,113	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
Other Special Instruction	275,589	266,671	244,875	226,796	211,045	254,109	188,680	171,451	206,896	190,380
Vocational Education	6,062,405	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
Support Services:										
Student & Instruction Related Services	2,322,564	2,320,631	2,183,315	2,102,344	938,864	921,717	716,255	722,290	774,732	714,968
School Administrative Services	1,863,385	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
General & Business Administration Services	1,934,401	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
Plant Operations & Maintenance	2,351,404	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
Pupil Transportation	230,126	248,790	233,039	227,015	203,878	217,048	217,739	247,656	276,162	249,708
Other Support Services	6,948,418	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
Special Schools	6,158,708	6,027,704	5,624,554	5,532,317	5,545,655	5,152,877	4,857,816	4,640,294	4,853,142	4,491,531
Capital Outlay	1,462,840	3,477,673	1,377,243	748,721	621,438	676,535	597,238	348,428	1,369,321	974,966
Interest & Other Charges	50,077	50,077	-	-	-	-	-	-	-	-
Total Expenditures	34,435,766	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
Excess (Deficiency) of Revenues Over/(Under) Expenditures	28,228,467	(2,534,936)	2,595,272	241,346	(137,477)	(739,105)	515,578	870,654	(444,239)	(266,354)
Other Financing Sources/(Uses):										
Transfers In	-	-	-	-	16,244	-	-	-	-	-
Total Other Financing Sources/(Uses)	-	-	-	-	16,244	-	-	-	-	-
Net Change in Fund Balances	\$ 28,228,467	\$ (2,534,936)	\$ 2,595,272	\$ 241,346	\$ (121,233)	\$ (739,105)	\$ 515,578	\$ 870,654	\$ (444,239)	\$ (266,354)

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
2018	\$ -	\$ 30,550	\$ 330,960	\$ 361,510
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

Source: District records

EXHIBITS 6 THROUGH 13 ARE NOT APPLICABLE

Demographic and Economic Information

Demographic and economic information is intended (1) to assist users in understanding the socioeconomic environment within the School District operates and (2) to provide information that facilitates comparisons of financial statement 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 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)
2018	N/A	N/A	N/A
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%

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 statement 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	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Instruction:										
Vocational	130	128	128	130	133	134	131	131	132	130
Support Services:										
Student & Instruction Related Services	22	22	22	21	22	22	22	21	23	23
School Administrative Services	39	40	38	36	35	35	35	34	36	36
General & Business Administrative Services	4	4	4	4	4	4	4	4	5	5
Plant Operations & Maintenance	22	21	22	22	25	23	21	22	27	25
Business & Other Support Services	16	17	17	18	18	18	18	17	18	18
Total	233	232	231	231	237	236	231	229	241	237

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	PUPIL/TEACHER RATIO	AVERAGE DAILY ENROLLMENT (ADE) (c)	AVERAGE DAILY ATTENDANCE (ADA) (c)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
2018	1,968	\$ 32,972,926	\$ 16,755	5.83%	13	13	1,282	1,218	-3%		95.01%
2017	2,034	32,201,482	15,832	5.41%	13	13	1,317	1,249	1%		94.84%
2016	2,047	30,742,819	15,018	4.51%	13	13	1,309	1,239	-1%		94.65%
2015	2,072	29,776,378	14,371	-0.81%	13	13	1,321	1,249	1%		94.55%
2014	2,020	29,265,892	14,488	-13.21%	13	13	1,311	1,246	-22.99%		95.04%
2013	1,760	29,380,096	16,693	6.58%	13	13	1,666	1,544	0.26%		92.68%
2012	1,748	27,378,524	15,663	1.24%	13	13	1,662	1,565	9.59%		94.16%
2011	1,702	26,330,803	15,471	-2.08%	13	13	1,525	1,428	-5.28%		93.64%
2010	1,743	27,538,685	15,800	-1.57%	13	13	1,604	1,496	6.91%		93.27%
2009	1,619	25,987,436	16,052	-2.13%	14	14	1,507	1,404	4.13%		93.17%

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	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
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	875	778	921	792	877	794	833	804	807	795
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	327	322	342	345	355	366	348	358	339	366
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	745	941	662	888	712	579	599	574	596	526
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	193	144	237	258	303	276	256	229	278	261
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	258	297	354	319	337	316	298	293	321	279
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	275	280	274	274	266	266	249	232	220	227
Cuisine on the Green (2013):										
Square Feet - 4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200
Capacity (Students)	18	18	18	18	18	18	18	18	18	18
Enrollment	18	15	16	16	16	16	16	16	16	16

Number of Schools at June 30, 2018:
Senior High School = 6

Source: District Facilities Office

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

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

SCHOOL FACILITIES	PROJECT #	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Brick Center	Required Maintenance	\$ 135,815	\$ 164,719	\$ 142,653	\$ 94,169	\$ 143,145	\$ 176,216	\$ 178,991	\$ 138,190	\$ 137,560	\$ 174,708
Jackson Center	Required Maintenance	78,439	101,078	87,537	57,786	87,839	108,132	109,836	84,798	84,412	107,207
Toms River Center	Required Maintenance	84,249	108,565	94,022	62,066	94,345	116,142	117,972	91,080	90,665	115,148
Ocean Center (Waretown)	Required Maintenance	34,862	44,924	38,906	25,683	39,039	48,059	48,816	37,688	37,516	47,648
Navy Lakehurst Center	Required Maintenance	76,526	98,613	85,402	56,376	85,696	105,495	107,157	82,730	82,353	104,592
Administration Building	Required Maintenance	8,541	11,006	9,532	6,292	9,565	11,775	11,960	9,234	9,192	11,674
Building 33-NAES	Required Maintenance	-	-	-	-	8,576	10,557	10,723	8,278	8,242	10,467
Building 487A-NAES	Required Maintenance	-	-	-	-	-	-	-	-	-	-
Student Services Center	Required Maintenance	4,358	5,615	4,863	3,210	4,880	6,007	6,102	4,711	4,690	5,956
MATES	Required Maintenance	74,950	96,582	83,643	55,215	83,932	103,323	104,950	81,027	80,657	102,438
Total		\$ 497,740	\$ 631,102	\$ 546,558	\$ 360,797	\$ 557,017	\$ 685,706	\$ 696,507	\$ 537,736	\$ 535,287	\$ 679,838

* 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, 2018**

	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

Fourth Section

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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
County of Ocean
Toms River, NJ 08753-2703

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 as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated February 11, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Ocean County Vocational Technical School'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'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 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.

Jerry W. Conaty
Certified Public Accountant
Public School Accountant, #2470

Toms River New Jersey
February 11, 2019

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
County of Ocean
Toms River, NJ 08753-2703

Report on Compliance for Each Major Federal and State Program

We have audited the Ocean County Vocational Technical School'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, 2018. The Ocean County Vocational Technical School'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'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 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, 2018.

Report on Internal Control Over Compliance

Management of the Ocean County Vocational Technical School 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.

Jerry W. Conaty
Certified Public Accountant
Public School Accountant, #2470

Toms River New Jersey
February 11, 2019

OCEAN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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, 2017	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO SUB-RECIPIENTS	ADJUSTMENT	JUNE 30, 2018	
											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	171NJ304N1099	100-010-3350-026	\$ 9,189	7/1/16-6/30/17	\$ (670)	\$ 670	\$ -	\$ -	\$ -	\$ -	\$ -
National School Lunch Program	10.555	181NJ304N1099	100-010-3350-026	10,496	7/1/17-6/30/18	(-)	9,868	(10,496)	-	-	(628)	-
HFFKA - Performance Based Lunch	10.555	171NJ304N1099	100-010-3350-026	612	7/1/16-6/30/17	(41)	41	-	-	-	-	-
HFFKA - Performance Based Lunch	10.555	181NJ304N1099	100-010-3350-026	704	7/1/17-6/30/18	(711)	660	(704)	-	-	(44)	-
							11,239	(11,200)	-	-	(672)	-
National School Breakfast Program	10.553	181NJ304N1099	100-010-3350-026	1,320	7/1/17-6/30/18	-	1,215	(1,320)	-	-	(105)	-
							1,215	(1,320)	-	-	(105)	-
Total Child Nutrition Cluster						(711)	12,454	(12,520)	-	-	(777)	-
Total U.S. Department of Agriculture						(711)	12,454	(12,520)	-	-	(777)	-
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	(1,292)	5,752	(4,460)	-	-	-	-
NOAA Trust Grant	11.999	Not Available	Not Available	16,280	9/1/17-12/31/19	-	4,070	(4,828)	-	-	(758)	-
Total U.S. Department of Commerce						(1,292)	9,822	(9,288)	-	-	(758)	-
U.S. Department of Education:												
Passed Through New Jersey Department of Education:												
Student Financial Assistance Cluster:												
Pell Grant	84.063	P063P164338	Not Available	1,316,538	7/1/17-6/30/18	-	1,316,415	(1,316,415)	-	123	-	123
							1,316,415	(1,316,415)	-	123	-	123
Career and Technical Education:												
Perkins Grant - Secondary	84.048	V048A160030	100-034-5062-084	483,299	7/1/17-6/30/18	-	483,299	(483,299)	-	-	-	-
Perkins Grant - Secondary Reserve	84.048	V048A160030	100-034-5062-084	69,520	7/1/17-6/30/18	-	69,520	(69,520)	-	-	-	-
							552,819	(552,819)	-	-	-	-
Special Education Cluster:												
IDEA, Part B - Basic	84.027	H027A160100	100-034-5065-016	103,566	7/1/17-6/30/18	-	103,566	(103,566)	-	-	-	-
							103,566	(103,566)	-	-	-	-
No Child Left Behind (N.C.L.B.):												
Title I	84.010	S010A160030	100-034-5064-194	372,580	7/1/17-6/30/18	-	372,580	(372,580)	-	-	-	-
Title II-A, Supporting Effective Instruction	84.367	S367A160029	100-034-5063-290	20,000	7/1/17-6/30/18	-	20,000	(20,000)	-	-	-	-
Title IV	84.424	S424A180031	100-034-5063-348	48,197	7/1/17-6/30/18	-	48,197	(48,197)	-	-	-	-
							440,777	(440,777)	-	-	-	-
Total U.S. Department of Education						-	2,413,577	(2,413,577)	-	123	-	123
Total Federal Awards						\$ (2,003)	\$ 2,435,853	\$ (2,435,385)	\$ -	\$ 123	\$ (1,535)	\$ 123

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, 2018

STATE GRANTOR/ PROGRAM TITLE OR CLUSTER	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2017	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO SUB-RECIPIENTS	JUNE 30, 2018		MEMO CUMULATIVE TOTAL	
								UNEARNED REVENUE/ (ACCOUNTS RECEIVABLE)	DUE TO GRANTOR RECEIVABLE/EXPENDITURES		
New Jersey Department of Education:											
General Fund:											
State Aid - Public:											
Categorical Special Education Aid	495-034-5120-089	\$ 708,060	7/1/17-6/30/18	\$ -	\$ 708,060	\$ (708,060)	\$ -	\$ -	\$ -	\$ (70,806)	\$ 708,060
Equalization Aid	495-034-5120-078	2,014,757	7/1/17-6/30/18	-	2,014,757	(2,014,757)	-	-	-	(201,476)	2,014,757
Categorical Security Aid	495-034-5120-084	134,823	7/1/17-6/30/18	-	134,823	(134,823)	-	-	-	(13,482)	134,823
Adjustment Aid	495-034-5120-085	2,686,465	7/1/17-6/30/18	-	2,686,465	(2,686,465)	-	-	-	(263,632)	2,686,465
PARCC Readiness Aid	495-034-5120-098	13,780	7/1/17-6/30/18	-	13,780	(13,780)	-	-	-	(1,378)	13,780
Per Pupil Growth Aid	495-034-5120-097	13,780	7/1/17-6/30/18	-	13,780	(13,780)	-	-	-	(1,378)	13,780
Professional Learning Community Aid	495-034-5120-101	13,430	7/1/17-6/30/18	-	13,430	(13,430)	-	-	-	(1,343)	13,430
Adult Education Aid	100-034-5120-510	503,255	7/1/17-6/30/18	-	503,255	(503,255)	-	-	-	(50,326)	503,255
Total State Aid - Public											
6,088,350 (6,088,350) - - - (603,821) 6,088,350											
On-Behalf TPAF Pension Contributions											
(Noncash Assistance)	495-034-5094-002	1,609,227	7/1/17-6/30/18	-	1,609,227	(1,609,227)	-	-	-	-	1,609,227
On-Behalf TPAF Post-Retirement Medical											
(Noncash Assistance)	495-034-5094-001	1,039,366	7/1/17-6/30/18	-	1,039,366	(1,039,366)	-	-	-	-	1,039,366
On-Behalf TPAF Non-Contributory											
Insurance (Noncash Assistance)	495-034-5094-004	1,753	7/1/17-6/30/18	-	1,753	(1,753)	-	-	-	-	1,753
Lead Testing for Schools Aid	495-034-5120-104	4,335	7/1/17-6/30/18	-	4,335	(4,335)	-	-	-	-	4,335
Reimbursed TPAF Social Security Contribution:	495-034-5094-003	824,358	7/1/16-6/30/17	(39,849)	39,849	-	-	-	-	-	-
Reimbursed TPAF Social Security Contribution:	495-034-5094-003	826,971	7/1/17-6/30/18	-	786,826	(826,971)	-	(40,145)	-	-	826,971
Total General Fund											
39,849 9,569,706 (9,570,002) - - (40,145) (603,821) 9,570,002											
Special Revenue Fund:											
Apprentice Coordinator Grant (CAC)	780-062-4545-006	20,000	7/1/16-6/30/17	(5,000)	5,000	-	-	-	-	-	-
Apprentice Coordinator Grant (CAC)	780-062-4545-006	20,000	7/1/17-6/30/18	-	20,000	(20,000)	-	-	-	-	20,000
Perkins Grant - Post Secondary	100-034-5062-032	136,292	7/1/17-6/30/18	-	136,292	(136,292)	-	-	-	-	136,292
Total Special Revenue Fund											
5,000 161,292 (156,292) - - - - 156,292											
New Jersey Department of Agriculture:											
Enterprise Fund:											
National School Lunch Program	100-010-3350-023	500	7/1/16-6/30/17	(30)	30	-	-	-	-	-	-
National School Lunch Program	100-010-3350-023	598	7/1/17-6/30/18	-	560	(598)	-	(38)	-	-	598
Total Enterprise Fund											
(30) 590 (598) - - - (38) 598											
Total State Financial Assistance											
(44,879) \$ 9,731,588 (9,726,892) \$ - \$ (40,183) \$ - \$ (603,821) \$ 9,726,892											
Less: State Financial Assistance Not Subject to Calculation for Major Program Determination:											
On-Behalf TPAF Pension Contributions											
(Noncash Assistance)	495-034-5094-002	1,609,227	7/1/17-6/30/18	-	1,609,227	(1,609,227)	-	-	-	-	1,609,227
On-Behalf TPAF Post-Retirement Medical											
(Noncash Assistance)	495-034-5094-001	1,039,366	7/1/17-6/30/18	-	1,039,366	(1,039,366)	-	-	-	-	1,039,366
On-Behalf TPAF Non-Contributory											
Insurance (Noncash Assistance)	495-034-5094-004	1,753	7/1/17-6/30/18	-	1,753	(1,753)	-	-	-	-	1,753
Total State Financial Assistance Subject to Calculation for Major Program Determination											
1,753 (1,753) - - - - - \$ (7,076,546)											

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
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2018**

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. 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, 2018. 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, 2018.

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2018 (Continued)**

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.

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 (\$50,321.00) for the general fund and (\$83,670.00) for the special revenue 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	\$ -	\$ 9,515,346	\$ 9,515,346
Special Revenue Fund	1,068,374	156,292	1,224,666
Food Service Fund	12,520	598	13,118
Total Awards & Financial Assistance	<u>\$ 1,080,894</u>	<u>\$ 9,672,236</u>	<u>\$ 10,753,130</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 had no loan balances outstanding at June 30, 2018.

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	<u>Unmodified</u>	
Internal control over financial reporting:		
1) Material weakness(es) identified?	<u> </u> yes	<u> X </u> no
2) Significant deficiency(ies) identified?	<u> </u> yes	<u> X </u> none reported
Noncompliance material to financial statements noted?	<u> </u> yes	<u> X </u> no

Federal Awards

Internal control over major programs:		
1) Material weakness(es) identified?	<u> </u> yes	<u> X </u> no
2) Significant deficiency(ies) identified?	<u> </u> yes	<u> X </u> none reported
Type of auditor's report issued on compliance for major programs	<u>Unmodified</u>	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a) of Uniform Guidance?	<u> </u> yes	<u> X </u> 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: Federal Pell Grant Program</u>
<u> </u>	<u> </u>	<u> </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	\$	<u>750,000</u>
Auditee qualified as low-risk auditee?	<u> X </u> yes	<u> </u> no

OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
SCHEDULE OF FINDINGS & QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018

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
SCHEDULE OF FINDINGS & QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

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
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
YEAR ENDED JUNE 30, 2018**

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 Principles, 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.