

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

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

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018**

**Comprehensive Annual
Financial Report**

of the

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

(a component unit of the County of Warren)

Washington, New Jersey

For the Fiscal Year Ended June 30, 2018

Prepared by

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

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT

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INTRODUCTORY SECTION

WARREN COUNTY TECHNICAL SCHOOL DISTRICT

1500 Route 57, Washington, NJ 07882-3538

January 18, 2019

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

Dear Board Members:

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

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the Independent Auditors' Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: The Warren County Vocational-Technical School District ("WCTS") is a component unit of the County of Warren within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Warren County Vocational-Technical School District and its school constitute the District's reporting entity. The District completed the 2017-2018 school year with an enrollment of 460 students in grades 9 through 12.

2) MAJOR INITIATIVES: The Warren County Vocational-Technical School is one of the twenty-one New Jersey Vocational/Technical School districts. The District is supported by the Warren County Freeholders and tuition fees from the local sending districts along with State and Federal aid. The prospective students submit an application to attend the school for their freshman year and if accepted will begin their high school program at Warren County Vocational-Technical School instead of their local high school. The District is continually evolving to meet the needs of the students as their future careers continue to evolve. The District's goal is to provide the students with the ability to receive technical education in programs like Electronics, General Engineering and Computer Programming and

2) MAJOR INITIATIVES (Cont'd):

Vocational training in programs like Welding, Electrical Applications and Automotive Technology. The District has continued to make progress in the dual enrollment credit process with the Warren County Community College which enables students to receive college credits without any cost. The Board of Education continues to review programs in order to provide the best opportunities for the students' success after graduation. The Board has been increasing the students' ability to receive a well-rounded education whether they are in career programs, academic classes or after school sports and activities. The building envelope is continually being improved to provide a healthy energy efficient pleasant environment for the students and staff. We are in the process of reviewing space utilization for optimum usage of the building as some programs need additional space.

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

As a recipient of federal and state awards, the District also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system is also subject to periodic evaluation by the District's management. As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control system, including that portion related to federal and state award programs, as well as to determine that the District has complied with applicable laws and regulations.

4) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Warren County Board of School Estimate, which consists of three Warren County freeholders and two Warren County Vocational-Technical School Board members. Annual appropriated budgets are adopted for the general fund and the special revenue fund. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as fund balance restrictions, commitments and /or assignments at June 30, 2018.

5) ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the GASB. The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements", Note 1.

6) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

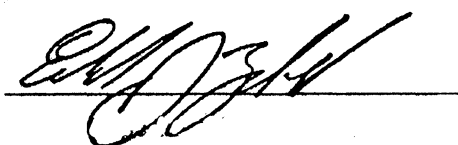
7) RISK MANAGEMENT: The District carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, workers' compensation and fidelity bonds. Willis Group of New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

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

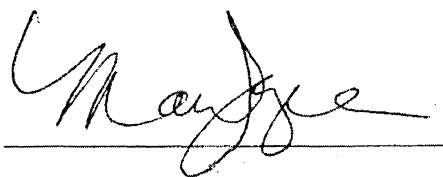
8) OTHER INFORMATION: Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information are included in the financial section of this report. The auditors' reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.

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

Respectfully submitted,

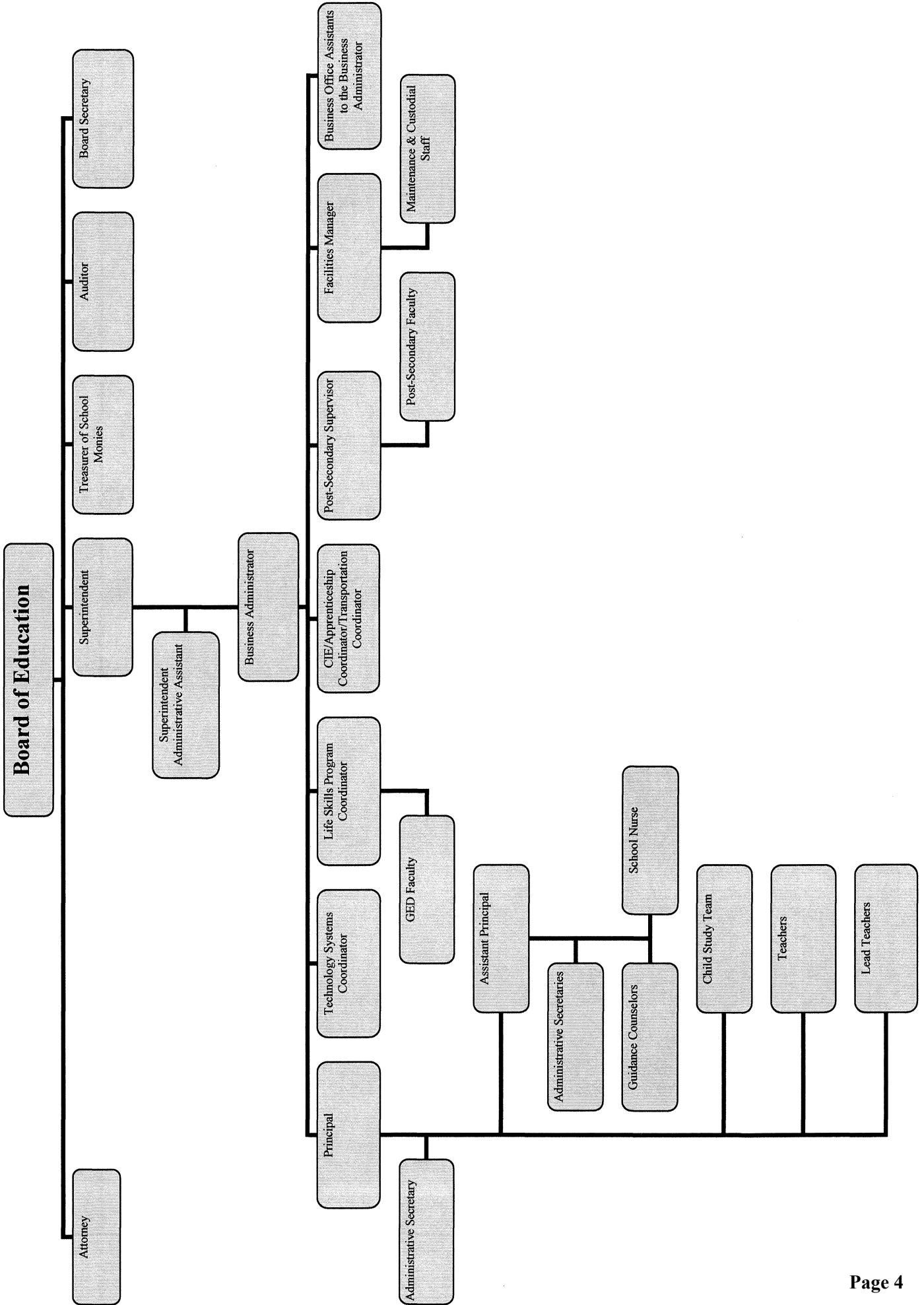


Edmund Zalewski
Superintendent



Maureen Joyce
Business Administrator

Warren County Technical School



**WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2018**

| | |
|---|------|
| Robert Roschewsk, President | 2018 |
| David Shotwell, Vice-President | 2019 |
| Dr. Rosalie Lamonte, County Superintendent of Schools | N/A |
| Dr. Lori Austin | 2021 |
| Gus Rutledge | 2020 |

Other Officers

Title

| | |
|-----------------|----------------------------|
| Edmund Zalewski | Superintendent |
| Maureen Joyce | Business Administrator |
| Beth Hachlica | Board Secretary |
| Nancy DeRiso | Treasurer of School Monies |

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
Consultants and Advisors

Audit Firm

Nisivoccia LLP, CPAs
Mount Arlington Corporate Center
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Mount Arlington, NJ 07856

Attorneys

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Phillipsburg, NJ 08865

Adams, Gutierrez & Lattiboudere, LLC
1037 Raymond Boulevard, Suite 900
Newark, NJ 07102

Official Depository

PNC
Route 57
413 State Route 57 West
Washington, NJ 07882

FINANCIAL SECTION

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Warren County Vocational-Technical School District (the "District"), a component unit of the County of Warren, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Warren County Vocational-Technical School District, in the County of Warren, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 16 to the basic financial statements, the District implemented Governmental Accounting Standards Board (“GASB”) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, during the fiscal year ended June 30, 2018. Our opinions are 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, which follows this report, the pension and post-employment benefit schedules in Exhibits L-1 through L-5 and the related notes, and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey’s OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary schedules such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly

The Honorable President and Members
of the Board of Education
Warren County Vocational-Technical School District
Page 3

to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

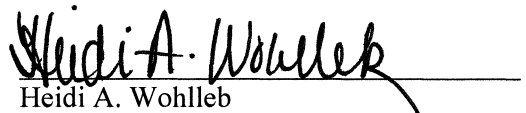
The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

January 18, 2019
Mount Arlington, New Jersey

NISIVOCCIA LLP


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

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

**Management's Discussion and Analysis
(Unaudited)**

This section of Warren County Vocational-Technical School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 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.

Financial Highlights

- The District's financial status decreased by \$612,450 on a District wide basis.
- Overall revenue was approximately \$ 13.36 million.
- Overall expenses were approximately \$13.97 million.

Overview of the Financial Statements

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

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

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

Figure A-1

Organization of the School District's Financial Report

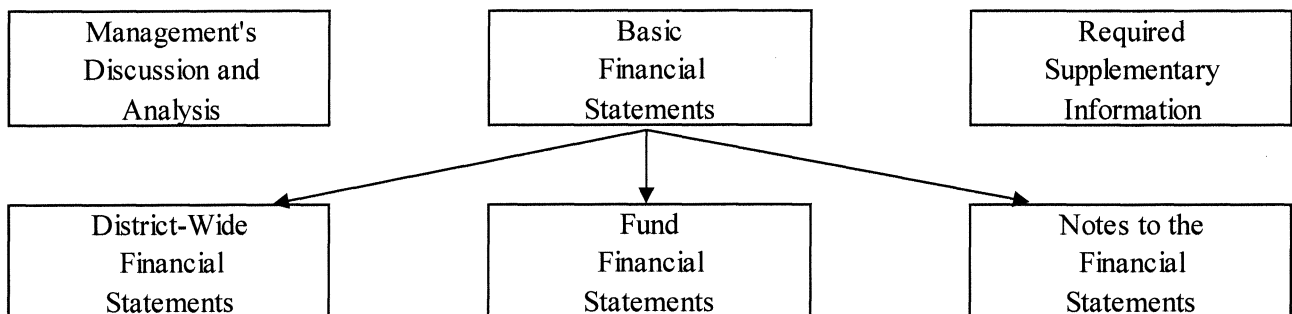


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents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

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

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

District-wide Statements

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

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

- Over time, increases or decreases in the District's net position is an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. County taxes and state formula aid and grants finance most of these activities.
- *Business-type activities*: The District charges fees to help it cover the costs of certain services it provides. The District's food service and restaurant enterprise funds are included here.

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

Financial Analysis of the District as a Whole

Net Position. The District's combined net position decreased by \$612,450. Net position from governmental activities decreased by \$595,388 and net position from business-type activities decreased by \$17,062.

Figure A-3

Condensed Statement of Net Position

| | Government Activities | | Business-Type Activities | | Total School District | | Total Percentage Change |
|-----------------------------------|-----------------------|---------------------|--------------------------|------------------|-----------------------|---------------------|-------------------------------|
| | 2016/17 | 2017/18 | 2016/17 | 2017/18 | 2016/17 | 2017/18 | |
| Current and | | | | | | | |
| Other Assets | \$ 2,066,228 | \$ 2,544,726 | \$ 90,918 | \$ 62,443 | \$ 2,157,146 | \$ 2,607,169 | 20.86% |
| Capital Assets, Net | 13,275,734 | 12,343,767 | 17,648 | 29,398 | 13,293,382 | 12,373,165 | -6.92% |
| Total Assets | <u>15,341,962</u> | <u>14,888,493</u> | <u>108,566</u> | <u>91,841</u> | <u>15,450,528</u> | <u>14,980,334</u> | -3.04% |
| Deferred Outflows of Resources | <u>1,489,338</u> | <u>1,893,058</u> | | | <u>1,489,338</u> | <u>1,893,058</u> | 27.11% |
| Other Liabilities | 321,348 | 175,055 | 9,981 | 10,318 | 331,329 | 185,373 | -44.05% |
| Long-Term Liabilities | <u>3,509,055</u> | <u>3,572,762</u> | | | <u>3,509,055</u> | <u>3,572,762</u> | 1.82% |
| Total Liabilities | <u>3,830,403</u> | <u>3,747,817</u> | <u>9,981</u> | <u>10,318</u> | <u>3,840,384</u> | <u>3,758,135</u> | -2.14% |
| Deferred Inflows of Resources | <u>122,689</u> | <u>750,914</u> | | | <u>122,689</u> | <u>750,914</u> | 512.05% |
| Net Position: | | | | | | | |
| Net Investment in | | | | | | | |
| Capital Assets | 13,275,734 | 12,343,767 | 17,648 | 29,398 | 13,293,382 | 12,373,165 | -6.92% |
| Restricted | 1,464,961 | 1,520,192 | | | 1,464,961 | 1,520,192 | 3.77% |
| Unrestricted/(Deficit) | <u>(1,862,487)</u> | <u>(1,581,139)</u> | <u>80,937</u> | <u>52,125</u> | <u>(1,781,550)</u> | <u>(1,529,014)</u> | 14.18% |
| Total Net Position | <u>\$12,878,208</u> | <u>\$12,282,820</u> | <u>\$ 98,585</u> | <u>\$ 81,523</u> | <u>\$12,976,793</u> | <u>\$12,364,343</u> | -4.72% |

Changes in Net Position. Net investment in capital assets decreased by \$920,217 due to capital acquisitions of \$216,853; offset by current year depreciation expense of \$1,137,070. Restricted net position increased by \$55,231 due to a budgeted transfer and a transfer from unassigned General Fund fund balance to Capital Reserve totaling \$674,813 which was offset by withdrawals by Board resolution from the Capital Reserve of \$619,582. Unrestricted net position increased by \$252,536 primarily due to an increase in General Fund assigned and unassigned fund balance of \$298,389, an increase in the Capital Projects Fund committed fund balance of \$291,171, a decrease in compensated absences payable of \$6,448, an increase in changes in proportion in pensions of \$506,550, and an increase in difference between expected and actual pension experience of \$17,668, offset by a decrease in the net difference between expected and actual investment earnings in pensions of \$100,873, an increase in changes in pension assumptions of \$667,850, an increase in net pension liability of \$70,155 and a decrease in business-type unrestricted net position of \$31,517.

Figure A-4

Changes in Net Position from Operating Results

| | Governmental Activities | | Business-Type Activities | | Total School District | | Percentage Change |
|---|-------------------------|---------------------|--------------------------|--------------------|-----------------------|---------------------|-------------------|
| | 2016/17 | 2017/18 | 2016/17 | 2017/18 | 2016/17 | 2017/18 | |
| Revenue: | | | | | | | |
| Program Revenue: | | | | | | | |
| Charges for Services | \$ 2,404,558 | \$ 2,412,758 | \$ 125,379 | \$ 101,229 | \$ 2,529,937 | \$ 2,513,987 | -0.63% |
| Operating Grants and Contributions | 3,478,523 | 3,657,815 | 79,407 | 74,305 | 3,557,930 | 3,732,120 | 4.90% |
| Capital Grants and Contributions | 659,122 | | | | 659,122 | | -100.00% |
| General Revenue: | | | | | | | |
| County Tax Levy | 3,995,172 | 3,995,172 | | | 3,995,172 | 3,995,172 | 0.00% |
| County Improvement Authorization | 150,000 | 229,418 | | | 150,000 | 229,418 | 52.95% |
| Unrestricted Federal and State Aid | 2,816,474 | 2,833,529 | | | 2,816,474 | 2,833,529 | 0.61% |
| Other | 33,263 | 51,380 | | | 33,263 | 51,380 | 54.47% |
| Total Revenue | 13,537,112 | 13,180,072 | 204,786 | 175,534 | 13,741,898 | 13,355,606 | -2.81% |
| Expenses: | | | | | | | |
| Instruction | 6,776,318 | 7,146,883 | | | 6,776,318 | 7,146,883 | 5.47% |
| Pupil and Instruction Services | 864,025 | 644,686 | | | 864,025 | 644,686 | -25.39% |
| Administrative and Business | 2,186,615 | 2,461,171 | | | 2,186,615 | 2,461,171 | 12.56% |
| Maintenance and Operations | 1,244,600 | 1,429,033 | | | 1,244,600 | 1,429,033 | 14.82% |
| Transportation | 523,369 | 616,110 | | | 523,369 | 616,110 | 17.72% |
| Special Schools | 836,503 | 598,066 | | | 836,503 | 598,066 | -28.50% |
| Other | 881,680 | 882,600 | 188,597 | 189,507 | 1,070,277 | 1,072,107 | 0.17% |
| Total Expenses | 13,313,110 | 13,778,549 | 188,597 | 189,507 | 13,501,707 | 13,968,056 | 3.45% |
| Other Items: | | | | | | | |
| Transfers | | 3,089 | | (3,089) | | | |
| Cancel Prior Year Inter-governmental receivable | (254,418) | | | | (254,418) | | 100.00% |
| Increase/(Decrease) in Net Position | \$ (30,416) | \$ (595,388) | \$ 16,189 | \$ (17,062) | \$ (14,227) | \$ (612,450) | -4204.84% |

Revenue Sources. The District's total revenue for the 2017/2018 school year was \$13,355,606. (See Figure A-5). Property taxes accounted for a substantial portion of the District's revenue, with the County Tax Levy accounting for \$3,995,172 of the total, or 29.91 percent. Another 49.16 percent came from state and federal aid for specific programs, local contributions and state formula aid with the remainder from other sources, county improvement authorizations and other charges for services.

Figure A-5

Sources of Revenue for Fiscal Year 2018

| | Amount | Percentage |
|------------------------------------|----------------------|----------------|
| Sources of Income: | | |
| Operating Grants and Contributions | \$ 3,732,120 | 27.94% |
| County Tax Levy | 3,995,172 | 29.91% |
| Unrestricted Federal and State Aid | 2,833,529 | 21.22% |
| County Improvement Authorization | 229,418 | 1.72% |
| Charges for Services | 2,513,987 | 18.82% |
| Other | 51,380 | 0.39% |
| | \$ 13,355,606 | 100.00% |

The total cost of all programs and services was \$13,968,056. The District's expenses are predominantly related to instructing, caring for (pupil services), transporting and special schools (64.47 percent). The District's administrative and business activities accounted for 17.62 percent of total costs. It is important to note that \$1,137,070 of depreciation is included in other expenses for the year. (See Figure A-6).

Figure A-6
Expenses for Fiscal Year 2018

| Expense Category: | Amount | Percentage |
|--------------------------------|---------------|------------|
| Instruction | \$ 7,146,883 | 51.17% |
| Pupil and Instruction Services | 644,686 | 4.61% |
| Administrative and Business | 2,461,171 | 17.62% |
| Maintenance and Operations | 1,429,033 | 10.23% |
| Transportation | 616,110 | 4.41% |
| Special Schools | 598,066 | 4.28% |
| Other | 1,072,107 | 7.68% |
| | \$ 13,968,056 | 100.00% |

Governmental Activities

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

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

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

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

Figure A-7

| | Net Cost of Governmental Activities | | | |
|--------------------------------|--|---------------|----------------------|--------------|
| | Total Cost of Services | | Net Cost of Services | |
| | 2016/17 | 2017/18 | 2016/17 | 2017/18 |
| Instruction | \$ 6,776,318 | \$ 7,146,883 | \$ 3,159,836 | \$ 3,354,446 |
| Pupil and Instruction Services | 864,025 | 644,686 | 447,845 | 276,276 |
| Administrative and Business | 2,186,615 | 2,461,171 | 1,374,504 | 1,500,700 |
| Maintenance and Operations | 1,244,600 | 1,429,033 | 363,201 | 1,109,938 |
| Transportation | 523,369 | 616,110 | 372,793 | 410,220 |
| Special Schools | 836,503 | 598,066 | 171,048 | 173,796 |
| Other | 881,680 | 882,600 | 881,680 | 882,600 |
| | \$ 13,313,110 | \$ 13,778,549 | \$ 6,770,907 | \$ 7,707,976 |

- The cost of all governmental activities this year was approximately \$13.31 million.
- The federal and state governments subsidized certain programs with grants and contributions (\$6.49 million).
- Approximately 29% of the District's costs (\$4.0 million) were financed with the County Tax Levy.
- The remainder of the funding came from tuition, county improvement authorization funding, miscellaneous revenue, and charges for services (\$2.69 million).

Business-Type Activities

Net position from the District's business-type activities decreased by \$17,062. (Refer to Figure A-4).

- The Food Service Fund's net position decreased by \$9,671 primarily due to decreases in daily sales as well as an increase in operating expenses and a decrease in federal and state reimbursements.
- The Restaurant Fund's net position decreased by \$7,391 due to the restaurant being closed in 2017-18.

Financial Analysis of the Funds

The District's financial position improved overall on a fund basis due to the funding of new capital projects by the County as well as unexpended budget appropriations in the General Fund. The weak economy and State budget problems have had a direct impact upon the District's revenue sources. Interest earnings on investments remain significantly low.

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

Financial Highlights in the Funds

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

Capital Assets

Figure A-8

| | Capital Assets (Net of Depreciation) | | | | | | Total Percentage Change |
|--|--------------------------------------|----------------------|--------------------------|------------------|-----------------------|----------------------|-------------------------------|
| | Government Activities | | Business-Type Activities | | Total School District | | |
| | 2016/17 | 2017/18 | 2016/17 | 2017/18 | 2016/17 | 2017/18 | |
| Sites | \$ 174,251 | \$ 174,251 | | | \$ 174,251 | 174,251 | 0.00% |
| Site Improvements | 111,984 | 92,968 | | | 111,984 | 92,968 | -16.98% |
| Buildings and Building Improvements | 12,288,993 | 11,293,808 | | | 12,288,993 | 11,293,808 | -8.10% |
| Construction in Progress | | 147,917 | | | | 147,917 | 100.00% |
| Machinery and Equipment | 700,506 | 634,823 | \$ 17,648 | \$ 29,398 | 718,154 | 664,221 | -7.51% |
| | <u>\$ 13,275,734</u> | <u>\$ 12,343,767</u> | <u>\$ 17,648</u> | <u>\$ 29,398</u> | <u>\$ 13,293,382</u> | <u>\$ 12,373,165</u> | -6.92% |

- The change in Capital Assets is a result of the acquisition of assets in the amount of \$216,853 offset by depreciation expense of \$1,137,070.

Long-term Liabilities

At year-end, the District had \$3,572,762 of long-term liabilities which is an increase of \$63,707 due to a net decrease in compensated absences of \$6,488 offset by an increase in net pension liability of \$70,155 as shown in Figure A-9. The County of Warren is responsible for the issuance and repayment of long-term debt in the form of bonds.

Figure A-9

Long-Term Liabilities

| | Total School District | | Total Percentage Change |
|-----------------------------|-----------------------|---------------------|-------------------------------|
| | 2016/17 | 2017/18 | |
| Other Long-Term Liabilities | \$ 273,221 | \$ 266,773 | -2.36% |
| Net Pension Liability | 3,235,834 | 3,305,989 | 2.17% |
| | <u>\$ 3,509,055</u> | <u>\$ 3,572,762</u> | 1.82% |

Factors Bearing on the District's Future

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

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

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Education Office, 1500 Route 57, Washington, New Jersey 07882.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018

| | Governmental Activities | Business-type Activities | Total |
|--|----------------------------|-----------------------------|----------------------|
| <u>ASSETS</u> | | | |
| Cash and Cash Equivalents | \$ 578,954 | \$ 31,471 | \$ 610,425 |
| Internal Balances | (16,787) | 16,787 | |
| Interfund Receivables | | 6,417 | 6,417 |
| Receivables From State Government | 4,328 | 65 | 4,393 |
| Receivables From Federal Government | 102,547 | 3,002 | 105,549 |
| Receivables from Other Governments | 286,870 | | 286,870 |
| Other Receivables | 68,622 | | 68,622 |
| Inventories | | 4,701 | 4,701 |
| Restricted Assets: | | | |
| Capital Reserve Account - Cash and Cash Equivalents | 1,520,192 | | 1,520,192 |
| Capital Assets, Net | | | |
| Sites (Land) and Construction in Progress | 322,168 | | 322,168 |
| Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment | 12,021,599 | 29,398 | 12,050,997 |
| Total Assets | <u>14,888,493</u> | <u>91,841</u> | <u>14,980,334</u> |
| <u>DEFERRED OUTFLOWS OF RESOURCES:</u> | | | |
| Deferred Outflows of Resources - Pensions | <u>1,893,058</u> | | <u>1,893,058</u> |
| Total Deferred Outflows of Resources | <u>1,893,058</u> | | <u>1,893,058</u> |
| <u>LIABILITIES</u> | | | |
| Accounts Payable | 156,083 | 7,754 | 163,837 |
| Payable to State Government | 6,114 | | 6,114 |
| Payable to Federal Government | 828 | | 828 |
| Unearned Revenue | 12,030 | 2,564 | 14,594 |
| Noncurrent Liabilities: | | | |
| Within One Year | 24,585 | | 24,585 |
| Due Beyond One Year | 3,548,177 | | 3,548,177 |
| Total Liabilities | <u>3,747,817</u> | <u>10,318</u> | <u>3,758,135</u> |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | |
| Deferred Inflows of Resources - Pensions | <u>750,914</u> | | <u>750,914</u> |
| Total Deferred Inflows of Resources | <u>750,914</u> | | <u>750,914</u> |
| <u>NET POSITION</u> | | | |
| Net Investment in Capital Assets | 12,343,767 | 29,398 | 12,373,165 |
| Restricted for: | | | |
| Capital Projects | 1,520,192 | | 1,520,192 |
| Unrestricted/(Deficit) | <u>(1,581,139)</u> | <u>52,125</u> | <u>(1,529,014)</u> |
| Total Net Position | <u>\$ 12,282,820</u> | <u>\$ 81,523</u> | <u>\$ 12,364,343</u> |

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

WARREN COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

| Functions/Programs | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | |
|--|----------------------|-------------------------|--|--|-----------------------------|--------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Governmental Activities | Business-type Activities | Total |
| | | | | | | |
| Governmental Activities: | | | | | | |
| Instruction: | | | | | | |
| Regular | \$ 3,258,988 | \$ 609,738 | \$ 1,090,245 | \$ (1,559,005) | | \$ (1,559,005) |
| Special Education | 805,209 | 150,649 | 257,680 | (396,880) | | (396,880) |
| Vocational Education Instruction | 2,815,257 | 526,720 | 1,164,580 | (1,123,957) | | (1,123,957) |
| School Sponsored/Other Instruction | 267,429 | 50,035 | 16,752 | (200,642) | | (200,642) |
| Support Services: | | | | | | |
| Student & Instruction Related Services | 644,686 | 120,617 | 101,882 | (422,187) | | (422,187) |
| General Administrative Services | 811,368 | 151,801 | 190,517 | (469,050) | | (469,050) |
| School Administrative Services | 801,840 | 150,020 | 199,923 | (451,897) | | (451,897) |
| Central Services | 536,382 | 100,354 | 195,935 | (240,093) | | (240,093) |
| Administrative Information Technology | 311,581 | 58,295 | 89,262 | (164,024) | | (164,024) |
| Plant Operations and Maintenance | 1,429,033 | 267,364 | 69,612 | (1,092,057) | | (1,092,057) |
| Pupil Transportation | 616,110 | 115,270 | 58,447 | (442,393) | | (442,393) |
| Special Schools | 598,066 | 111,895 | 222,980 | (263,191) | | (263,191) |
| Unallocated Depreciation | 882,600 | | | (882,600) | | (882,600) |
| Total Governmental Activities | 13,778,549 | 2,412,758 | 3,657,815 | (7,707,976) | | (7,707,976) |
| Business-Type Activities: | | | | | | |
| Internet Access | | | | | | |
| Adaptive Gym | | | | | | |
| Educational Technology Training Center | | | | | | |
| Restaurant | 4,302 | | | | \$ (4,302) | (4,302) |
| Food Service | 185,205 | 101,229 | 74,305 | | (9,671) | (9,671) |
| Total Business-Type Activities | 189,507 | 101,229 | 74,305 | | (13,973) | (13,973) |
| Total Primary Government | \$ 13,968,056 | \$ 2,513,987 | \$ 3,732,120 | (7,707,976) | (13,973) | (7,721,949) |

WARREN COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

| | Net (Expense) Revenue and Changes in Net Position | | |
|--|--|-----------------------------|---------------|
| | Governmental Activities | Business-type Activities | Total |
| General Revenues and Transfers: | | | |
| Taxes: | | | |
| County Taxes, Levied for General Purposes, Net | \$ 3,995,172 | | \$ 3,995,172 |
| County Improvement Authorization | 229,418 | | 229,418 |
| Federal and State Aid not Restricted | 2,833,529 | | 2,833,529 |
| Miscellaneous Income | 51,380 | | 51,380 |
| Transfers | 3,089 | (3,089) | |
| Total General Revenues and Transfers | 7,112,588 | (3,089) | 7,109,499 |
| Change in Net Position | (595,388) | (17,062) | (612,450) |
| Net Position - Beginning | 12,878,208 | 98,585 | 12,976,793 |
| Net Position - Ending | \$ 12,282,820 | \$ 81,523 | \$ 12,364,343 |

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

FUND FINANCIAL STATEMENTS

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

| | General Fund | Special Revenue Fund | Capital Projects Fund | Total Governmental Funds |
|--|---------------------|----------------------------|-----------------------------|--------------------------------|
| ASSETS | | | | |
| Cash and Cash Equivalents | \$ 517,201 | | \$ 61,753 | \$ 578,954 |
| Interfund Receivable | 87,755 | | | 87,755 |
| Receivables From State Government | | \$ 4,328 | | 4,328 |
| Receivables From Federal Government | | 102,547 | | 102,547 |
| Receivables From Other Governments | 57,452 | | 229,418 | 286,870 |
| Other Receivables | 68,622 | | | 68,622 |
| Restricted Cash and Cash Equivalents | 1,520,192 | | | 1,520,192 |
| Total Assets | \$ 2,251,222 | \$ 106,875 | \$ 291,171 | \$ 2,649,268 |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Interfund Payable | \$ 16,787 | \$ 87,755 | | \$ 104,542 |
| Accounts Payable | 7,435 | 8,648 | | 16,083 |
| Payable to State Government | | 6,114 | | 6,114 |
| Payable to Federal Government | | 828 | | 828 |
| Unearned Revenue | 8,500 | 3,530 | | 12,030 |
| Total Liabilities | 32,722 | 106,875 | | 139,597 |
| Fund Balances: | | | | |
| Restricted: | | | | |
| Capital Reserve | 1,520,192 | | | 1,520,192 |
| Committed: | | | | |
| Capital Projects Fund | | | \$ 291,171 | 291,171 |
| Assigned: | | | | |
| Other Purposes | 456,746 | | | 456,746 |
| Unassigned | 241,562 | | | 241,562 |
| Total Fund Balances | 2,218,500 | | 291,171 | 2,509,671 |
| Total Liabilities and Fund Balances | \$ 2,251,222 | \$ 106,875 | \$ 291,171 | |
| Amounts Reported for Governmental Activities in the Statement of Net Position (A-1) are Different Because: | | | | |
| Capital Assets Used in Governmental Activities are not Financial Resources and Therefore are not Reported in the Funds. The Cost of the Assets is \$22,345,931 and the Accumulated Depreciation is \$10,002,164. | | | | 12,343,767 |
| Long-Term Liabilities, Including Compensated Absences and Capital Leases, are not due and Payable in the Current Period and Therefore are not Reported as Liabilities in the Funds. | | | | (266,773) |
| The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds. | | | | (3,305,989) |
| Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds: | | | | |
| Changes in Assumptions - Pensions | | | | 666,043 |
| Changes in Proportions - Pensions | | | | 986,658 |
| Difference Between Expected and Actual Experience - Pensions | | | | 77,845 |
| Net Difference Between Projected and Actual Investment Earnings - Pensions | | | | 22,512 |
| Changes in Assumptions - Pensions | | | | (663,601) |
| Changes in Proportions - Pensions | | | | (87,313) |
| Net Position of Governmental Activities | | | | \$ 12,282,820 |

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

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

| | General Fund | Special Revenue Fund | Capital Projects Fund | Total Governmental Funds |
|---|-----------------|----------------------------|-----------------------------|--------------------------------|
| REVENUES: | | | | |
| Local Sources: | | | | |
| County Tax Levy | \$ 3,995,172 | | | \$ 3,995,172 |
| Tuition from LEA's | 1,987,840 | | | 1,987,840 |
| Other Tuition | 228,932 | | | 228,932 |
| Transportation Fees from Other LEA's | 192,000 | | | 192,000 |
| GED Testing Center Fees | 3,986 | | | 3,986 |
| Unrestricted Miscellaneous Revenues | 51,380 | \$ 2,400 | | 53,780 |
| Total - Local Sources | 6,459,310 | 2,400 | | 6,461,710 |
| State Sources | 4,278,353 | 9,603 | | 4,287,956 |
| Federal Sources | | 406,757 | | 406,757 |
| Total Revenues | 10,737,663 | 418,760 | | 11,156,423 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular Instruction | 1,490,700 | 68,797 | | 1,559,497 |
| Special Education Instruction | 428,569 | | | 428,569 |
| Vocational Education Instruction | 1,218,537 | 126,121 | | 1,344,658 |
| School-Sponsored/Other Instruction | 190,847 | | | 190,847 |
| Support Services and Undistributed Costs: | | | | |
| Student and Other Instruction Related Services | 301,391 | | | 301,391 |
| General Administration Services | 504,067 | | | 504,067 |
| School Administration Services | 420,025 | | | 420,025 |
| Central Services | 317,366 | | | 317,366 |
| Administrative Information Technology | 265,001 | | | 265,001 |
| Plant Operations and Maintenance | 1,045,089 | | | 1,045,089 |
| Student Transportation | 613,468 | | | 613,468 |
| Unallocated Benefits | 3,074,055 | | | 3,074,055 |
| Capital Outlay | 218,674 | 2,140 | \$ 36,829 | 257,643 |
| Special Schools | 200,761 | 221,702 | | 422,463 |
| Total Expenditures | 10,288,550 | 418,760 | 36,829 | 10,744,139 |
| Excess/(Deficit) of Revenue Over/(Under) Expenditures | 449,113 | | (36,829) | 412,284 |
| Other Financing Sources/(Uses): | | | | |
| Transfers | (95,493) | | 98,582 | 3,089 |
| County Improvement Authorization | | | 229,418 | 229,418 |
| Total Other Financing Sources/(Uses) | (95,493) | | 328,000 | 232,507 |
| Net Change in Fund Balances | 353,620 | | 291,171 | 644,791 |
| Fund Balance - July 1 | 1,864,880 | | | 1,864,880 |
| Fund Balance - June 30 | \$ 2,218,500 | \$ -0- | \$ 291,171 | \$ 2,509,671 |

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

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

| | | |
|---|----|-------------------------|
| Total Net Change in Fund Balances - Governmental Funds (from B-2) | \$ | 644,791 |
| Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because: | | |
| Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays differs from depreciation in the period. | | |
| Depreciation Expense | \$ | (1,133,332) |
| Capital Outlays | | <u>201,365</u> |
| | | (931,967) |
| In the statement of activities, certain operating expenses, e.g., compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+). | | |
| | | 6,448 |
| The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds: | | |
| Change in Net Pension Liability | | (70,155) |
| Change in Deferred Outflows: | | |
| Changes in Assumptions | | (4,249) |
| Changes in Proportion | | 471,174 |
| Difference Between Expected and Actual Experience - Pensions | | 17,668 |
| Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments | | (100,873) |
| Change in Deferred Inflows: | | |
| Changes in Assumptions | | (663,601) |
| Changes in Proportion | | <u>35,376</u> |
| Change in Net Position of Governmental Activities (A-2) | \$ | <u><u>(595,388)</u></u> |

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

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

| | <u>Business-Type Activities Enterprise Funds</u> |
|--|--|
| <u>ASSETS:</u> | |
| Current Assets: | |
| Cash and Cash Equivalents | \$ 31,471 |
| Interfund Receivable - General Fund | 16,787 |
| Interfund Receivable - Payroll Agency Fund | 6,417 |
| Intergovernmental Accounts Receivable: | |
| State | 65 |
| Federal | 3,002 |
| Inventories | 4,701 |
| Total Current Assets | 62,443 |
| Non-Current Assets: | |
| Capital Assets | 48,242 |
| Less: Accumulated Depreciation | (18,844) |
| Total Non-Current Assets | 29,398 |
| Total Assets | 91,841 |
| <u>LIABILITIES:</u> | |
| Current Liabilities: | |
| Accounts Payable | 7,754 |
| Unearned Revenue - Prepaid Sales | 1,585 |
| Unearned Revenue - Donated Commodities | 979 |
| Total Liabilities | 10,318 |
| <u>NET POSITION:</u> | |
| Investment in Capital Assets | 29,398 |
| Unrestricted | 52,125 |
| Total Net Position | \$ 81,523 |

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

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

| | Business-Type Activities |
|---|-----------------------------|
| | Non- Major Funds |
| | Enterprise Funds |
| Operating Revenue: | |
| Daily Sales: | |
| Reimbursable Programs | \$ 48,730 |
| Non-Reimbursable Programs | 52,499 |
| Total Operating Revenue | 101,229 |
| Operating Expenses: | |
| Cost of Sales: | |
| Reimbursable Programs | 64,986 |
| Non-Reimbursable Programs | 33,478 |
| Salaries | 45,832 |
| Employee Benefits and Payroll Taxes | 11,161 |
| Other Purchased Services | 9,256 |
| Supplies and Materials | 1,376 |
| Miscellaneous Expenses | 19,680 |
| Depreciation Expense | 3,738 |
| Total Operating Expenses | 189,507 |
| Operating Loss | (88,278) |
| Non-Operating Revenue: | |
| State Sources: | |
| State School Lunch Program | 1,570 |
| Federal Sources: | |
| National School Lunch Program | 52,623 |
| School Breakfast Program | 11,091 |
| Food Distribution Program | 9,021 |
| Total Non-Operating Revenue | 74,305 |
| Change in Net Position Before Transfers | (13,973) |
| Transfers: | |
| Transfer Out - General Fund | (3,089) |
| Total Transfers | (3,089) |
| Change in Net Position After Transfers | (17,062) |
| Net Position - Beginning of Year | 98,585 |
| Net Position - End of Year | \$ 81,523 |

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

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

| | Business-Type Activities <hr/> Non-Major Funds <hr/> Enterprise Funds <hr/> |
|--|---|
| Cash Flows from Operating Activities: | |
| Receipts from Customers | \$ 78,025 |
| Payments to Food Service Contractor | (158,809) |
| Payments to Suppliers | (13,199) |
| Net Cash Used for Operating Activities | <hr/> (93,983) <hr/> |
| Cash Flows from Capital and Related Financing Activities: | |
| Purchase of Capital Assets | (15,488) |
| Net Cash Used for Capital and Related Financing Activities | <hr/> (15,488) <hr/> |
| Cash Flows from Noncapital Financing Activities: | |
| State Sources - Turnover from General Fund | 1,580 |
| Federal Sources - Turnover from General Fund | 64,425 |
| Transfer out - General Fund | (3,089) |
| Net Cash Provided by Noncapital Financing Activities | <hr/> 62,916 <hr/> |
| Net Decrease in Cash and Cash Equivalents | (31,067) |
| Cash and Cash Equivalents, July 1 | <hr/> 78,026 <hr/> |
| Cash and Cash Equivalents, June 30 | <u>\$ 46,959</u> |
| Reconciliation of Operating Loss to Net Cash | |
| Used for Operating Activities: | |
| Operating Loss | \$ (88,278) |
| Adjustment to Reconcile Operating Loss to Net Cash | |
| Used for Operating Activities: | |
| Depreciation | 3,738 |
| Food Distribution Program | 9,021 |
| Changes in Assets and Liabilities: | |
| (Increase) in Interfund Receivable | (23,204) |
| Decrease in Inventory | 4,402 |
| Increase in Accounts Payable | 164 |
| Increase in Unearned Revenue - Prepaid Sales | 615 |
| (Decrease) in Unearned Revenue - Donated Commodities | (441) |
| Net Cash Used for Operating Activities | <hr/> <u>\$ (93,983)</u> <hr/> |

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Commodities through the Food Distribution Program valued at \$8,580 and utilized U.S.D.A. Commodities valued at \$9,021.

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

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2018

| | <u>Agency</u> | <u>Unemployment Compensation Trust</u> | <u>Private Purpose Scholarships Trust</u> |
|---|----------------|--|---|
| <u>ASSETS:</u> | | | |
| Cash and Cash Equivalents | \$ 112,032 | \$ 94,955 | |
| Interfund Receivable - Student Activities | | | \$ 179 |
| Total Assets | <u>112,032</u> | <u>94,955</u> | <u>179</u> |
| <u>LIABILITIES:</u> | | | |
| Interfund Payable: | | | |
| Food Service Fund | 6,417 | | |
| Scholarship Trust | 179 | | |
| Payroll Deductions and Withholdings | 11,759 | | |
| Due to Student Groups | <u>93,677</u> | | |
| Total Liabilities | <u>112,032</u> | | |
| <u>NET POSITION:</u> | | | |
| Held in Trust for Unemployment Claims | | 94,955 | |
| Restricted for Scholarships | | | <u>179</u> |
| Total Net Position | <u>\$ -0-</u> | <u>\$ 94,955</u> | <u>\$ 179</u> |

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

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

| | <u>Unemployment Compensation Trust</u> | <u>Private Purpose Scholarships Trust</u> |
|--------------------------------------|--|---|
| ADDITIONS: | | |
| Contributions: | | |
| Plan Members | \$ 8,289 | |
| Total Contributions | <u>8,289</u> | |
| Total Additions | <u>8,289</u> | |
| DEDUCTIONS: | | |
| Unemployment Benefit Claims | 22,078 | |
| Scholarships Awarded | | \$ 150 |
| Total Deductions | <u>22,078</u> | <u>150</u> |
| Change in Net Position | (13,789) | (150) |
| Net Position - Beginning of the Year | <u>108,744</u> | <u>329</u> |
| Net Position - End of the Year | <u>\$ 94,955</u> | <u>\$ 179</u> |

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

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the "Board") of the Warren County Vocational-Technical School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

A. Reporting Entity:

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of officials who are appointed by the Warren County Board of Chosen Freeholders and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. The District is a component unit of the County of Warren under the provisions of GASB Codification Section 2100.

B. Basis of Presentation:

District-Wide Financial Statements:

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

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

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

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

Fund Financial Statements:

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

The District reports the following governmental funds:

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

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

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

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

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

B. Basis of Presentation: (Cont'd)

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

Additionally, the District reports the following fund types:

Enterprise Funds: The Enterprise Fund accounts for all revenue and expenses pertaining to the Board's Enterprise Funds. The District operates two Enterprise Funds, which are comprised of the Restaurant and the Food Service Funds. These Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students or to the public on a continuing basis are financed or recovered primarily through user charges. The Restaurant Fund's operations were discontinued as of June 30, 2018.

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

D. Budgets/Budgetary Control:

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

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

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

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

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

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

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

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

| | General Fund | Special Revenue Fund |
|---|-----------------|-------------------------|
| Sources/Inflows of Resources: | | |
| Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule | \$ 10,742,768 | \$ 414,385 |
| Differences - Budget to GAAP: | | |
| Grant Accounting Budgetary basis differs from GAAP in that the Budgetary basis recognizes Encumbrances as Expenditures and Revenue whereas the GAAP basis does not. | | |
| Current Year Encumbrances | | (18,451) |
| Prior Year Encumbrances | | 22,826 |
| Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Statements | 311,564 | |
| Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements | (316,669) | |
| Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds | \$ 10,737,663 | \$ 418,760 |
| Uses/Outflows of Resources: | | |
| Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule | \$ 10,288,550 | \$ 414,385 |
| Differences - Budget to GAAP: | | |
| Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes. | | |
| Current Year Encumbrances | | (18,451) |
| Prior Year Encumbrances | | 22,826 |
| Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds | \$ 10,288,550 | \$ 418,760 |

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

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

| | <u>Capital Projects Fund Revenue</u> | <u>Capital Projects Fund Fund Balance</u> |
|--|--|---|
| Revenue and Other Financing Sources per Summary Schedule of Revenue, Expenditures and Changes in Fund Balance - Budgetary Basis | \$ 520,000 | 483,171 |
| Reconciliation to Governmental Funds Statements (GAAP): SDA Revenue not Recognized on a GAAP Basis | (192,000) | (192,000) |
| Revenue and Other Financing Sources per Governmental Funds (GAAP) | \$ 328,000 | \$ 291,171 |

E. Cash and Cash Equivalents:

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

The District generally records investments at fair value and records the unrealized gains and losses as part of investment income. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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

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

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

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

F. Interfund Transactions:

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

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net position, except for amounts due between governmental and business-type activities, which are presented as internal balances.

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as restricted, committed and/or assigned fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as unearned revenue at fiscal year end.

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

I. Short-term Interfund Receivables/Payables:

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

J. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise funds, are recorded as an expenditure during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2018.

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

K. Capital Assets:

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

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

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

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

L. Long Term Liabilities:

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

M. Accrued Salaries and Wages

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly disbursed during the entire twelve month year. Therefore, there are no accrued salaries and wages as of June 30, 2018.

N. Compensated Absences

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by GASB. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

N. Compensated Absences (Cont'd)

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

In the district-wide *Statement of Net Position*, the liabilities, whose average maturities are greater than one year, should be reported in two components – the amount due within one year and the amount due in more than one year.

O. Unearned Revenue

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

P. Fund Balance Appropriated

General Fund: Of the \$2,218,500, General Fund fund balance at June 30, 2018, \$456,746 is assigned for year end encumbrances; \$1,520,192 is restricted in the capital reserve account; and \$241,562 is unassigned which is \$316,669 less than the calculated maximum unassigned fund balance, on a GAAP Basis, due to the final two state aid payments which are not recognized until the fiscal year ending June 30, 2019.

Capital Projects Fund: The entire \$291,171 of General Capital Fund fund balance is committed for capital purposes.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (s1701), the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had no excess surplus at June 30, 2018.

P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize these last state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the last two state aid payments, and not the fund balance reported on the fund statement which excludes the last two state aid payments.

Q. Deficit Net Position:

The District has a deficit in unrestricted net position of \$1,581,139 in its governmental activities, which is primarily due to net pension liability and pension related deferred inflows and outflows as well as the General and Capital Projects Fund fund balances. This deficit does not indicate the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

R. Net Position:

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources for changes in assumptions in pensions, changes in proportion in pensions, the difference between expected and actual pension experience, the net difference between projected and actual investment earnings on pension plan investments and the District contribution subsequent to the measurement date related to pensions at June 30, 2018. The District had deferred inflows of resources at June 30, 2018 for changes in proportion and assumptions in pensions.

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

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

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

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

S. Fund Balance Restrictions, Commitments and Assignments:

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

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

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

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has committed resources in the Capital Projects Fund at June 30, 2018.

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

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

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances in the General Fund at June 30, 2018.

T. Revenue - Exchange and Nonexchange Transactions

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

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

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

U. Operating Revenue and Expenses:

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

V. Management Estimates:

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

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

W. Pensions

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

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

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

Custodial Credit Risk – The District's policy with respect to custodial credit risk requires that the District ensures that District funds are only deposited in financial institutions in which New Jersey school districts are permitted to invest their funds.

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

Deposits:

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit, and

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

Investments: (Cont'd)

- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.) ;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed; or
- (9) Deposit of funds in accordance with the following conditions:
 - (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
 - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
 - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
 - (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
 - (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

As of June 30, 2018, cash and cash equivalents of the District consisted of the following:

| | <u>Cash and Cash Equivalents</u> | <u>Restricted Cash and Cash Equivalents Capital Reserve Account</u> | <u>Total</u> |
|-------------------------------|--|---|---------------------|
| Checking and Savings Accounts | <u>\$ 817,412</u> | <u>\$ 1,520,192</u> | <u>\$ 2,337,604</u> |

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

Investments: (Cont'd)

During the period ended June 30, 2018, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2018, was \$2,337,604 and the bank balance was \$2,597,328.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by Board resolution on October 10, 2000 in the amount of \$500 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

| | |
|--|---------------------|
| Beginning Balance, July 1, 2017 | \$ 1,464,961 |
| Add: | |
| Budgeted Increase | 37,738 |
| Transfer from Unassigned Fund Balance per Board Resolution June 2018 | 637,075 |
| Less: | |
| Withdrawal by Resolution - Capital Outlay | (521,000) |
| Withdrawal by Resolution - Capital Projects Fund | <u>(98,582)</u> |
| Ending Balance, June 30, 2018 | <u>\$ 1,520,192</u> |

The June 30, 2018 LRFP balance of local support costs of uncompleted capital projects exceeds the balance in the Capital Reserve Account at June 30, 2018. The withdrawals from the capital reserve were for use in DOE approved facilities projects consistent with the District's LRFP.

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 5. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2018 were as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Deletions/ Adjustments</u> | <u>Ending Balance</u> |
|---|------------------------------|---------------------|-----------------------------------|---------------------------|
| Governmental Activities: | | | | |
| Capital Assets not Being Depreciated: | | | | |
| Sites (Land) | \$ 174,251 | | | \$ 174,251 |
| Construction in Progress | | \$ 147,917 | | 147,917 |
| Total Capital Assets Not Being Depreciated | <u>174,251</u> | <u>147,917</u> | | <u>322,168</u> |
| Capital Assets Being Depreciated: | | | | |
| Site Improvements | 426,945 | | | 426,945 |
| Buildings and Building Improvements | 19,503,957 | | | 19,503,957 |
| Machinery and Equipment | 2,039,413 | 53,448 | | 2,092,861 |
| Total Capital Assets Being Depreciated | <u>21,970,315</u> | <u>53,448</u> | | <u>22,023,763</u> |
| Governmental Activities Capital Assets | <u>22,144,566</u> | <u>201,365</u> | | <u>22,345,931</u> |
| Less Accumulated Depreciation for: | | | | |
| Site Improvements | (314,961) | (19,016) | | (333,977) |
| Buildings and Building Improvements | (7,214,964) | (995,185) | | (8,210,149) |
| Machinery and Equipment | (1,338,907) | (119,131) | | (1,458,038) |
| | <u>(8,868,832)</u> | <u>(1,133,332)</u> | | <u>(10,002,164)</u> |
| Governmental Activities Capital Assets, Net of Accumulated Depreciation | <u>\$ 13,275,734</u> | <u>\$ (931,967)</u> | <u>\$ -0-</u> | <u>\$ 12,343,767</u> |
| Business Type Activities: | | | | |
| Capital Assets Being Depreciated: | | | | |
| Machinery and Equipment | \$ 32,754 | \$ 15,488 | | \$ 48,242 |
| Less Accumulated Depreciation | (15,106) | (3,738) | | (18,844) |
| Business Type Activities Capital Assets, Net of Accumulated Depreciation | <u>\$ 17,648</u> | <u>\$ 11,750</u> | <u>\$ -0-</u> | <u>\$ 29,398</u> |

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 5. CAPITAL ASSETS (Cont'd)

The District expended \$147,917 towards construction projects in progress for capital assets during the fiscal year. As of June 30, 2018, the District has \$483,171 of active projects in the Capital Projects Fund at June 30, 2018. Additionally, the District expended \$201,365 from its current year capital budget and depreciated \$1,133,332 from its governmental activities. The District depreciated \$2,705 from its business-type activities during the fiscal year.

Depreciation expense was charged to governmental functions as follows:

| | |
|--|--------------|
| Regular Instruction | \$ 16,922 |
| Vocational Education Instruction | 174,182 |
| School Sponsored/Other Instruction | 4,587 |
| Student and Instruction Related Services | 5,122 |
| Central Services | 458 |
| Operations and Maintenance | 49,274 |
| Special Schools | 187 |
| Unallocated | 882,600 |
| | \$ 1,133,332 |

NOTE 6. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2018, the following changes occurred in long-term liabilities reported in the district-wide financial statements:

| | Balance 6/30/2017 | Accrued | Retired | Balance 6/30/2018 |
|------------------------------|----------------------|------------|-----------|----------------------|
| Compensated Absences Payable | \$ 273,221 | \$ 35,535 | \$ 41,983 | \$ 266,773 |
| Net Pension Liability | 3,235,834 | 70,155 | | 3,305,989 |
| | \$ 3,509,055 | \$ 105,690 | \$ 41,983 | \$ 3,572,762 |

A. Bonds Payable:

Bonds are authorized in accordance with State law by the County of Warren Board of Chosen Freeholders by adopting a bond ordinance. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the County of Warren Board of Chosen Freeholders are general obligation bonds of the County of Warren and therefore are not recorded as debt of the Warren County Vocational-Technical School District.

B. Compensated Absences

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The current portion of the compensated absences balance of the governmental funds is \$24,585 and is separated from the long-term portion of compensated absences of \$242,188.

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

B. Compensated Absences (Cont'd)

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2018, no liability existed for compensated absences in the Enterprise Funds.

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

C. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2018 is \$-0- and the long-term portion is \$3,305,989. See Note 8 for further information on the PERS.

NOTE 7. OPERATING LEASES PAYABLE

The District has a commitment to lease copiers under an operating lease which expires in 2021. Future minimum lease payments are as follows:

| <u>Year Ending</u> | <u>Amount</u> |
|-------------------------------------|-------------------|
| June 30, 2019 | \$ 46,200 |
| June 30, 2020 | 46,200 |
| June 30, 2021 | <u>19,250</u> |
| Total future minimum lease payments | <u>\$ 111,650</u> |

NOTE 8. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP).

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.nj.gov/treasury/pensions/financial-reports.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS)

Benefits Provided

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$135,299 for 2018.

The employee contribution rate was 7.34% effective July 1, 2017. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2018, the District reported a liability of \$3,305,989 for its proportionate share of the net pension liability. 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.

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2017, the District's proportion was 0.014%, which was an increase of 0.003% from its proportion measured as of June 30, 2016.

For the fiscal year ended June 30, 2018, the District recognized pension expense of \$446,226. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferral Year | Amortization Period in Years | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|------------------|------------------------------------|--------------------------------------|-------------------------------------|
| Changes in Assumptions | 2014 | 6.44 | \$ 37,503 | |
| | 2015 | 5.72 | 157,972 | |
| | 2016 | 5.57 | 470,568 | |
| | 2017 | 5.48 | <u>666,043</u> | \$ 663,601 |
| | | | <u>666,043</u> | <u>663,601</u> |
| Difference Between Expected and Actual Experience | 2015 | 5.72 | 43,830 | |
| | 2016 | 5.57 | 14,280 | |
| | 2017 | 5.48 | <u>19,735</u> | |
| | | | <u>77,845</u> | |
| Changes in Proportion | 2014 | 6.44 | | 77,684 |
| | 2015 | 5.72 | | 9,629 |
| | 2016 | 5.57 | 402,689 | |
| | 2017 | 5.48 | <u>583,969</u> | |
| | | | <u>986,658</u> | <u>87,313</u> |
| Net Difference Between Projected and Actual | 2014 | 5.00 | (39,615) | |
| Investment Earnings on Pension Plan Investments | 2015 | 5.00 | 33,794 | |
| | 2016 | 5.00 | 141,695 | |
| | 2017 | 5.00 | <u>(113,362)</u> | |
| | | | <u>22,512</u> | |
| Contribution Made Subsequent to the Measurement Date | 2017 | | <u>140,000</u> | |
| | | | <u>\$ 1,893,058</u> | <u>\$ 750,914</u> |

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts including changes in proportion and the District contribution subsequent to the measurement date) related to pensions will be recognized in pension expense as follows:

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

| Fiscal Year Ending June 30, | Total |
|--------------------------------|------------|
| 2016 | \$ 77,827 |
| 2017 | 117,442 |
| 2018 | 71,164 |
| 2019 | (94,648) |
| 2020 | (68,986) |
| | \$ 102,799 |

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:

| | |
|---------------------------|---------------------------|
| 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% |

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 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.

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected_returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2017 are summarized in the following table:

| <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 Market Equity | 11.50% | 9.00% |
| Emerging Markets Equity | 6.50% | 11.64% |
| Buyouts/Venture Capital | 8.25% | 13.08% |

Discount Rate

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the 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 municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the contribution rate in the most recent fiscal year. The local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 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.

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2017 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

| | June 30, 2017 | | |
|---|---------------------------|-------------------------------------|---------------------------|
| | 1% Decrease (4.00%) | Current Discount Rate (5.00%) | 1% Increase (6.00%) |
| District's proportionate share of the Net Pension Liability | \$ 4,101,304 | \$ 3,305,989 | \$ 2,643,394 |
| <u>Pension Plan Fiduciary Net Position</u> | | | |

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

Benefits Provided

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

The following represents the membership tiers for TPAF:

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

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2018, the State's pension contribution was less than the actuarial determined amount.

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2018, the State of New Jersey contributed \$507,144 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$1,594,221.

The employee contribution rate was 7.34% effective July 1, 2017. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2018, the State's proportionate share of the net pension liability associated with the District was \$23,012,950. 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 District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2017, the District's proportion was 0.0341%, which was a decrease of 0.001% from its proportion measured as of June 30, 2016.

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

| | |
|---|----------------------|
| District's Proportionate Share of the Net Pension Liability | \$ -0- |
| State's Proportionate Share of the Net Pension Liability Associated with the District | 23,012,950 |
| Total | <u>\$ 23,012,950</u> |

For the fiscal year ended June 30, 2017, the State recognized pension expense on behalf of the District in the amount of \$1,594,221 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2018 financial statements.

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

| | Year of Deferral | Amortization Period in Years | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---------------------|------------------------------------|--------------------------------------|-------------------------------------|
| Changes in Assumptions | 2014 | 8.5 | \$ 1,383,974,317 | |
| | 2015 | 8.3 | 3,776,126,119 | |
| | 2016 | 8.3 | 8,218,154,928 | |
| | 2017 | 8.3 | | \$ 11,684,858,458 |
| | | | <u>13,378,255,364</u> | <u>11,684,858,458</u> |
| Difference Between Expected and Actual Experience | 2014 | 8.5 | | 13,181,413 |
| | 2015 | 8.3 | 233,218,057 | |
| | 2016 | 8.3 | | 102,199,790 |
| | 2017 | 8.3 | 207,898,332 | |
| | | | <u>441,116,389</u> | <u>115,381,203</u> |
| Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments | 2014 | 5.0 | (435,309,142) | |
| | 2015 | 5.0 | 385,284,122 | |
| | 2016 | 5.0 | 1,295,565,574 | |
| | 2017 | 5.0 | (904,033,050) | |
| | | | <u>341,507,504</u> | |
| | | <u>\$ 14,160,879,257</u> | <u>\$ 11,800,239,661</u> | |

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

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

| Fiscal Year Ending June 30, | Total |
|--------------------------------|------------------|
| 2018 | \$ 740,341,056 |
| 2019 | 1,175,650,200 |
| 2020 | 983,008,137 |
| 2021 | 551,152,948 |
| 2022 | 624,850,883 |
| Thereafter | (1,714,363,628) |
| | \$ 2,360,639,596 |

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 a generational basis based on a 60 years 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 pension 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 PERS' target asset allocation as of June 30, 2017 are summarized in the following table:

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|-----------------------------------|----------------------|---|
| 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% |

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.25% as of June 30, 2017. This single blended discount rate was based on the 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 municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the contribution rate in the most recent fiscal year. The State contributed 40% of the actuarially determined contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2036. Therefore, the long-term expected rate of return on pension 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 State's Proportionate Share of the Net Pension Liability Associated with the District to Changes in the Discount Rate

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

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

| | June 30, 2017 | | |
|--|---------------------------|-------------------------------------|---------------------------|
| | 1% Decrease (3.25%) | Current Discount Rate (4.25%) | 1% Increase (5.25%) |
| State's Proportionate Share of the Net Pension Liability Associated with the District | \$ 27,339,741 | \$ 23,012,950 | \$ 19,447,960 |

Pension Plan Fiduciary Net Position

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

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the District recognized pension expense of \$1,585 for the fiscal year ended June 30, 2018. Employee contributions to DCRP amounted to \$2,723 for the year ended June 30, 2018.

NOTE 9. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The District obtains their health benefit coverage through the State of NJ Health Benefits Plan.

Property and Liability Insurance

The District is a member of the New Jersey Schools Insurance Group (the "Group"). This public entity risk management pool provides general liability, property and automobile coverage, and workers' compensation for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 9. RISK MANAGEMENT (Cont'd)

Property and Liability Insurance (Cont'd)

Annual Financial Report. The Group is a risk-sharing public entity risk pool that is an insured and self-administered group of school boards established for the purpose of providing low-cost insurance for its respective members in order to keep local property taxes to a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Group are elected.

As a member of this Group, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Group were to be exhausted, members would become responsible for their respective shares of the Group's liabilities. The Group can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment relates to the total assessment of the membership body. As a member of this Group, the District could be subject to supplemental assessments in the event of deficiencies.

Selected, summarized financial information for the Group as of June 30, 2018 is as follows:

| | |
|------------------------|-----------------------|
| Total Assets | \$ 348,953,830 |
| Net Position | <u>\$ 82,580,855</u> |
| Total Revenue | <u>\$ 133,258,299</u> |
| Total Expenses | <u>\$ 129,340,074</u> |
| Change in Net Position | <u>\$ 3,918,225</u> |
| Members Dividends | <u>\$ -0-</u> |

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

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

New Jersey Unemployment Compensation Insurance

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

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

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 9. RISK MANAGEMENT (Cont'd)

New Jersey Unemployment Compensation Insurance (Cont'd)

| <u>Fiscal Year</u> | <u>District Contributions</u> | <u>Interest Earned</u> | <u>Employee Contributions</u> | <u>Amount Reimbursed</u> | <u>Ending Balance</u> |
|--------------------|-----------------------------------|----------------------------|-----------------------------------|------------------------------|---------------------------|
| 2017-2018 | \$ -0- | \$ -0- | \$ 8,289 | \$ 22,078 | \$ 94,955 |
| 2016-2017 | -0- | -0- | 8,990 | 240 | 108,744 |
| 2015-2016 | -0- | -0- | 8,704 | 1,077 | 99,994 |

NOTE 10. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

| | <u>Interfund Receivable</u> | <u>Interfund Payable</u> |
|---|---------------------------------|------------------------------|
| General Fund | \$ 87,755 | \$ 16,787 |
| Special Revenue Fund | | 87,755 |
| Proprietary Fund - Food Service Fund | 23,204 | |
| Fiduciary Fund - Private Purpose Scholarships Trust | 179 | |
| Fiduciary Fund - Student Activities Fund | | 179 |
| Fiduciary Fund - Payroll Agency Fund | | 6,417 |
| | <u>\$ 111,138</u> | <u>\$ 111,138</u> |

There is an interfund receivable of \$87,755 in the General Fund due from the Special Revenue Fund as a result of the timing difference between the request for and receipt of federal grant reimbursements. The interfund payable in the General Fund due to the Food Service Fund is for federal and state subsidy reimbursements not remitted to the Food Service Fund by year end. The interfund payable in the Payroll Agency Fund is due to Food Service Fund subsidy reimbursements deposited in the Payroll Agency Fund in error. The interfund receivable in the Private Purpose Scholarships Trust Fund is for scholarship donations collected in the Student Activities Fund on behalf of the Private Purpose Scholarships Trust Fund in a prior year.

The General Fund transferred \$98,582 from the Capital Reserve to the Capital Projects Fund for the local share of a capital project. The Restaurant Enterprise Fund was closed out as of June 30, 2018 and the balance in the fund of \$3,089 was transferred to the General Fund.

NOTE 11. ECONOMIC DEPENDENCY

The Board of Education receives a substantial amount of its support from county, federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Board of Education's programs and activities.

NOTE 12. DEFERRED COMPENSATION

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

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 12. DEFERRED COMPENSATION (Cont'd)

The plan administrators are as follows:

Lincoln Investment Planning
Vanguard
Fidelity Investments

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

NOTE 13. ACCOUNTS PAYABLE

Payables as of June 30, 2018 were:

| | Governmental Funds | | District Contribution | Total | Business-Type Activities |
|-------------------------------|--------------------|----------------------------|---------------------------------------|----------------------------|-----------------------------|
| | General Fund | Special Revenue Fund | Subsequent to the Measurement Date | Governmental Activities | Food Service Fund |
| Due to State of New Jersey | | | \$ 140,000 | \$ 140,000 | |
| Vendors | \$ 7,435 | \$ 8,648 | | 16,083 | \$ 7,754 |
| | \$ 7,435 | \$ 8,648 | \$ 140,000 | \$ 156,083 | \$ 7,754 |

NOTE 14. TAX CALENDAR

Property taxes are levied by the County as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges.

A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10. Taxes are collected by the constituent municipalities and are remitted to the County who then disburses those funds to the District on a predetermined mutually agreed-upon schedule.

NOTE 15. CONTINGENT LIABILITIES

Grant Programs

The District participates in federal and state assisted grant programs. The programs are subject to program compliance audits by grantors or their representatives. The District is potentially liable for expenditures which may be disallowed pursuant to terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 15. CONTINGENT LIABILITIES (Cont'd)

Litigation

The District is periodically involved in claims and pending lawsuits including personnel matters. The District estimates that the potential claims against it resulting from such litigation and not covered by insurance would not materially affect the financial position of the District.

Encumbrances

At June 30, 2018, there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds:

| General Fund | Special Revenue Fund | Capital Projects Fund | Total Governmental Funds |
|-----------------|----------------------------|-----------------------------|--------------------------------|
| \$ 456,746 | \$ 18,451 | \$ 483,171 | \$ 958,368 |

On the District's Governmental Funds Balance Sheet as of June 30, 2018, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$18,451 less than the actual year-end encumbrances on a budgetary basis. On the GAAP basis, encumbrances are not recognized and are reflected as either a reduction in grants receivables or an increase in unearned revenue. The Capital Projects Fund has \$483,171 of encumbrances which are included in the \$483,171 of committed fund balance.

NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)

General Information about the OPEB Plan

Plan Description and Benefits Provided

The District is in a "special funding situation", as described in GASB Statement No. 75, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the District.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Education 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 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. According to N.J.S.A. 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers'

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

Plan Description and Benefits Provided (Cont'd)

Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 years or more of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

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, if any, is the responsibility of the individual education employers.

Employees Covered by Benefit Terms

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

| | |
|---|-----------------------|
| Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments | 142,331 |
| Active Plan Members | <u>223,747</u> |
| Total | <u><u>366,078</u></u> |

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.

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

| | | | |
|-------------------|------------------------------|--------------|--------------|
| Inflation Rate | 2.50% | | |
| | <u>TPAF/ABP</u> | <u>PERS</u> | <u>PFRS</u> |
| Salary Increases: | | | |
| Through 2026 | 1.55 - 4.55% | 2.15 - 4.15% | 2.10 - 8.98% |
| | based on years of service | based on age | based on age |
| Thereafter | 2.00 - 5.45% | 3.15 - 5.15% | 3.10 - 9.98% |
| | based on years of service | based on age | based on age |

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

Actuarial Assumptions and Other Inputs (Cont'd)

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 MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Health 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.

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 rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% and decreases to a 5.0% long term 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 rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Changes in the State's Total OPEB Liability

| | Total OPEB Liability |
|--------------------------------------|-------------------------|
| Balance at June 30, 2016 | \$ 57,831,784,184 |
| Changes for Year: | |
| Service Cost | 2,391,878,884 |
| Interest on the Total OPEB Liability | 1,699,441,736 |
| Changes of Assumptions | (7,086,599,129) |
| Gross Benefit Payments by the State | (1,242,412,566) |
| Contributions from Members | 45,748,749 |
| Net Changes | (4,191,942,326) |
| Balance at June 30, 2017 | \$ 53,639,841,858 |

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Discount Rate

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

| | June 30, 2017 | | |
|---|---------------------|--------------------------|---------------------|
| | At 1% | At | At 1% |
| | Decrease (2.58%) | Discount Rate (3.58%) | Increase (4.58%) |
| Total OPEB Liability Attributable to the District | \$ 20,307,475 | \$ 17,107,195 | \$ 14,568,703 |

| | June 30, 2016 | | |
|---|---------------------|--------------------------|---------------------|
| | At 1% | At | At 1% |
| | Decrease (1.85%) | Discount Rate (2.85%) | Increase (3.85%) |
| Total OPEB Liability Attributable to the District | \$ 22,070,420 | \$ 18,422,395 | \$ 15,550,932 |

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Healthcare Trend Rate

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

| | June 30, 2017 | | |
|---|---------------|-----------------|---------------|
| | 1% | Healthcare | 1% |
| | Decrease | Cost Trend Rate | Increase |
| Total OPEB Liability Attributable to the District | \$ 14,069,014 | \$ 17,107,195 | \$ 21,141,863 |

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Healthcare Trend Rate (Cont'd)

| | June 30, 2016 | | |
|---|----------------|-------------------------------|----------------|
| | 1% Decrease | Healthcare Cost Trend Rate | 1% Increase |
| Total OPEB Liability Attributable to the District | \$ 15,116,088 | \$ 18,422,395 | \$ 22,842,612 |

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

For the fiscal year ended June 30, 2018 the District recognized OPEB expense of \$1,022,691 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Statement 75, in which there is a special funding situation.

In accordance with GASB Statement 75, as the District’s proportionate share of the OPEB liability is \$-0, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2017 the State had deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Assumption Changes | | \$ (6,343,769,032) |
| Contributions Made in Fiscal Year Ending 2018 After June 30, 2017 Measurement Date | \$ 1,190,373,242 | |
| | \$ 1,190,373,242 | \$ (6,343,769,032) |

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Cont'd)

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

| <u>Fiscal Year</u> <u>Ending June 30,</u> | <u>Total</u> |
|--|---------------------------|
| 2018 | \$ (742,830,097) |
| 2019 | (742,830,097) |
| 2020 | (742,830,097) |
| 2021 | (742,830,097) |
| 2022 | (742,830,097) |
| Thereafter | <u>(2,629,618,547)</u> |
| | <u>\$ (6,343,769,032)</u> |

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

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

| | Fiscal Year Ending June 30, | | |
|---|-----------------------------|---------------|---------------|
| | 2015 | 2016 | 2017 |
| District's proportion of the net pension liability | 0.0078675564% | 0.0077624208% | 0.0109255471% |
| District's proportionate share of the net pension liability | \$ 1,473,022 | \$ 1,742,508 | \$ 3,235,834 |
| District's covered employee payroll | \$ 556,112 | \$ 662,637 | \$ 919,041 |
| District's proportionate share of the net pension liability as a percentage of its covered employee payroll | 264.88% | 262.97% | 352.09% |
| Plan fiduciary net position as a percentage of the total pension liability | 52.08% | 47.93% | 40.14% |
| | | | 48.10% |

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

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

| | Fiscal Year Ending June 30, | | |
|--|-----------------------------|------------|------------|
| | 2015 | 2016 | 2017 |
| Contractually required contribution | \$ 64,859 | \$ 66,736 | \$ 98,117 |
| Contributions in relation to the contractually required contribution | (64,859) | (66,736) | (98,117) |
| Contribution deficiency/(excess) | \$ -0- | \$ -0- | \$ -0- |
| District's covered employee payroll | \$ 556,703 | \$ 556,112 | \$ 662,637 |
| Contributions as a percentage of covered employee payroll | 11.65% | 12.00% | 14.81% |
| | | | 14.72% |
| | | | \$ 135,299 |
| | | | (135,299) |

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

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

| | Fiscal Year Ending June 30, | | |
|---|-----------------------------|---------------|---------------|
| | 2015 | 2016 | 2017 |
| State's proportion of the net pension liability attributable to the District | 0.0342775159% | 0.0349393659% | 0.0350946985% |
| State's proportionate share of the net pension liability attributable to the District | \$ 18,320,217 | \$ 22,083,171 | \$ 27,607,724 |
| District's covered employee payroll | \$ 3,582,157 | \$ 3,516,549 | \$ 3,516,337 |
| State's proportionate share of the net pension liability attributable to the District as a percentage of its covered employee payroll | 511.43% | 627.98% | 785.13% |
| Plan fiduciary net position as a percentage of the total pension liability | 33.64% | 28.71% | 22.33% |
| | | | 25.41% |

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

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

| | Fiscal Year Ending June 30, | | |
|--|-----------------------------|--------------|--------------|
| | 2015 | 2016 | 2017 |
| | 2018 | | |
| Contractually required contribution | \$ 985,800 | \$ 1,348,376 | \$ 2,074,336 |
| Contributions in relation to the contractually required contribution | (188,895) | (280,982) | (370,493) |
| Contribution deficiency/(excess) | \$ 796,905 | \$ 1,067,394 | \$ 1,703,843 |
| District's covered employee payroll | \$ 3,582,157 | \$ 3,516,549 | \$ 3,516,337 |
| Contributions as a percentage of covered employee payroll | 5.27% | 7.99% | 10.54% |
| | | | 13.85% |
| | | | \$ 1,594,221 |
| | | | (507,144) |
| | | | \$ 1,087,077 |

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

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF CHANGES IN THE STATE'S TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST TWO FISCAL YEARS
UNAUDITED

| | Fiscal Years Ending | |
|--|--------------------------|--------------------------|
| | June 30, 2016 | June 30, 2017 |
| Total OPEB Liability | | |
| Service Cost | \$ 1,723,999,319 | \$ 2,391,878,884 |
| Interest Cost | 1,823,643,792 | 1,699,441,736 |
| Changes in Assumptions | 8,611,513,521 | (7,086,599,129) |
| Member Contributions | 46,273,747 | 45,748,749 |
| Gross Benefit Payments | <u>(1,223,298,019)</u> | <u>(1,242,412,566)</u> |
| Net Change in Total OPEB Liability | 10,982,132,360 | (4,191,942,326) |
| Total OPEB Liability - Beginning | <u>46,849,651,824</u> | <u>57,831,784,184</u> |
| Total OPEB Liability - Ending | <u>\$ 57,831,784,184</u> | <u>\$ 53,639,841,858</u> |
| State's Covered Employee Payroll * | \$ 13,493,400,208 | \$ 13,493,400,208 |
| Total OPEB Liability as a Percentage of Covered Employee Payroll | 429% | 398% |

* - Covered payroll for the fiscal years ending June 30, 2016 and June 30, 2017 is based on the payroll on the June 30, 2016 census data.

Note: This schedule does not contain ten years of information as GASB No. 75 was implemented during the fiscal year ended June 30, 2018.

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 3.98% as of June 30, 2016 to 5.00% as of June 30, 2017. The municipal bond rate changed from 2.85% to 3.58%. The long-term expected rate of return on pension plan investments changed from 7.65% to 7.00%.

The inflation rate changed from 3.08% as of June 30, 2016 to 2.25% as of June 30, 2017.

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 3.22% as of June 30, 2016 to 4.25% as of June 30, 2017. The municipal bond rate changed from 2.85% to 3.58%. The long-term expected rate of return on pension plan investments changed from 7.65% to 7.00%.

The inflation rate changed from 2.50% as of June 30, 2016 to 2.25% as of June 30, 2017.

State Health Benefit Local Education Retired Employees OPEB Plan

Benefit Changes

There were none.

Changes of Actuarial Assumptions

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

BUDGETARY COMPARISON SCHEDULES

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|--|--------------------|---------------------|------------------|-------------------|-----------------------------|
| REVENUE: | | | | | |
| Local Sources: | | | | | |
| County Tax Levy | \$ 3,995,172 | | \$ 3,995,172 | \$ 3,995,172 | |
| Tuition from LEA's | 1,865,480 | \$ 122,360 | 1,987,840 | 1,987,840 | |
| Other Tuition | 361,738 | | 361,738 | 228,932 | \$ (132,806) |
| Transportation Fees from Other LEA's | 179,120 | 12,880 | 192,000 | 192,000 | |
| GED Testing Center Fees | 8,000 | | 8,000 | 3,986 | (4,014) |
| Interest Earned on Capital Reserve Funds | 200 | | 200 | 200 | |
| Unrestricted Miscellaneous Revenues | 24,710 | | 24,710 | 51,180 | 26,470 |
| Total - Local Sources | 6,434,420 | 135,240 | 6,569,660 | 6,459,310 | (110,350) |
| State Sources: | | | | | |
| Categorical Special Education Aid | 273,356 | | 273,356 | 273,356 | |
| Equalization Aid | 2,776,464 | | 2,776,464 | 2,793,754 | 17,290 |
| Categorical Security Aid | 27,869 | | 27,869 | 27,869 | |
| Transportation Aid | 57,828 | | 57,828 | 57,828 | |
| PARCC Readiness Aid | 4,450 | | 4,450 | 4,450 | |
| Per Pupil Growth Aid | 4,450 | | 4,450 | 4,450 | |
| Professional Learning Community Aid | 4,770 | | 4,770 | 4,770 | |
| Adult Education Programs Aid | | | | 33,697 | 33,697 |
| On-Behalf TPAF Post Retirement Contributions (Non-Budgeted) | | | | 315,537 | 315,537 |
| On-Behalf TPAF Pension Contributions (Non-Budgeted) | | | | 507,144 | 507,144 |
| On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted) | | | | 12,016 | 12,016 |
| On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted) | | | | 1,048 | 1,048 |
| TPAF Social Security (Reimbursed - Non-Budgeted) | | | | 247,539 | 247,539 |
| Total State Sources | 3,149,187 | | 3,149,187 | 4,283,458 | 1,134,271 |
| Total Revenue | 9,583,607 | 135,240 | 9,718,847 | 10,742,768 | 1,023,921 |

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

| EXPENDITURES: | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|--|--------------------|---------------------|------------------|------------------|-----------------------------|
| Current Expense: | | | | | |
| Regular Programs - Instruction: | | | | | |
| Grades 9-12 - Salaries of Teachers | \$ 1,512,250 | \$ (70,725) | \$ 1,441,525 | \$ 1,408,011 | \$ 33,514 |
| Other Purchased Services | 3,000 | 35 | 3,035 | 35 | 3,000 |
| General Supplies | 18,450 | 20,597 | 39,047 | 35,447 | 3,600 |
| Textbooks | 45,000 | 1,381 | 46,381 | 46,307 | 74 |
| Regular Programs - Home Instruction: | | | | | |
| Salaries of Teachers | 4,000 | | 4,000 | 525 | 3,475 |
| Purchased Professional-Educational Services | 6,000 | (5,000) | 1,000 | 375 | 625 |
| TOTAL REGULAR PROGRAMS - INSTRUCTION | 1,588,700 | (53,712) | 1,534,988 | 1,490,700 | 44,288 |
| Special Education - Instruction: | | | | | |
| Resource Room: | | | | | |
| Salaries of Teachers | 231,400 | 759 | 232,159 | 231,579 | 580 |
| Other Salaries for Instruction | 192,500 | (12,900) | 179,600 | 158,695 | 20,905 |
| Purchased Professional-Educational Services | 40,000 | | 40,000 | 38,295 | 1,705 |
| Other Purchased Services | 500 | | 500 | 500 | 0 |
| General Supplies | 500 | 1,060 | 1,560 | 1,560 | 0 |
| Total Resource Room | 464,900 | (11,081) | 453,819 | 428,569 | 25,250 |
| TOTAL SPECIAL EDUCATION - INSTRUCTION | 464,900 | (11,081) | 453,819 | 428,569 | 25,250 |
| Regular Vocational Programs: | | | | | |
| Salaries of Teachers | 1,007,900 | (38,400) | 969,500 | 957,727 | 11,773 |
| Other Purchased Services | 3,400 | (75) | 3,325 | 100 | 3,225 |
| General Supplies | 127,000 | 20,830 | 147,830 | 132,392 | 15,438 |
| Textbooks | 29,960 | (4,963) | 24,997 | 24,997 | 0 |
| Total Regular Vocational Programs | 1,168,260 | (22,608) | 1,145,652 | 1,115,216 | 30,436 |

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|--|--------------------|---------------------|------------------|------------------|-----------------------------|
| EXPENDITURES: | | | | | |
| Current Expense: | | | | | |
| Special Vocational Programs: | | | | | |
| Salaries of Teachers | \$ 121,700 | \$ (15,000) | \$ 106,700 | \$ 103,321 | \$ 3,379 |
| Total Special Vocational Programs | <u>121,700</u> | <u>(15,000)</u> | <u>106,700</u> | <u>103,321</u> | <u>3,379</u> |
| School-Sponsored Cocurricular Activities: | | | | | |
| Salaries | 23,217 | 7,389 | 30,606 | 27,512 | 3,094 |
| Purchased Services | 20,500 | 964 | 21,464 | 21,464 | |
| Supplies and Materials | 20,000 | (964) | 19,036 | 15,351 | 3,685 |
| Total School-Sponsored Cocurricular Activities | <u>63,717</u> | <u>7,389</u> | <u>71,106</u> | <u>64,327</u> | <u>6,779</u> |
| School-Sponsored Athletics: | | | | | |
| Salaries | 105,700 | (5,574) | 100,126 | 87,357 | 12,769 |
| Purchased Services | 19,709 | | 19,709 | 16,879 | 2,830 |
| Supplies and Materials | 15,591 | 12,099 | 27,690 | 22,284 | 5,406 |
| Total School-Sponsored Athletics | <u>141,000</u> | <u>6,525</u> | <u>147,525</u> | <u>126,520</u> | <u>21,005</u> |
| TOTAL INSTRUCTION | <u>3,548,277</u> | <u>(88,487)</u> | <u>3,459,790</u> | <u>3,328,653</u> | <u>131,137</u> |
| Undist. Expend. - Health Services: | | | | | |
| Salaries | 79,000 | (365) | 78,635 | 78,156 | 479 |
| Purchased Professional and Technical Services | 150 | 3,355 | 3,505 | 3,505 | |
| Supplies and Materials | 4,000 | 700 | 4,700 | 4,700 | |
| Total Undist. Expend. - Health Services | <u>83,150</u> | <u>3,690</u> | <u>86,840</u> | <u>86,361</u> | <u>479</u> |

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|--------------------|---------------------|-----------------|------------|-----------------------------|
| EXPENDITURES: | | | | | |
| Current Expense: | | | | | |
| Undist. Expend. - Guidance: | | | | | |
| Salaries of Other Professional Staff | \$ 196,000 | \$ (15,582) | \$ 180,418 | \$ 180,418 | |
| Salaries of Secretarial and Clerical Assistants | 32,000 | (121) | 31,879 | 31,879 | |
| Other Purchased Services | 200 | (200) | | | |
| Supplies and Materials | 1,500 | 833 | 2,333 | 2,333 | |
| Other Objects | 325 | 75 | 400 | 400 | |
| Total Undist. Expend. - Guidance | 230,025 | (14,995) | 215,030 | 215,030 | |
| Undist. Expend. - Improvement of Instructional Services: | | | | | |
| Salaries of Other Professional Staff | 66,500 | (66,500) | | | |
| Total Undist. Expend-Impr. Of Instruct. Services | 66,500 | (66,500) | | | |
| Undist. Expend. - Instructional Staff Training Services: | | | | | |
| Purchased Professional - Educational Services | 6,000 | (6,000) | | | |
| Total Undist. Expend. - Instructional Staff Training Services | 6,000 | (6,000) | | | |
| Undist. Expend. - Support Services - General Administration: | | | | | |
| Salaries | 238,500 | 17,449 | 255,949 | 255,949 | |
| Legal Services | 28,853 | 37,432 | 66,285 | 62,286 | \$ 3,999 |
| Audit Fees | 42,000 | (1,500) | 40,500 | 40,500 | |
| Purchased Technical Services | 26,000 | (19,585) | 6,415 | 6,415 | |
| Communications/Telephone | 25,000 | (8,307) | 16,693 | 16,693 | |
| BOE Other Purchased Services | 3,000 | (201) | 2,799 | 2,799 | |
| Miscellaneous Purchased Services | 85,000 | 8,306 | 93,306 | 93,306 | |
| General Supplies | 2,250 | (235) | 2,015 | 2,015 | |
| Miscellaneous Expenditures | 22,000 | 2,104 | 24,104 | 24,104 | |
| Total Undist. Expend. - Support Services - General Administration | 472,603 | 35,463 | 508,066 | 504,067 | 3,999 |

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|--------------------|---------------------|-----------------|----------------|-----------------------------|
| EXPENDITURES: | | | | | |
| Current Expense: | | | | | |
| Undist. Expend. - Support Services - School Administration: | | | | | |
| Salaries of Principals/Assistant Principals | \$ 244,000 | \$ 40,818 | \$ 284,818 | \$ 284,818 | |
| Salaries of Secretarial and Clerical Assistants | 32,000 | 37,280 | 69,280 | 69,280 | |
| Purchased Professional and Technical Services | 2,500 | (838) | 1,662 | 1,662 | |
| Other Purchased Services | 30,572 | 22,452 | 53,024 | 53,024 | |
| Supplies and Materials | 10,000 | 1,091 | 11,091 | 11,091 | |
| Other Objects | 3,000 | (2,254) | 746 | 150 | \$ 596 |
| Total Undist. Expend. - Support Services - School Administration | 322,072 | 98,549 | 420,621 | 420,025 | 596 |
| Undist. Expend. - Central Services: | | | | | |
| Salaries | 271,500 | (42,308) | 229,192 | 229,192 | |
| Purchased Technical Services | 10,000 | 4,299 | 14,299 | 14,299 | |
| Miscellaneous Purchased Services | 67,894 | (14,145) | 53,749 | 53,262 | 487 |
| Supplies and Materials | 3,000 | 17,550 | 20,550 | 18,473 | 2,077 |
| Miscellaneous Expenditures | 3,000 | (860) | 2,140 | 2,140 | |
| Total Undist. Expend. - Central Services | 355,394 | (35,464) | 319,930 | 317,366 | 2,564 |
| Undist. Expend. - Administration Information Technology: | | | | | |
| Salaries | 77,500 | (2,526) | 74,974 | 74,974 | |
| Purchased Technical Services | 80,000 | 25,629 | 105,629 | 104,406 | 1,223 |
| Supplies and Materials | 50,000 | 48,870 | 98,870 | 85,621 | 13,249 |
| Other Objects | 400 | (400) | | | |
| Total Undist. Expend. - Administration Information Technology | 207,900 | 71,573 | 279,473 | 265,001 | 14,472 |

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|--|-----------------|------------------|--------------|------------|--------------------------|
| EXPENDITURES: | | | | | |
| Current Expense: | | | | | |
| Undist. Expend. - Required Maintenance for School Facilities: | | | | | |
| Salaries | \$ 360,500 | \$ 522 | \$ 361,022 | \$ 357,369 | \$ 3,653 |
| Cleaning, Repair and Maintenance Services | 361,270 | (150,878) | 210,392 | 199,452 | 10,940 |
| Other Purchased Services | | 746 | 746 | 746 | |
| General Supplies | | 107,607 | 107,607 | 105,523 | 2,084 |
| Other Objects | | 250 | 250 | 250 | |
| Total Undist. Expend. - Required Maintenance for School Facilities | 721,770 | (41,753) | 680,017 | 663,340 | 16,677 |
| Undist. Expend. - Custodial Services: | | | | | |
| Salaries | 116,500 | (2,340) | 114,160 | 114,160 | |
| Other Purchased Property Services | 29,500 | 684 | 30,184 | 28,175 | 2,009 |
| General Supplies | 1,500 | 24,068 | 25,568 | 22,256 | 3,312 |
| Energy (Electricity) | 125,000 | 7,699 | 132,699 | 132,699 | |
| Energy (Natural Gas) | 45,896 | 15,136 | 61,032 | 59,959 | 1,073 |
| Total Undist. Expend. - Custodial Services | 318,396 | 45,247 | 363,643 | 357,249 | 6,394 |
| Undist. Expend. - Security: | | | | | |
| Salaries | 5,000 | 794 | 5,794 | 5,794 | |
| Purchased Professional & Technical Services | 18,250 | 456 | 18,706 | 18,706 | |
| Total Undist. Expend. -Security | 23,250 | 1,250 | 24,500 | 24,500 | |
| Undist. Expend. - Student Transportation Services: | | | | | |
| Salaries for Pupil Trans. (Other than Between Home & School) | 6,500 | (2,246) | 4,254 | 4,254 | |
| Cleaning, Repair, & Maint. Services | 1,000 | 2,314 | 3,314 | 3,044 | 270 |
| Contracted Svcs. - (Between Home and School) - Vendors | 510,000 | 43,654 | 553,654 | 553,654 | |
| Contracted Svcs. (Other than Between Home & School) - Vendors | 35,000 | 9,749 | 44,749 | 44,749 | |
| Transportation Supplies | 7,000 | 3,012 | 10,012 | 7,767 | 2,245 |
| Total Undist. Expend. - Student Transportation Services | 559,500 | 56,483 | 615,983 | 613,468 | 2,515 |

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|--|--------------------|---------------------|------------------|------------------|-----------------------------|
| EXPENDITURES: | | | | | |
| Current Expense: | | | | | |
| Unallocated Benefits: | | | | | |
| Social Security Contributions | \$ 140,000 | \$ (24,282) | \$ 115,718 | \$ 115,711 | \$ 7 |
| Other Retirement Contributions - PERS | 120,000 | 15,299 | 135,299 | 135,299 | |
| Other Retirement Contributions - Regular | 5,000 | (3,300) | 1,700 | 1,585 | 115 |
| Unemployment Compensation | 69,000 | (10,000) | 59,000 | | 59,000 |
| Workmen's Compensation | 50,000 | (6,455) | 43,545 | 43,545 | |
| Health Benefits | 1,860,525 | (13,558) | 1,846,967 | 1,613,318 | 233,649 |
| Tuition Reimbursement | 56,176 | (23,499) | 32,677 | 15,913 | 16,764 |
| Other Employee Benefits | 76,000 | 15,556 | 91,556 | 65,400 | 26,156 |
| Total Unallocated Benefits | <u>2,376,701</u> | <u>(50,239)</u> | <u>2,326,462</u> | <u>1,990,771</u> | <u>335,691</u> |
| On-Behalf Contributions: | | | | | |
| On-Behalf TPAF Post Retirement Contributions (Non-Budgeted) | | | | 315,537 | (315,537) |
| On-Behalf TPAF Pension Contributions (Non-Budgeted) | | | | 507,144 | (507,144) |
| On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted) | | | | 12,016 | (12,016) |
| On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted) | | | | 1,048 | (1,048) |
| Reimbursed TPAF Social Security Contributions (Non-Budgeted) | | | | 247,539 | (247,539) |
| Total On-Behalf Contributions | | | | <u>1,083,284</u> | <u>(1,083,284)</u> |
| Total Personal Services - Employee Benefits | <u>2,376,701</u> | <u>(50,239)</u> | <u>2,326,462</u> | <u>3,074,055</u> | <u>(747,593)</u> |
| TOTAL UNDISTRIBUTED EXPENDITURES | <u>5,743,261</u> | <u>97,304</u> | <u>5,840,565</u> | <u>6,540,462</u> | <u>(699,897)</u> |

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|--|--------------------|---------------------|-----------------|--------------|-----------------------------|
| EXPENDITURES: | | | | | |
| TOTAL GENERAL CURRENT EXPENSE | \$ 9,291,538 | \$ 8,817 | \$ 9,300,355 | \$ 9,869,115 | \$ (568,760) |
| Capital Outlay: | | | | | |
| Facilities Acquisition and Construction Services: | | | | | |
| Salaries | | 89,760 | 89,760 | 74,021 | 15,739 |
| Construction Services | 33,565 | 521,000 | 521,000 | 111,088 | 409,912 |
| Assessment for Debt Service on SDA Funding | | | 33,565 | 33,565 | |
| Total Facilities Acquisition and Construction Services | 33,565 | 610,760 | 644,325 | 218,674 | 425,651 |
| TOTAL CAPITAL OUTLAY | 33,565 | 610,760 | 644,325 | 218,674 | 425,651 |
| Special Schools: | | | | | |
| Post-Secondary - Instruction: | | | | | |
| Salaries of Teachers | 283,605 | (87,731) | 195,874 | 139,926 | 55,948 |
| General Supplies | 15,450 | 11,409 | 26,859 | 9,662 | 17,197 |
| Total Post - Secondary - Instruction | 299,055 | (76,322) | 222,733 | 149,588 | 73,145 |
| Adult Education - Local - Support Services: | | | | | |
| Salaries | 66,500 | (20,487) | 46,013 | 46,013 | |
| General Supplies | | 602 | 602 | 602 | |
| Total Adult Education - Local - Support Services | 66,500 | (19,885) | 46,615 | 46,615 | |
| Vocational Evening - Local - Instruction: | | | | | |
| Salaries of Teachers | 2,800 | | 2,800 | | 2,800 |
| General Supplies | 2,500 | (2,370) | 130 | 130 | |
| Total Vocational Evening - Local - Instruction | 5,300 | (2,370) | 2,930 | 130 | 2,800 |
| GED Testing Centers: | | | | | |
| Salaries | 4,000 | | 4,000 | 1,984 | 2,016 |
| Supplies and Materials | 4,000 | | 4,000 | 2,444 | 1,556 |
| Total GED Testing Centers | 8,000 | | 8,000 | 4,428 | 3,572 |

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|--|--------------------|---------------------|-----------------|--------------|-----------------------------|
| EXPENDITURES: | | | | | |
| TOTAL SPECIAL SCHOOLS | \$ 378,855 | \$ (98,577) | \$ 280,278 | \$ 200,761 | \$ 79,517 |
| TOTAL EXPENDITURES | 9,703,958 | 521,000 | 10,224,958 | 10,288,550 | (63,592) |
| Excess/(Deficit) of Revenues Over/(Under) Expenditures | (120,351) | (385,760) | (506,111) | 454,218 | 960,329 |
| Other Financing Sources/(Uses): | | | | | |
| Transfer In - Restaurant Fund | | | | 3,089 | 3,089 |
| Capital Reserve - Transfer to Capital Projects Fund | | (98,582) | (98,582) | (98,582) | |
| Total Other Financing Sources/(Uses) | | (98,582) | (98,582) | (95,493) | 3,089 |
| Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses | (120,351) | (484,342) | (604,693) | 358,725 | 963,418 |
| Fund Balance, July 1 | 2,176,444 | | 2,176,444 | 2,176,444 | |
| Fund Balance, June 30 | \$ 2,056,093 | \$ (484,342) | \$ 1,571,751 | \$ 2,535,169 | \$ 963,418 |

Recapitulation:

| | | | | | |
|--|--|--|--|--------------|--|
| Restricted Fund Balance: | | | | | |
| Capital Reserve | | | | \$ 1,520,192 | |
| Assigned Fund Balance: | | | | | |
| Year End Encumbrances | | | | 456,746 | |
| Unassigned Fund Balance | | | | 558,231 | |
| | | | | 2,535,169 | |
| Reconciliation to Governmental Funds Statement (GAAP): | | | | | |
| Last State Aid Payments not Recognized on GAAP basis | | | | (316,669) | |
| Fund Balance per Governmental Funds (GAAP) | | | | \$ 2,218,500 | |

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|--------------------|---------------------|-------------------|-------------------|-----------------------------|
| REVENUES: | | | | | |
| Local Sources | \$ 2,400 | \$ | \$ 2,400 | \$ 2,400 | \$ |
| State Sources | 7,999 | 2,001 | 10,000 | 9,603 | (397) |
| Federal Sources | 411,340 | 57,144 | 468,484 | 402,382 | (66,102) |
| Total Revenues | 421,739 | 59,145 | 480,884 | 414,385 | (66,499) |
| EXPENDITURES: | | | | | |
| Instruction: | | | | | |
| Salaries of Teachers | 399,731 | (220,646) | 179,085 | 149,968 | 29,117 |
| Other Purchased Services | 2,400 | 2,100 | 4,500 | 4,104 | 396 |
| General Supplies | 765 | 146,691 | 147,456 | 137,655 | 9,801 |
| Total Instruction | 402,896 | (71,855) | 331,041 | 291,727 | 39,314 |
| Support Services: | | | | | |
| Salaries of Other Professional Staff | | 6,660 | 6,660 | 6,620 | 40 |
| Personal Services - Employee Benefits | 15,963 | 46,237 | 62,200 | 61,216 | 984 |
| Purchased Professional Technical Services | | 46,800 | 46,800 | 45,984 | 816 |
| Other Purchased Services | 2,880 | 1,120 | 4,000 | 1,826 | 2,174 |
| Travel | | 1,387 | 1,387 | 1,237 | 150 |
| Supplies and Materials | | 26,656 | 26,656 | 3,635 | 23,021 |
| Total Support Services | 18,843 | 128,860 | 147,703 | 120,518 | 27,185 |
| Facilities Acquisition and Construction Services: | | | | | |
| Instructional Equipment | | 2,140 | 2,140 | 2,140 | |
| Total Facilities Acquisition and Construction Services | | 2,140 | 2,140 | 2,140 | |
| Total Expenditures | \$ 421,739 | \$ 59,145 | \$ 480,884 | \$ 414,385 | \$ 66,499 |

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

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 | \$ 10,742,768 | \$ 414,385 |
| Difference - Budget to GAAP: | | |
| Grant Accounting Budgetary basis differs from GAAP in that the Budgetary basis recognizes Encumbrances as Expenditures and Revenue whereas the GAAP basis does not: | | |
| Current Year Encumbrances | | (18,451) |
| Prior Year Encumbrances | | 22,826 |
| Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements | 311,564 | |
| Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements | (316,669) | |
| Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds. | \$ 10,737,663 | \$ 418,760 |
| Uses/Outflows of Resources: | | |
| Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule | \$ 10,288,550 | \$ 414,385 |
| Differences - Budget to GAAP: | | |
| Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes: | | |
| Current Year Encumbrances | | (18,451) |
| Prior Year Encumbrances | | 22,826 |
| Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds | \$ 10,288,550 | \$ 418,760 |

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

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

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

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

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

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

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

| | Private Donations | Apprenticeship Coordinator | Adult Basic Skills Education | I.D.E.A. Part B, Basic |
|---|-------------------|----------------------------|------------------------------|------------------------|
| REVENUE: | | | | |
| Local Sources | \$ 2,400 | | | |
| State Sources | | \$ 9,603 | \$ 92,463 | \$ 104,518 |
| Federal Sources | | | | |
| Total Revenue | 2,400 | 9,603 | 92,463 | 104,518 |
| EXPENDITURES: | | | | |
| Instruction: | | | | |
| Salaries of Teachers | | 7,600 | 66,762 | 59,285 |
| Other Purchased Services | 2,400 | 1,704 | | |
| General Supplies | | 299 | 713 | 7,313 |
| Total Instruction | 2,400 | 9,603 | 67,475 | 66,598 |
| Support Services: | | | | |
| Salaries of Other Professional Staff | | | | |
| Personal Services - Employee Benefits | | | 22,988 | 37,920 |
| Purchased Professional Technical Services | | | 2,000 | |
| Other Purchased Services | | | | |
| Travel | | | | |
| Supplies and Materials | | | | |
| Total Support Services | | | 24,988 | 37,920 |
| Facilities Acquisition and Construction Services: | | | | |
| Instructional Equipment | | | | |
| Total Facilities Acquisition and Construction Services | | | | |
| Total Expenditures | 2,400 | 9,603 | 92,463 | 104,518 |

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

| | Elementary and Secondary Education Act | | | | Carl D. Perkins | | Totals |
|---|--|-----------------|-----------------|------------------|------------------|----------------|-------------------|
| | Title I | Title IIA | Title IV | Secondary | Secondary | Post Secondary | |
| REVENUE: | | | | | | | |
| Local Sources | | | | | | | \$ 2,400 |
| State Sources | \$ 60,353 | \$ 9,723 | \$ 8,992 | \$ 45,853 | \$ 80,480 | | 9,603 |
| Federal Sources | | | | | | | 402,382 |
| Total Revenue | 60,353 | 9,723 | 8,992 | 45,853 | 80,480 | | 414,385 |
| EXPENDITURES: | | | | | | | |
| Instruction: | | | | | | | |
| Salaries of Teachers | 15,001 | | | 1,320 | | | 149,968 |
| Other Purchased Services | 16,917 | | | 38,256 | | | 4,104 |
| General Supplies | | | | | 74,157 | | 137,655 |
| Total Instruction | 31,918 | | | 39,576 | 74,157 | | 291,727 |
| Support Services: | | | | | | | |
| Salaries of Other Professional Staff | | | | 2,600 | 4,020 | | 6,620 |
| Personal Services - Employee Benefits | | | | | 308 | | 61,216 |
| Purchased Professional Technical Services | 28,435 | 6,557 | 8,992 | 300 | | | 45,984 |
| Other Purchased Services | | 1,526 | | 1,237 | | | 1,826 |
| Travel | | | | | | | 1,237 |
| Supplies and Materials | | 1,640 | | | | 1,995 | 3,635 |
| Total Support Services | 28,435 | 9,723 | 8,992 | 4,137 | 6,323 | | 120,518 |
| Facilities Acquisition and Construction Services: | | | | | | | |
| Instructional Equipment | | | | 2,140 | | | 2,140 |
| Total Facilities Acquisition and Construction Services | | | | 2,140 | | | 2,140 |
| Total Expenditures | \$ 60,353 | \$ 9,723 | \$ 8,992 | \$ 45,853 | \$ 80,480 | \$ | \$ 414,385 |

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID SCHEDULE OF EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOT APPLICABLE

CAPITAL PROJECTS FUND

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

| | |
|--|-----------------------|
| Revenue and Other Financing Sources: | |
| State Sources - SDA Grant | \$ 192,000 |
| County Improvement Authorization | 229,418 |
| Transfer from Capital Reserve | <u>98,582</u> |
| Total Revenue and Other Financing Sources | <u>520,000</u> |
| Expenditures: | |
| Construction Services | <u>36,829</u> |
| Total Expenditures | <u>36,829</u> |
| Excess of Revenue and Other Financing Sources Over Expenditures | 483,171 |
| Fund Balance - Beginning of Year | <u>-0-</u> |
| Fund Balance - End of Year | <u>\$ 483,171</u> |
| <u>Recapitulation:</u> | |
| Committed Fund Balance - Encumbrances Payable | <u>\$ 483,171</u> |
| Total Restricted Fund Balance - Budgetary Basis | 483,171 |
| <u>Reconciliation to Governmental Funds Statements (GAAP):</u> | |
| SDA Grant Receivable not Recognized on the GAAP Basis | <u>(192,000)</u> |
| Fund Balance per Governmental Funds (GAAP) | <u>\$ 291,171</u> |

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
TOILET PROJECT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

| | <u>Current</u> <u>Year</u> | <u>Totals</u> | <u>Project</u> <u>Authorization</u> |
|---|-------------------------------|-------------------|--|
| Revenue and Other Financing Sources: | | | |
| State Sources - SDA Grant | \$ 192,000 | \$ 192,000 | \$ 192,000 |
| County Improvement Authorization | 229,418 | 229,418 | 229,418 |
| Transfer from Capital Reserve | 98,582 | 98,582 | 98,582 |
| | <u>520,000</u> | <u>520,000</u> | <u>520,000</u> |
| Total Revenue and Other Financing Sources | | | |
| Expenditures: | | | |
| Construction Services | 36,829 | 36,829 | 520,000 |
| | <u>36,829</u> | <u>36,829</u> | <u>520,000</u> |
| Total Expenditures | | | |
| Excess of Revenue and Other Financing Sources Over Expenditures | <u>\$ 483,171</u> | <u>\$ 483,171</u> | <u>\$ -0-</u> |

Additional Project Information:

| | |
|---------------------------------------|------------------|
| Project Numbers | 5460-050-13-2002 |
| Grant Date | 06/02/16 |
| County Improvement Authorization Date | 04/08/15 |
| County Improvement Authorization | \$ 229,418 |
| Original Authorized Cost | \$ 520,000 |
| Percentage Completion | 7.08% |
| Original Target Completion Date | 12/31/18 |

PROPRIETARY FUNDS

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
ENTERPRISE FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2018

| | <u>Food Service Fund</u> |
|--|------------------------------|
| <u>ASSETS:</u> | |
| Current Assets: | |
| Cash and Cash Equivalents | \$ 31,471 |
| Interfund Receivable - General Fund | 16,787 |
| Interfund Receivable - Payroll Agency Fund | 6,417 |
| Intergovernmental Accounts Receivable: | |
| State | 65 |
| Federal | 3,002 |
| Inventories | 4,701 |
| | <hr/> |
| Total Current Assets | 62,443 |
| | <hr/> |
| Non-Current Assets: | |
| Capital Assets | 48,242 |
| Less: Accumulated Depreciation | (18,844) |
| | <hr/> |
| Total Non-Current Assets | 29,398 |
| | <hr/> |
| Total Assets | 91,841 |
| | <hr/> |
| <u>LIABILITIES:</u> | |
| Current Liabilities: | |
| Accounts Payable | 7,754 |
| Unearned Revenue - Prepaid Sales | 1,585 |
| Unearned Revenue - Donated Commodities | 979 |
| | <hr/> |
| Total Liabilities | 10,318 |
| | <hr/> |
| <u>NET POSITION:</u> | |
| Investment in Capital Assets | 29,398 |
| Unrestricted | 52,125 |
| | <hr/> |
| Total Net Position | <u>\$ 81,523</u> |

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

| | <u>Non-Major Funds</u> | | <u>Totals</u> |
|---|-------------------------|-------------------|------------------|
| | <u>Food Service</u> | <u>Restaurant</u> | |
| Operating Revenue: | | | |
| Daily Sales: | | | |
| Reimbursable Programs | \$ 48,730 | | \$ 48,730 |
| Non-Reimbursable Programs | 52,499 | | 52,499 |
| Total Operating Revenue | <u>101,229</u> | | <u>101,229</u> |
| Operating Expenses: | | | |
| Cost of Sales: | | | |
| Reimbursable Programs | 64,986 | | 64,986 |
| Non-Reimbursable Programs | 33,478 | | 33,478 |
| Salaries | 45,832 | | 45,832 |
| Employee Benefits and Payroll Taxes | 11,161 | | 11,161 |
| Other Purchased Services | 9,256 | | 9,256 |
| Supplies and Materials | 1,376 | | 1,376 |
| Miscellaneous Expenses | 15,378 | \$ 4,302 | 19,680 |
| Depreciation Expense | 3,738 | | 3,738 |
| Total Operating Expenses | <u>185,205</u> | <u>4,302</u> | <u>189,507</u> |
| Operating Loss | <u>(83,976)</u> | <u>(4,302)</u> | <u>(88,278)</u> |
| Non-Operating Revenue: | | | |
| State Sources: | | | |
| State School Lunch Program | 1,570 | | 1,570 |
| Federal Sources: | | | |
| National School Lunch Program | 52,623 | | 52,623 |
| School Breakfast Program | 11,091 | | 11,091 |
| Food Distribution Program | 9,021 | | 9,021 |
| Total Non-Operating Revenue | <u>74,305</u> | | <u>74,305</u> |
| Change in Net Position Before Transfers | <u>(9,671)</u> | <u>(4,302)</u> | <u>(13,973)</u> |
| Transfers: | | | |
| Transfer out - General Fund | | (3,089) | (3,089) |
| Total Transfers | | <u>(3,089)</u> | <u>(3,089)</u> |
| Change in Net Position After Transfers | (9,671) | (7,391) | (17,062) |
| Net Position - Beginning of Year | <u>91,194</u> | <u>7,391</u> | <u>98,585</u> |
| Net Position - End of Year | <u>\$ 81,523</u> | <u>\$ -0-</u> | <u>\$ 81,523</u> |

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

| | Non-Major Funds | | Totals |
|---|-----------------|------------|-------------|
| | Food Service | Restaurant | |
| Cash Flows from Operating Activities: | | | |
| Receipts from Customers | \$ 78,025 | | \$ 78,025 |
| Payments to Food Service Contractor | (158,809) | | (158,809) |
| Payments to Suppliers | (13,199) | | (13,199) |
| Net Cash Used for Operating Activities | (93,983) | | (93,983) |
| Cash Flows from Capital and Related Financing Activities: | | | |
| Purchase of Capital Assets | (15,488) | | (15,488) |
| Net Cash Used for Capital and Related Financing Activities | (15,488) | | (15,488) |
| Cash Flows from Noncapital Financing Activities: | | | |
| State Sources - Turnover from General Fund | 1,580 | | 1,580 |
| Federal Sources - Turnover from General Fund | 64,425 | | 64,425 |
| Transfer out - General Fund | | \$ (3,089) | (3,089) |
| Net Cash Provided by/(Used for) Noncapital Financing Activities | 66,005 | (3,089) | 62,916 |
| Net Decrease in Cash and Cash Equivalents | (43,466) | (3,089) | (31,067) |
| Cash and Cash Equivalents, July 1 | 74,937 | 3,089 | 78,026 |
| Cash and Cash Equivalents, June 30 | \$ 31,471 | \$ -0- | \$ 46,959 |
| Reconciliation of Operating Loss to Net Cash | | | |
| Used for Operating Activities: | | | |
| Operating Loss | \$ (83,976) | \$ (4,302) | \$ (88,278) |
| Adjustment to Reconcile Operating Loss to Net Cash | | | |
| Used for Operating Activities: | | | |
| Depreciation | 3,738 | | 3,738 |
| Food Distribution Program | 9,021 | | 9,021 |
| Changes in Assets and Liabilities: | | | |
| (Increase) in Interfund Receivable | (23,204) | | (23,204) |
| Decrease in Inventory | 100 | 4,302 | 4,402 |
| Increase in Accounts Payable | 164 | | 164 |
| Increase in Unearned Revenue - Prepaid Sales | 615 | | 615 |
| (Decrease) in Unearned Revenue - Donated Commodities | (441) | | (441) |
| Net Cash Used for Operating Activities | \$ (93,983) | \$ -0- | \$ (93,983) |

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Commodities through the Food Distribution Program valued at \$8,580 and utilized U.S.D.A. Commodities valued at \$9,021.

FIDUCIARY FUNDS

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL
FIDUCIARY FUND
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2018

| | Agency | | Total Agency | Unemployment Compensation Trust | Private Purpose Scholarships Trust |
|---|------------------|-----------|--------------|---------------------------------|------------------------------------|
| | Student Activity | Payroll | Agency | Trust | Trust |
| <u>ASSETS:</u> | | | | | |
| Cash and Cash Equivalents | \$ 93,856 | \$ 18,176 | \$ 112,032 | \$ 94,955 | \$ 179 |
| Interfund Receivable - Student Activities | | | | | |
| Total Assets | 93,856 | 18,176 | 112,032 | 94,955 | 179 |
| <u>LIABILITIES:</u> | | | | | |
| Interfund Payable: | | | | | |
| Food Service Fund | | 6,417 | 6,417 | | |
| Scholarship Trust | 179 | | 179 | | |
| Payroll Deductions and Withholdings Due to Student Groups | 93,677 | 11,759 | 11,759 | | |
| Total Liabilities | 93,856 | 18,176 | 112,032 | | |
| <u>NET POSITION:</u> | | | | | |
| Held in Trust for Unemployment Claims Restricted for Scholarships | | | | 94,955 | 179 |
| Total Net Position | \$ -0- | \$ -0- | \$ -0- | \$ 94,955 | \$ 179 |

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL
FIDUCIARY FUND
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

| | <u>Unemployment Compensation Trust</u> | <u>Private Purpose Scholarships Trust</u> |
|--------------------------------------|--|---|
| ADDITIONS: | | |
| Contributions: | | |
| Plan Members | \$ 8,289 | |
| Total Contributions | <u>8,289</u> | |
| Total Additions | <u>8,289</u> | |
| DEDUCTIONS: | | |
| Unemployment Claims | 22,078 | |
| Scholarships Awarded | | \$ 150 |
| Total Deductions | <u>22,078</u> | <u>150</u> |
| Change in Net Position | (13,789) | (150) |
| Net Position - Beginning of the Year | <u>108,744</u> | <u>329</u> |
| Net Position - End of the Year | <u>\$ 94,955</u> | <u>\$ 179</u> |

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

| | <u>Balance</u> <u>July 1, 2017</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>June 30, 2018</u> |
|---------------------------------------|---------------------------------------|-------------------|-------------------|--|
| <u>ASSETS:</u> | | | | |
| Cash and Cash Equivalents | \$ 107,799 | \$ 142,455 | \$ 156,398 | \$ 93,856 |
| Total Assets | <u>\$ 107,799</u> | <u>\$ 142,455</u> | <u>\$ 156,398</u> | <u>\$ 93,856</u> |
| <u>LIABILITIES:</u> | | | | |
| Due to Student Groups | \$ 107,470 | \$ 142,455 | \$ 156,248 | \$ 93,677 |
| Interfund Payable - Scholarship Trust | 329 | | 150 | 179 |
| Total Liabilities | <u>\$ 107,799</u> | <u>\$ 142,455</u> | <u>\$ 156,398</u> | <u>\$ 93,856</u> |

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

| | <u>Balance</u> <u>July 1, 2017</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>June 30, 2018</u> |
|--|---------------------------------------|---------------------|---------------------|--|
| <u>ASSETS:</u> | | | | |
| Cash and Cash Equivalents | \$ 12,213 | \$ 5,445,276 | \$ 5,439,313 | \$ 18,176 |
| Total Assets | <u>\$ 12,213</u> | <u>\$ 5,445,276</u> | <u>\$ 5,439,313</u> | <u>\$ 18,176</u> |
| <u>LIABILITIES:</u> | | | | |
| Interfund Payable: | | | | |
| Food Service Fund | | \$ 6,417 | | \$ 6,417 |
| Payroll Deductions and Withholdings | \$ 12,213 | 5,438,859 | \$ 5,439,313 | 11,759 |
| Total Liabilities | <u>\$ 12,213</u> | <u>\$ 5,445,276</u> | <u>\$ 5,439,313</u> | <u>\$ 18,176</u> |

LONG-TERM DEBT
(NOT APPLICABLE)

STATISTICAL SECTION
(UNAUDITED)

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

Contents

| | <u>Exhibit</u> |
|---|-----------------------|
| Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time. | J-1 thru J-5 |
| Revenue Capacity These schedules contain information to help the reader assess the factors affecting the District's ability to generate its County taxes. | J-6 thru J-9 |
| Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future. | J-10 thru J-13 |
| Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments. | J-14 thru J-15 |
| Operating Information These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs. | J-16 thru J-20 |

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

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

| | June 30, | | | | | | | | | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Governmental Activities: | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 8,796,181 | \$ 9,158,631 | \$ 9,800,914 | \$ 10,747,235 | \$ 11,683,041 | \$ 12,398,704 | \$ 11,954,100 | \$ 12,310,143 | \$ 13,275,734 | \$ 12,343,767 |
| Restricted | 1,862,085 | 2,129,043 | 1,347,025 | 626,675 | 249,484 | 249,484 | 1,843,243 | 1,016,703 | 1,464,961 | 1,520,192 |
| Unrestricted/(Deficit) | 29,013 | 37,564 | 496,988 | 871,294 | 740,207 | (1,672,103) | (1,940,295) | (326,222) | (1,862,487) | (1,581,139) |
| Total Governmental Activities Net Position | \$ 10,687,279 | \$ 11,325,238 | \$ 11,644,927 | \$ 12,245,204 | \$ 12,672,732 | \$ 10,976,085 | \$ 11,857,048 | \$ 13,000,624 | \$ 12,878,208 | \$ 12,282,820 |
| Business-Type Activities: | | | | | | | | | | |
| Investment in Capital Assets | \$ 11,076 | \$ 9,023 | \$ 7,856 | \$ 14,568 | \$ 12,886 | \$ 11,204 | \$ 19,078 | \$ 20,353 | \$ 17,648 | \$ 29,398 |
| Unrestricted | 119,449 | 133,410 | 139,475 | 69,016 | 60,106 | 61,284 | 58,476 | 62,043 | 80,937 | 52,125 |
| Total Business-Type Activities Net Position | \$ 130,525 | \$ 142,433 | \$ 147,331 | \$ 83,584 | \$ 72,992 | \$ 72,488 | \$ 77,554 | \$ 82,396 | \$ 98,585 | \$ 81,523 |
| District-Wide: | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 8,807,257 | \$ 9,167,654 | \$ 9,808,770 | \$ 10,761,803 | \$ 11,695,927 | \$ 12,409,908 | \$ 11,973,178 | \$ 12,330,496 | \$ 13,293,382 | \$ 12,373,165 |
| Restricted | 1,862,085 | 2,129,043 | 1,347,025 | 626,675 | 249,484 | 249,484 | 1,843,243 | 1,016,703 | 1,464,961 | 1,520,192 |
| Unrestricted/(Deficit) | 148,462 | 170,974 | 636,463 | 940,310 | 800,313 | (1,610,819) | (1,881,819) | (264,179) | (1,781,550) | (1,529,014) |
| Total District Net Position | \$ 10,817,804 | \$ 11,467,671 | \$ 11,792,258 | \$ 12,328,788 | \$ 12,745,724 | \$ 11,048,573 | \$ 11,934,602 | \$ 13,083,020 | \$ 12,976,793 | \$ 12,364,343 |

Source: School District Financial Reports

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

| | Fiscal Year Ended June 30, | | | | | | | | | |
|--|----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Expenses: | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Instruction | | | | | | | | | | |
| Regular | \$ 1,984,721 | \$ 1,890,846 | \$ 2,208,005 | \$ 2,265,252 | \$ 2,321,939 | \$ 2,322,452 | \$ 2,489,650 | \$ 2,626,753 | \$ 3,097,792 | \$ 3,258,988 |
| Special Education | | | | | 241,789 | 281,497 | 510,386 | 294,175 | 136,859 | 805,209 |
| Vocational Education | 2,141,211 | 1,951,536 | 1,901,753 | 1,963,984 | 1,937,761 | 1,945,478 | 2,180,719 | 2,850,535 | 3,260,681 | 2,815,257 |
| School-Sponsored/Other Instruction | 195,432 | 170,535 | 194,553 | 200,534 | 192,079 | 210,559 | 241,058 | 281,064 | 280,986 | 267,429 |
| Support Services: | | | | | | | | | | |
| Student and Instruction Related Services | 662,970 | 844,747 | 674,590 | 710,375 | 803,379 | 748,235 | 911,640 | 990,713 | 864,025 | 644,686 |
| General Administrative Services | 431,330 | 452,410 | 412,945 | 459,292 | 469,024 | 483,031 | 552,679 | 612,790 | 667,930 | 811,368 |
| School Administrative Services | 423,542 | 377,972 | 392,116 | 432,545 | 301,859 | 323,952 | 396,171 | 651,909 | 749,834 | 801,840 |
| Central Services | 271,835 | 279,613 | 290,643 | 292,383 | 294,801 | 379,016 | 410,849 | 466,607 | 528,517 | 536,382 |
| Administrative Information Technology | 176,786 | 274,952 | 214,348 | 229,091 | 249,572 | 211,850 | 187,133 | 179,791 | 240,334 | 311,581 |
| Plant Operations and Maintenance | 1,123,228 | 976,706 | 1,002,682 | 940,738 | 961,995 | 1,026,112 | 1,051,519 | 1,239,608 | 1,244,600 | 1,429,033 |
| Pupil Transportation | 529,736 | 507,188 | 573,661 | 540,480 | 562,593 | 545,217 | 534,395 | 545,277 | 523,369 | 616,110 |
| Special Schools | 476,551 | 592,594 | 689,544 | 705,868 | 670,174 | 624,870 | 587,605 | 792,342 | 836,503 | 598,066 |
| Capital Outlay | 48,854 | 78,231 | 36,220 | 19,994 | 34,190 | 35,821 | 111,438 | | | |
| Unallocated Depreciation | 239,602 | 274,012 | 364,911 | 364,991 | 416,122 | 664,365 | 620,100 | 625,366 | 881,680 | 882,600 |
| Total Governmental Activities Expenses | 8,705,798 | 8,671,342 | 8,955,971 | 9,125,527 | 9,457,277 | 9,802,455 | 10,785,342 | 12,156,930 | 13,313,110 | 13,778,549 |
| Business-Type Activities: | | | | | | | | | | |
| Internet Access | 107,737 | 42,091 | 16,044 | | | | | | | |
| Restaurant | 11,633 | 12,857 | 15,331 | 20,715 | 14,177 | 17,457 | 17,561 | 18,788 | 9,384 | 4,302 |
| Food Service | 169,046 | 166,340 | 157,508 | 177,511 | 152,525 | 159,593 | 161,167 | 171,596 | 179,213 | 185,205 |
| Total Business-Type Activities Expense | 288,416 | 221,288 | 188,883 | 198,957 | 166,702 | 177,050 | 178,728 | 190,384 | 188,597 | 189,507 |
| Total District Expenses | 8,994,214 | 8,892,630 | 9,144,854 | 9,324,484 | 9,623,979 | 9,979,505 | 10,964,070 | 12,347,314 | 13,501,707 | 13,968,056 |
| Program Revenues: | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Charges for Services: | | | | | | | | | | |
| Tuition From Other LEAs | | | | 1,162,151 | 1,110,668 | 1,167,077 | 2,044,114 | 1,960,512 | 1,961,776 | 1,987,840 |
| Services Provided to Other LEAs | | | | | | 84,000 | | | | |
| Transportation Fees From Other LEAs | | | | | | | | | | |
| Special Schools (Other Tuition) | 177,439 | 407,633 | 403,151 | 388,041 | 374,142 | 320,687 | 404,046 | 476,170 | 109,000 | 192,000 |
| Operating Grants and Contributions | 1,527,296 | 1,337,220 | 1,140,390 | 1,343,568 | 1,589,882 | 1,401,647 | 2,267,722 | 2,742,937 | 3,478,523 | 3,657,815 |
| Capital Grants and Contributions | | | | | | | 110,634 | 556,527 | 659,122 | |
| Total Governmental Activities Program Revenues | 1,504,735 | 1,744,853 | 1,543,541 | 2,893,760 | 3,074,692 | 2,973,411 | 4,826,516 | 5,736,146 | 6,542,203 | 6,070,573 |

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

UNAUDITED
(Continued)

| | Fiscal Year Ended June 30, | | | | | | | | | |
|---|----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Program Revenues (Cont'd): | | | | | | | | | | |
| Business-Type Activities: | | | | | | | | | | |
| Charges for Services: | | | | | | | | | | |
| Internet Access | | \$ 43,132 | \$ 11,975 | | \$ 9,016 | \$ 16,142 | \$ 14,595 | \$ 18,069 | \$ 20,287 | |
| Restaurant | 18,282 | 15,971 | 17,168 | 13,584 | 77,205 | 82,293 | 79,690 | 89,871 | 105,092 | \$ 101,229 |
| Food Service | 138,074 | 126,903 | 102,283 | 102,885 | 77,205 | 82,293 | 79,690 | 89,871 | 105,092 | \$ 101,229 |
| Operating Grants and Contributions | 39,200 | 46,493 | 62,176 | 76,092 | 69,888 | 78,110 | 89,506 | 87,286 | 79,407 | 74,305 |
| Total Business-Type Activities Program Revenues | 280,246 | 232,499 | 193,602 | 192,561 | 156,109 | 176,545 | 183,791 | 195,226 | 204,786 | 175,534 |
| Total District Program Revenues | 1,784,981 | 1,977,352 | 1,737,143 | 3,086,321 | 3,230,801 | 3,149,956 | 5,010,307 | 5,931,372 | 6,746,989 | 6,246,107 |
| Net (Expense)/Revenue: | | | | | | | | | | |
| Governmental Activities | (7,201,063) | (6,926,489) | (7,412,430) | (6,231,767) | (6,382,585) | (6,829,044) | (5,958,826) | (6,420,784) | (6,770,907) | (7,707,976) |
| Business-Type Activities | (8,170) | 11,211 | 4,719 | (6,396) | (10,593) | (505) | 5,063 | 4,842 | 16,189 | (13,973) |
| Total District-Wide Net Expense | (7,209,233) | (6,915,278) | (7,407,711) | (6,238,163) | (6,393,178) | (6,829,549) | (5,953,763) | (6,415,942) | (6,754,718) | (7,721,949) |
| General Revenues and Other Changes in Net Position: | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| County Taxes Levied for General Purposes, Net | 3,995,172 | 3,995,172 | 3,995,172 | 3,995,172 | 3,995,172 | 3,995,172 | 3,995,172 | 3,995,172 | 3,995,172 | 3,995,172 |
| Tuition from Other LEA's | 1,154,075 | 1,179,067 | 1,130,881 | | | | | | | |
| Federal and State Aid not Restricted | 2,420,175 | 2,281,554 | 2,532,518 | 2,665,682 | 2,763,872 | 2,792,568 | 2,801,683 | 2,802,550 | 2,816,474 | 2,833,529 |
| Investment Earnings | 29,976 | 21,783 | 11,257 | 9,768 | 961 | | | | | |
| Miscellaneous Income | 73,347 | 86,872 | 62,291 | 104,065 | 50,108 | 53,343 | 42,934 | 74,638 | 33,263 | 51,380 |
| Transfers: | | | | | | | | | | |
| Restaurant Enterprise Fund | | | | | | | | | | 3,089 |
| Adaptive Gym | 435 | | | | | | | | | |
| Internet Access | | | | 57,357 | | | | | | |
| County Improvement Authorization | | | | | | | | 600,000 | 150,000 | 229,418 |
| Other Item | | | | | | | | | (254,418) | |
| Total Governmental Activities | 7,673,180 | 7,564,448 | 7,732,119 | 6,832,044 | 6,810,113 | 6,841,083 | 6,839,789 | 7,472,360 | 6,740,491 | 7,112,588 |

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

UNAUDITED
(Continued)

| | Fiscal Year Ended June 30, | | | | | | | | | |
|---|----------------------------|------------|------------|------------|------------|-----------|------------|--------------|-------------|--------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| General Revenues and Other Changes in Net Position: | | | | | | | | | | |
| Business-Type Activities: | | | | | | | | | | |
| Investment Earnings | \$ 2,839 | \$ 697 | \$ 179 | \$ 6 | \$ 1 | \$ 1 | \$ 3 | | | |
| Transfers: | | | | | | | | | | |
| General Fund | | | | | | | | | | \$ (3,089) |
| Educational Technology Training Center | (435) | | | (57,357) | | | | | | |
| Internet Access | (2,159) | | | (57,351) | | | | | | |
| Cancellation of Prior Year Accounts Receivable | 245 | 697 | 179 | | 1 | 1 | 3 | | | (3,089) |
| Total Business-Type Activities | 7,673,425 | 7,565,145 | 7,732,298 | 6,774,693 | 6,810,114 | 6,841,084 | 6,839,792 | 7,472,360 | 6,740,491 | 7,109,499 |
| Total District-Wide | | | | | | | | | | |
| Change in Net Position: | | | | | | | | | | |
| Governmental Activities | 472,117 | 637,959 | 319,689 | 600,277 | 427,528 | 12,039 | 880,963 | 1,051,576 | (30,416) | (595,388) |
| Business-Type Activities | (7,925) | 11,908 | 4,898 | (63,747) | (10,592) | (504) | 5,066 | 4,842 | 16,189 | (17,062) |
| Total District | \$ 464,192 | \$ 649,867 | \$ 324,587 | \$ 536,530 | \$ 416,936 | \$ 11,535 | \$ 886,029 | \$ 1,056,418 | \$ (14,227) | \$ (612,450) |

General Revenues and Other Changes in Net Position:
Business-Type Activities:
Investment Earnings
Transfers:
General Fund
Educational Technology Training Center
Internet Access
Cancellation of Prior Year Accounts Receivable
Total Business-Type Activities

Change in Net Position:
Governmental Activities
Business-Type Activities

Total District

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

| | June 30, | | | | | | | | | |
|-------------------------------------|--------------|--------------|--------------|--------------|--------------|------------|--------------|--------------|--------------|--------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| General Fund: | | | | | | | | | | |
| Reserved/Restricted | \$ 1,862,085 | \$ 2,129,043 | \$ 1,347,025 | \$ 626,675 | \$ 249,484 | \$ 249,484 | \$ 1,843,243 | \$ 924,703 | \$ 1,464,961 | \$ 1,520,192 |
| Assigned | | | 389,664 | 962,093 | 883,278 | 22,200 | 15,320 | 33,710 | 158,089 | 456,746 |
| Unreserved/Unassigned | 200,323 | 168,142 | 250,013 | 105,621 | 54,909 | 249,145 | 176,718 | 313,385 | 241,830 | 241,562 |
| Total General Fund | \$ 2,062,408 | \$ 2,297,185 | \$ 1,986,702 | \$ 1,694,389 | \$ 1,187,671 | \$ 520,829 | \$ 2,035,281 | \$ 1,271,798 | \$ 1,864,880 | \$ 2,218,500 |
| All Other Governmental Funds: | | | | | | | | | | |
| Unreserved/Unassigned, Reported In: | | | | | | | | | | |
| Capital Projects Fund/(Deficit) | | | | | | | \$ (225,054) | | | \$ 291,171 |
| Committed | | | | | | | | \$ 1,285,089 | | \$ 291,171 |
| Total All Other Governmental Funds | \$ -0- | \$ -0- | \$ -0- | \$ -0- | \$ -0- | \$ -0- | \$ (225,054) | \$ 1,285,089 | \$ -0- | \$ 291,171 |
| Total All Governmental Funds: | | | | | | | | | | |
| Reserved/Restricted | \$ 1,862,085 | \$ 2,129,043 | \$ 1,347,025 | \$ 626,675 | \$ 249,484 | \$ 249,484 | \$ 1,843,243 | \$ 924,703 | \$ 1,464,961 | \$ 1,520,192 |
| Assigned | | | 389,664 | 962,093 | 883,278 | 22,200 | 15,320 | 33,710 | 158,089 | 456,746 |
| Committed | | | | | | | | 1,285,089 | | 291,171 |
| Unreserved/Unassigned/(Deficit) | 200,323 | 168,142 | 250,013 | 105,621 | 54,909 | 249,145 | (48,336) | 313,385 | 241,830 | 241,562 |
| Total All Governmental Funds | \$ 2,062,408 | \$ 2,297,185 | \$ 1,986,702 | \$ 1,694,389 | \$ 1,187,671 | \$ 520,829 | \$ 1,810,227 | \$ 2,556,887 | \$ 1,864,880 | \$ 2,509,671 |

Source: School District Financial Reports

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

| | Fiscal Year Ended June 30, | | | | | | | | | |
|--|----------------------------|------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Revenues: | | | | | | | | | | |
| County Tax Levy | \$ 3,995,172 | \$ 3,995,172 | \$ 3,995,172 | \$ 3,995,172 | \$ 3,995,172 | \$ 3,995,172 | \$ 3,995,172 | \$ 3,995,172 | \$ 3,995,172 | \$ 3,995,172 |
| Tuition from LEA's | 1,154,075 | 1,179,067 | 1,130,881 | 1,162,151 | 1,110,668 | 1,167,077 | 2,044,114 | 1,960,512 | 1,961,776 | 1,987,840 |
| Other Tuition | 177,439 | 407,633 | 403,151 | 388,041 | 374,142 | 320,687 | 404,046 | 476,170 | 333,782 | 228,932 |
| Transportation Fees from Other LEA's | | 9,100 | 8,750 | 9,620 | 7,840 | 8,033 | 8,447 | 8,584 | 109,000 | 192,000 |
| GED Testing Center Fees | | | | | | 84,000 | | | 7,992 | 3,986 |
| Services Provided to Other LEAs | 4,979 | 3,285 | 5,090 | 2,890 | 383 | | | | | |
| Interest Earned on Capital Reserve Funds | 32,636 | | | | | | | | | |
| Restricted Miscellaneous Revenue | 66,685 | 100,170 | 63,408 | 104,623 | 46,646 | 45,310 | 150,302 | 76,769 | 27,271 | 53,780 |
| Unrestricted Miscellaneous Revenue | 3,328,474 | 2,624,762 | 3,270,100 | 3,494,753 | 3,795,064 | 3,773,637 | 3,879,823 | 4,587,814 | 4,786,736 | 4,287,956 |
| State Sources | 418,020 | 990,112 | 399,108 | 511,197 | 554,890 | 420,578 | 387,496 | 436,091 | 461,540 | 406,757 |
| Federal Sources | | | | | | | | | | |
| Total Revenue | 9,177,480 | 9,309,301 | 9,275,660 | 9,668,447 | 9,884,805 | 9,814,494 | 10,869,400 | 11,541,112 | 11,683,269 | 11,156,423 |
| Expenditures: | | | | | | | | | | |
| Instruction: | | | | | | | | | | |
| Regular Instruction | 1,482,242 | 1,407,087 | 1,599,392 | 1,592,921 | 1,597,428 | 1,559,162 | 1,472,725 | 1,442,954 | 1,547,993 | 1,559,497 |
| Special Education Instruction | | | | | 137,956 | 187,069 | 291,832 | 156,683 | 64,800 | 428,569 |
| Vocational Education Instruction | 1,572,291 | 1,454,671 | 1,356,221 | 1,340,277 | 1,225,572 | 1,238,308 | 1,300,154 | 1,400,249 | 1,601,678 | 1,344,658 |
| School-Sponsored/Other Instruction | 156,898 | 132,898 | 147,551 | 147,068 | 141,205 | 153,123 | 156,576 | 176,421 | 177,328 | 190,847 |
| Support Services: | | | | | | | | | | |
| Student and Instruction Related Services | 530,932 | 675,798 | 504,806 | 546,932 | 594,669 | 564,705 | 567,737 | 593,042 | 510,849 | 301,391 |
| General Administrative Services | 386,340 | 407,486 | 358,485 | 396,168 | 371,945 | 385,279 | 396,277 | 421,683 | 433,812 | 504,067 |
| School Administrative Services | 320,056 | 287,612 | 287,058 | 306,068 | 212,793 | 237,257 | 264,094 | 387,009 | 399,034 | 420,025 |
| Central Services | 214,429 | 228,333 | 225,911 | 213,385 | 212,658 | 296,203 | 299,715 | 330,023 | 333,354 | 317,366 |
| Administrative Information Technology | 152,470 | 281,226 | 205,623 | 209,169 | 225,278 | 186,422 | 161,103 | 154,870 | 207,204 | 265,001 |
| Plant Operations and Maintenance | 1,030,366 | 975,333 | 912,418 | 833,317 | 853,356 | 887,836 | 904,773 | 1,033,000 | 1,031,002 | 1,045,089 |
| Pupil Transportation | 529,736 | 507,188 | 573,642 | 540,480 | 562,347 | 544,717 | 534,040 | 543,889 | 520,556 | 613,468 |
| Unallocated Benefits | 1,547,670 | 1,527,717 | 1,711,950 | 1,919,154 | 2,173,589 | 2,141,600 | 2,384,175 | 2,666,879 | 2,919,995 | 3,074,055 |
| Capital Outlay | 837,818 | 502,591 | 1,132,830 | 1,441,913 | 1,566,390 | 1,602,191 | 414,310 | 1,521,803 | 1,983,507 | 257,643 |
| Special Schools | 411,015 | 686,584 | 570,256 | 570,830 | 516,337 | 497,464 | 432,491 | 565,947 | 539,746 | 422,463 |
| Total Expenditures | 9,172,263 | 9,074,524 | 9,586,143 | 10,057,682 | 10,391,523 | 10,481,336 | 9,580,002 | 11,394,452 | 12,270,858 | 10,744,139 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 5,217 | 234,777 | (310,483) | (389,235) | (506,718) | (666,842) | 1,289,398 | 146,660 | (587,589) | 412,284 |

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

UNAUDITED
(Continued)

| | Fiscal Year Ended June 30, | | | | | | | | | |
|---|----------------------------|-------------|--------------|--------------|--------------|--------------|--------------|------------|--------------|------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2016 | 2017 |
| Other Financing Sources/(Uses): | | | | | | | | | | |
| Capital Leases (Non-Budgeted) | | | | \$ 39,365 | | | | \$ 600,000 | \$ 150,000 | 229,418 |
| Transfers In: | | | | | | | | | (254,418) | |
| Restaurant Enterprise Fund | | | | | | | | | (104,418) | |
| Adaptive Gym | | | | 57,357 | | | | | | |
| Internet Access | | | | | | | | | | |
| Cancellation of Prior Year Accounts Payable | | | | | | | | | | |
| County Improvement Authorization | | | | | | | | | | |
| County Improvement Authorization Receivable Cancelled | | | | | | | | | | |
| Total Other Financing Sources/(Uses) | | | | \$ 57,357 | | | | \$ 600,000 | \$ (692,007) | 232,507 |
| Net Change in Fund Balances | \$ 5,652 | \$ 2,34,777 | \$ (310,483) | \$ (331,878) | \$ (506,718) | \$ (666,842) | \$ 1,289,398 | \$ 746,660 | \$ (692,007) | \$ 644,791 |
| Debt Service as a Percentage of Noncapital Expenditures | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |

N/A Not Applicable

Source: School District Financial Reports

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
UNAUDITED

| Fiscal Year Ended June 30, | Tuition from LEA's | Transportation Fees from LEA's | Services Provided to Other LEAs | Adult Education Tuition | GED Testing Center Fees | Interest on Investments | Miscellaneous | Refunds of Prior Year Expenditures | Total |
|----------------------------|--------------------|--------------------------------|---------------------------------|-------------------------|-------------------------|-------------------------|---------------|------------------------------------|--------------|
| | | | | | | | | | |
| 2009 | \$ 1,154,075 | | | \$ 177,439 | | \$ 29,976 | \$ 40,711 | \$ 32,636 | \$ 1,434,837 |
| 2010 | 1,179,067 | | | 407,633 | \$ 9,100 | 21,783 | 77,772 | | 1,695,355 |
| 2011 | 1,130,881 | | | 403,151 | 8,750 | 11,257 | 53,541 | | 1,607,580 |
| 2012 | 1,162,151 | | | 388,041 | 9,620 | 9,768 | 94,445 | | 1,664,025 |
| 2013 | 1,110,668 | | | 374,142 | 7,840 | 961 | 42,268 | | 1,535,879 |
| 2014 | 1,167,077 | | \$ 84,000 | 320,687 | 8,033 | | 45,310 | | 1,625,107 |
| 2015 | 2,044,114 | | | 404,046 | 8,447 | | 34,487 | | 2,491,094 |
| 2016 | 1,960,512 | | | 476,170 | 8,584 | | 66,054 | | 2,511,320 |
| 2017 | 1,961,776 | \$ 109,000 | | 333,782 | 7,992 | | 25,271 | | 2,437,821 |
| 2018 | 1,987,840 | 192,000 | | 228,932 | 3,986 | | 51,380 | | 2,464,138 |

Source: District Financial Records

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

| Year Ended December 31, | Vacant Land | Residential | Farm Regular | Farm Qualified | Commercial | Industrial | Apartment | Total Assessed Value | Public Utilities ^a | Net Valuation Taxable | Tax-Exempt Property | Total Direct School Tax Rate | Estimated Actual (County Equalized Value) |
|----------------------------|----------------|------------------|-----------------|-------------------|------------------|----------------|----------------|-------------------------|-------------------------------|--------------------------|------------------------|---------------------------------|---|
| 2008 | \$ 270,791,087 | \$ 7,619,896,271 | \$ 600,590,000 | \$ 37,064,433 | \$ 1,050,424,784 | \$ 620,088,900 | \$ 175,541,000 | \$ 10,374,396,475 | \$ 28,271,444 | \$ 10,402,667,919 | \$ 1,060,788,164 | N/A | \$ 13,822,543,191 |
| 2009 | 256,865,167 | 7,654,844,051 | 615,471,500 | 38,747,232 | 1,060,704,897 | 550,840,850 | 176,048,900 | 10,353,522,597 | 27,217,257 | 10,380,739,854 | 1,097,260,750 | N/A | 13,368,469,742 |
| 2010 | 251,516,967 | 8,168,300,057 | 618,799,900 | 38,129,997 | 1,251,803,532 | 644,499,200 | 223,769,200 | 11,196,818,873 | 32,138,774 | 11,228,957,647 | 1,255,927,713 | N/A | 13,469,104,644 |
| 2011 | 226,612,417 | 8,074,315,307 | 594,783,500 | 37,505,720 | 1,236,692,452 | 627,479,200 | 218,177,404 | 11,015,566,000 | 30,259,289 | 11,045,825,289 | 1,240,646,048 | N/A | 12,821,727,118 |
| 2012 | 199,368,367 | 7,893,151,225 | 601,147,400 | 37,856,335 | 1,210,337,533 | 619,331,100 | 218,642,404 | 10,779,834,384 | 31,055,796 | 10,810,890,180 | 1,231,347,161 | N/A | 12,064,011,840 |
| 2013 | 187,827,887 | 7,826,483,885 | 594,520,700 | 37,656,226 | 1,204,982,162 | 609,937,850 | 223,602,500 | 10,685,011,210 | 25,834,841 | 10,710,846,051 | 1,246,473,784 | N/A | 11,312,251,145 |
| 2014 | 173,905,752 | 7,468,609,785 | 588,213,200 | 38,352,949 | 1,179,627,962 | 573,813,750 | 244,622,900 | 10,267,146,298 | 22,876,697 | 10,290,022,995 | 1,230,066,004 | N/A | 10,631,545,458 |
| 2015 | 164,482,052 | 7,486,498,434 | 585,906,750 | 43,106,922 | 1,153,798,402 | 564,186,450 | 246,351,800 | 10,244,330,810 | 15,008,677 | 10,259,339,487 | 1,234,520,704 | N/A | 10,687,356,135 |
| 2016 | 165,389,136 | 7,463,992,051 | 579,415,150 | 39,147,732 | 1,161,877,202 | 559,270,950 | 243,925,800 | 10,213,218,021 | 15,343,800 | 10,228,561,821 | 1,235,750,989 | N/A | 10,757,846,707 |
| 2017 | 158,552,732 | 7,474,779,822 | 580,014,750 | 37,861,432 | 1,158,234,070 | 556,573,650 | 248,360,300 | 10,214,376,756 | 15,259,690 | 10,229,636,446 | 1,322,584,929 | N/A | 10,749,777,260 |

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

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

N/A Not Applicable

Source: Warren County Tax Assessor

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

| <u>Taxpayer</u> | 2017 | | |
|--------------------------------|---------------------------------------|-------------|---|
| | <u>Taxable Assessed Value</u> | <u>Rank</u> | <u>% of Total County Net Assessed Value</u> |
| Merrill Creek Reservoir | \$ 220,793,900 | 1 | 2.16% |
| Mansfield Plaza | 63,043,100 | 2 | 0.62% |
| DSM Nutritional Products, Inc. | 48,056,400 | 3 | 0.47% |
| Food Manufacturers | 45,316,900 | 4 | 0.44% |
| Green Eagle Properties | 33,190,600 | 5 | 0.32% |
| National Realty Development | 27,000,000 | 6 | 0.26% |
| Morris Park Associates | 25,200,100 | 7 | 0.25% |
| Hackettstown Interstate, LLC | 25,000,000 | 8 | 0.24% |
| Pohatcong Associates | 24,235,000 | 9 | 0.24% |
| Phillipsburg Greenwich, LLC | 19,837,400 | 10 | 0.19% |
| | <u>\$ 531,673,400</u> | | <u>5.20%</u> |
| | | | |
| <u>Taxpayer</u> | 2008 | | |
| | <u>Taxable Assessed Value</u> | <u>Rank</u> | <u>% of Total District Net Assessed Value</u> |
| Merrill Creek Reservoir | \$ 231,098,200 | 1 | 2.22% |
| DSM Nutritional Products, Inc. | 104,230,700 | 2 | 1.00% |
| Mansfield Plaza | 54,248,700 | 3 | 0.52% |
| Crown American Financing | 39,860,400 | 4 | 0.38% |
| Inland Western/ Target Corp | 32,415,100 | 5 | 0.31% |
| National Realty Dev. Co. | 31,984,300 | 6 | 0.31% |
| Food Manufacturers, Inc. | 27,499,700 | 7 | 0.26% |
| Crown American / Preit Serv. | 25,082,500 | 8 | 0.24% |
| Green Eagle Properties | 23,000,000 | 9 | 0.22% |
| Greenwich Station, LP | 19,485,500 | 10 | 0.19% |
| | <u>\$ 588,905,100</u> | | <u>5.66%</u> |

Source: Warren County Board of Taxation

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
COUNTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
UNAUDITED

| <u>Fiscal Year Ended</u> <u>June 30,</u> | <u>Taxes Levied for</u> <u>the Fiscal Year</u> | <u>Collected within the Fiscal Year</u> <u>of the Levy^a</u> | | <u>Collections in</u> <u>Subsequent Years</u> |
|---|---|---|-------------------------------------|--|
| | | <u>Amount</u> | <u>Percentage</u> <u>of Levy</u> | |
| 2009 | \$ 3,995,172 | \$ 3,995,172 | 100.00% | \$ -0- |
| 2010 | 3,995,172 | 3,995,172 | 100.00% | -0- |
| 2011 | 3,995,172 | 3,995,172 | 100.00% | -0- |
| 2012 | 3,995,172 | 3,995,172 | 100.00% | -0- |
| 2013 | 3,995,172 | 3,995,172 | 100.00% | -0- |
| 2014 | 3,995,172 | 3,995,172 | 100.00% | -0- |
| 2015 | 3,995,172 | 3,995,172 | 100.00% | -0- |
| 2016 | 3,995,172 | 3,995,172 | 100.00% | -0- |
| 2017 | 3,995,172 | 3,995,172 | 100.00% | -0- |
| 2018 | 3,995,172 | 3,995,172 | 100.00% | -0- |

^a School taxes are collected by the County Treasurer. Under New Jersey State Statute, a County is required to remit to the vocational school district the entire County tax balance, in the amount voted upon or certified prior to the end of the school year.

Source: School District records

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

| Fiscal Year Ended June 30, | Governmental Activities | | | | | | | Total District | Percentage of Personal Income ^a | Per Capita ^a |
|----------------------------|--------------------------|-------------------------------|----------------|---------------------------|--------------------------|----------------|--------|----------------|--|-------------------------|
| | General Obligation Bonds | Certificates of Participation | Capital Leases | Anticipation Notes (BANs) | Business-Type Activities | | | | | |
| | | | | | Capital Leases | Capital Leases | | | | |
| 2009 | \$ -0- | \$ -0- | \$ -0- | \$ -0- | \$ -0- | \$ -0- | \$ -0- | 0.0000% | \$ -0- | |
| 2010 | -0- | -0- | -0- | -0- | -0- | -0- | -0- | 0.0000% | -0- | |
| 2011 | -0- | -0- | -0- | -0- | -0- | -0- | -0- | 0.0000% | -0- | |
| 2012 | -0- | -0- | 37,376 | -0- | -0- | -0- | 37,376 | 0.0007% | 0.35 | |
| 2013 | -0- | -0- | 31,108 | -0- | -0- | -0- | 31,108 | 0.0006% | 0.29 | |
| 2014 | -0- | -0- | 24,076 | -0- | -0- | -0- | 24,076 | 0.0005% | 0.23 | |
| 2015 | -0- | -0- | 16,187 | -0- | -0- | -0- | 16,187 | 0.0003% | 0.15 | |
| 2016 | -0- | -0- | 7,337 | -0- | -0- | -0- | 7,337 | 0.0001% | 0.07 | |
| 2017 | -0- | -0- | -0- | -0- | -0- | -0- | -0- | 0.0000% | -0- | |
| 2018 | -0- | -0- | -0- | -0- | -0- | -0- | -0- | 0.0000% | -0- | |

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

^a See Exhibit J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

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

| Year | Population ^a | Warren County Per Capita Personal Income ^b | Total County Personal Income ^c | Unemployment Rate ^d |
|------|-------------------------|---|--|-----------------------------------|
| 2009 | 109,638 | \$ 43,622 | \$ 4,782,628,836 | 8.80% |
| 2010 | 108,691 | 44,023 | 4,784,903,893 | 9.10% |
| 2011 | 108,145 | 45,657 | 4,937,576,265 | 8.40% |
| 2012 | 107,538 | 46,829 | 5,035,897,002 | 8.20% |
| 2013 | 106,721 | 47,264 | 5,044,061,344 | 7.20% |
| 2014 | 106,855 | 48,598 | 5,192,939,290 | 6.10% |
| 2015 | 106,869 | 50,376 | 5,383,632,744 | 5.20% |
| 2016 | 106,617 | 51,454 * | 5,485,871,118 | 4.60% |
| 2017 | 106,798 | 51,454 * | 5,495,184,292 *** | 4.20% |
| 2018 | 106,798 ** | 51,454 * | 5,495,184,292 *** | N/A |

* - Latest Warren County per capita personal income available (2016) was used for calculation purposes.

** - Latest population data available (2017) was used for calculation purposes.

*** - Latest available population data (2017) and latest available Warren County per capita personal income (2016) was used for calculation purposes

N/A - Information unavailable.

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

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

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

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

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

| Employer | 2017 | | |
|---|-----------|--------------------|--------------------------------------|
| | Employees | Rank (Optional) | Percentage of Total Employment |
| Mars Chocolate North America | * 1,250 | 1 | 2.20% |
| St. Lukes Warren Hospital | * 1,000 | 2 | 1.76% |
| Hackettstown Medical Center - Atlantic Health Systems | * 1,000 | 3 | 1.76% |
| Phillipsburg Board of Education | * 1,000 | 4 | 1.76% |
| County of Warren | * 1,000 | 5 | 1.76% |
| Centenary College | * 500 | 6 | 0.88% |
| Genesis Healthcare | * 500 | 7 | 0.88% |
| Shop Rite of Phillipsburg | * 500 | 8 | 0.88% |
| Wal-Mart | * 500 | 9 | 0.88% |
| McWane Ductile | * 500 | 10 | 0.88% |
| | 7,750 | | 13.62% |
| Total Employment | 56,886 | | |
| Employer | 2008 | | |
| | Employees | Rank (Optional) | Percentage of Total Employment |
| Masterfoods USA | 1,600 | 1 | 2.85% |
| Warren Hospital | 1,000 | 2 | 1.78% |
| Hackettstown Medical Center | 900 | 3 | 1.60% |
| Mallinckrodt/ Baker, Inc. | 500 | 4 | 0.89% |
| Abilities of Northwest Jersey, Inc. | 440 | 5 | 0.78% |
| Genesis Health Center | 425 | 6 | 0.76% |
| Shop Rite of Greenwich | 407 | 7 | 0.72% |
| Centenary College | 350 | 8 | 0.62% |
| DSM Nutritional Products | 265 | 9 | 0.47% |
| Alcan Packaging | 235 | 10 | 0.42% |
| | 6,122 | | 10.89% |
| Total Employment | 56,230 | | |

*Latest Principal Employer data available (2016) was used for calculation purposes

Source: County of Warren

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

| <u>Function/Program</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Instruction: | | | | | | | | | | |
| Regular | 22.0 | 25.0 | 29.0 | 34.0 | 34.0 | 34.0 | 34.0 | 33.0 | 33.0 | 32.0 |
| Vocational | 15.0 | 17.0 | 22.0 | 17.0 | 17.0 | 18.0 | 18.0 | 17.0 | 18.0 | 18.0 |
| Adult/Continuing Education Programs | 3.0 | 3.0 | 3.0 | 6.0 | 6.0 | 5.0 | 5.0 | 5.0 | 3.0 | 2.0 |
| Support Services: | | | | | | | | | | |
| Student and Instruction Related Services | 9.0 | 7.0 | 7.0 | 7.0 | 7.0 | 7.0 | 7.0 | 7.0 | 5.0 | 5.0 |
| School Administrative Services | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 3.0 |
| General Administrative Services | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 | 3.0 |
| Central Services | 3.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 |
| Plant Operations and Maintenance | 8.0 | 8.0 | 7.0 | 7.0 | 5.0 | 8.0 | 8.0 | 8.0 | 9.0 | 9.0 |
| Special Schools | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | | |
| Total | 69.0 | 73.0 | 81.0 | 84.0 | 82.0 | 85.0 | 85.0 | 83.0 | 80.0 | 76.0 |

Source: District Personnel Records

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

| Fiscal Year | Enrollment | Operating Expenditures ^a | Cost Per Pupil ^d | Percentage Change | Teaching Staff ^b | Pupil/Teacher Ratio | | Average Daily Enrollment (ADE) ^c | Average Daily Attendance (ADA) ^c | % Change in Average Daily Enrollment | Student Attendance Percentage |
|-------------|------------|-------------------------------------|-----------------------------|-------------------|-----------------------------|---------------------|--------|---|---|--------------------------------------|-------------------------------|
| | | | | | | High School | School | | | | |
| 2009 | 449.0 | \$ 7,923,430 | \$ 17,647 | 2.35% | 49 | 1:9.1 | 429.2 | 407.6 | -3.77% | 94.97% | |
| 2010 | 456.0 | 7,885,349 | 17,292 | -2.01% | 47 | 1:10.9 | 441.2 | 415.2 | 2.80% | 94.11% | |
| 2011 | 469.0 | 7,883,057 | 16,808 | -2.80% | 47 | 1:10.0 | 454.7 | 429.7 | 3.06% | 94.50% | |
| 2012 | 456.0 | 8,044,939 | 17,642 | 4.96% | 44 | 1:10.4 | 443.1 | 420.6 | -2.55% | 94.92% | |
| 2013 | 481.0 | 8,308,796 | 17,274 | -2.09% | 45 | 1:10.7 | 438.3 | 416.3 | -1.08% | 94.98% | |
| 2014 | 498.0 | 8,381,681 | 16,831 | -2.57% | 46 | 1:10.8 | 459.5 | 442.5 | 4.84% | 96.30% | |
| 2015 | 482.0 | 8,733,201 | 18,119 | 7.65% | 47 | 1:10.0 | 480.0 | 452.1 | 4.46% | 94.19% | |
| 2016 | 477.0 | 9,306,702 | 19,511 | 7.68% | 47 | 1:10.0 | 473.9 | 446.0 | -1.27% | 94.11% | |
| 2017 | 453.5 | 9,747,605 | 21,494 | 10.16% | 52 | 1:11.6 | 448.5 | 423.1 | -6.56% | 94.34% | |
| 2018 | 460.5 | 10,064,033 | 21,855 | 1.68% | 52 | 1:8.8 | 461.5 | 433.9 | 2.89% | 94.02% | |

Note: Enrollment based on annual October district count.

- ^a Operating expenditures equal total expenditures less debt service, capital outlay and special schools.
- ^b Teaching staff includes only full-time equivalents of certificated staff.
- ^c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).
- ^d Cost per pupil represents operating expenditures divided by enrollment. This cost per pupil may be different from other cost per pupil calculations.

Sources: School District records

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

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| <u>District Buildings</u> | | | | | | | | | | |
| High School | | | | | | | | | | |
| Square Feet | 151,926 | 151,926 | 151,926 | 151,926 | 151,926 | 179,000 | 179,000 | 179,000 | 179,000 | 179,000 |
| Capacity (students) | 484 | 484 | 484 | 484 | 484 | 550 | 550 | 550 | 550 | 550 |
| Enrollment | 449 | 456 | 469 | 456 | 481 | 498 | 482 | 477 | 453 | 460 |
| Board Office | | | | | | | | | | |
| Square Feet | 5,046 | 5,046 | 5,046 | 5,046 | 5,046 | 5,046 | 5,046 | 5,046 | 5,046 | 5,046 |

Number of Schools at June 30, 2018
 High School = 1

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

Source: School District Facilities Office

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

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

| <u>Fiscal Year</u> <u>Ended June 30,</u> | <u>High</u> <u>School</u> |
|---|------------------------------|
| 2009 | \$ 357,512 |
| 2010 | 393,619 |
| 2011 | 362,773 |
| 2012 | 402,626 |
| 2013 | 468,162 |
| 2014 | 491,797 |
| 2015 | 489,581 |
| 2016 | 692,240 |
| 2017 | 681,068 |
| 2018 | 663,340 |

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

Source: School District records.

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2018
UNAUDITED

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

Source: District's Insurance Agent

SINGLE AUDIT SECTION



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

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

Report on Internal Control over Financial Reporting and
 on Compliance and Other Matters Based on an Audit of Financial Statements
 Performed in Accordance with *Government Auditing Standards*

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Warren County Vocational-Technical School (the "District"), a component unit of the County of Warren as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 18, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

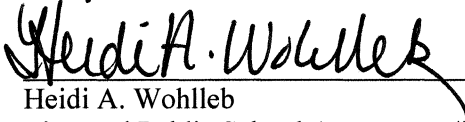
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

Purpose of this Report

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

January 18, 2019
Mount Arlington, New Jersey

NISIVOCCIA LLP


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

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

Independent Auditors' Report

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

Report on Compliance for Each Major State Program

We have audited the Board of Education of the Warren County Vocational-Technical School's (the "District's"), a component unit of the County of Warren, compliance with the types of compliance requirements described in the *New Jersey State Aid/ Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the fiscal year ended June 30, 2018. The District's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance federal and state statutes, regulations and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditors' Responsibility

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

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

Opinions on Each Major State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2018.

Report on Internal Control Over Compliance

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

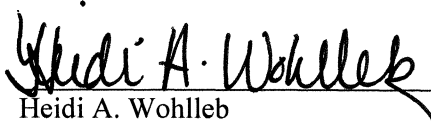
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

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

January 18, 2019
Mount Arlington, New Jersey

NISIVOCCIA LLP


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

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

| Federal CFDA Number | Federal Grantor/Pass Through Grantor/ Program/Cluster Title | Grant or State Project Number | Grant Period | Award Amount | Balance at June 30, 2017 | | | Cash Received | Budgetary Expenditures | Repayment of Prior Years' Balances | Balance at June 30, 2018 | | |
|---|--|----------------------------------|-----------------|-----------------|-------------------------------------|----------------------------------|-------------------|------------------|---------------------------|---|-------------------------------------|----------------------------------|-------------------|
| | | | | | Budgetary Accounts Receivable | Budgetary Unearned Revenue | Due to Grantor | | | | Budgetary Accounts Receivable | Budgetary Unearned Revenue | Due to Grantor |
| U.S. Department of Agriculture | | | | | | | | | | | | | |
| Passed-through State Department of Agriculture: | | | | | | | | | | | | | |
| Child Nutrition Cluster: | | | | | | | | | | | | | |
| 10.555 | Food Distribution Program | N/A | 7/1/17-6/30/18 | \$ 8,580 | | \$ 1,420 | \$ 8,580 | \$ (7,601) | | | \$ 979 | | |
| 10.555 | Food Distribution Program | N/A | 7/1/16-6/30/17 | 9,118 | | | | (1,420) | | | | | |
| 10.555 | National School Lunch Program | N/A | 7/1/17-6/30/18 | 52,623 | | | 50,370 | (52,623) | | | \$ (2,253) | | |
| 10.555 | National School Lunch Program | N/A | 7/1/16-6/30/17 | 56,179 | | \$ (2,728) | 2,728 | | | | | | |
| 10.553 | School Breakfast Program | N/A | 7/1/17-6/30/18 | 11,091 | | | 10,342 | (11,091) | | | (749) | | |
| 10.553 | School Breakfast Program | N/A | 7/1/16-6/30/17 | 13,093 | | (985) | 985 | | | | | | |
| | Total Child Nutrition Cluster | | | | | (3,713) | 73,005 | (72,735) | | | (3,002) | 979 | |
| | Total U.S. Department of Agriculture | | | | | (3,713) | 73,005 | (72,735) | | | (3,002) | 979 | |
| U.S. Department of Education | | | | | | | | | | | | | |
| Special Revenue Fund: | | | | | | | | | | | | | |
| Rural Education Achievement Program | | | | | | | | | | | | | |
| 84.358A | | S358A107754 | 7/1/12-9/30/13 | 49,481 | | \$ 232 | | | (232) | | | | |
| | | | | | | | | | (232) | | | | |
| Elementary and Secondary Education Act: | | | | | | | | | | | | | |
| Title I | | | | | | | | | | | | | |
| 84.010A | ESEA546018C | | 7/1/17-6/30/18 | 92,262 | | | 14,432 | (60,353) | | | (45,921) | | |
| 84.010A | NCLB546017C | | 7/1/16-6/30/17 | 104,642 | | (3,842) | 3,842 | | | | | | |
| 84.010A | NCLB546015C | | 7/1/14-6/30/15 | 90,508 | | | 3,578 | (3,578) | | | | | |
| 84.010A | NCLB546014C | | 7/1/13-6/30/14 | 82,883 | | | 8,861 | (8,861) | | | | | |
| | Total Title I | | | | | (3,842) | 12,439 | (60,353) | | | (45,921) | | |
| Title IIA | | | | | | | | | | | | | |
| 84.367A | ESEA546018C | | 7/1/17-6/30/18 | 16,317 | | | 9,355 | (9,723) | | | (368) | | |
| 84.367A | NCLB546017C | | 7/1/16-6/30/17 | 14,482 | | (411) | 411 | | | | | | |
| 84.367A | NCLB546015C | | 7/1/14-6/30/15 | 14,809 | | | 571 | (571) | | | | | |
| | Total Title IIA | | | | | (411) | 571 | (9,723) | | | (368) | | |
| Title IIB | | | | | | | | | | | | | |
| 84.186A | ESEA546018C | | 7/1/17-6/30/18 | 10,000 | | | 8,992 | (8,992) | | | | | |
| Title IV | | | | | | | | | | | | | |
| 84.048 | PERK546018 | | 7/1/17-6/30/18 | 47,993 | | | 32,895 | (45,853) | | | (12,958) | | |
| 84.048 | PERK546017 | | 7/1/16-6/30/17 | 46,991 | | | | | | | | 400 | |
| 84.048 | PERK546016 | | 7/1/15-6/30/16 | 43,141 | | | 400 | | | | | | 428 |
| 84.048 | PERK546015 | | 7/1/14-6/30/15 | 61,910 | | | 4,557 | (4,557) | | | | | |
| 84.048 | PERK546018 | | 7/1/17-6/30/18 | 80,800 | | | 79,655 | (80,480) | | | (825) | | |
| 84.048 | PERK546013 | | 7/1/12-6/30/13 | 80,563 | | | 5,335 | (5,335) | | | | | |
| | Total Carl D. Perkins | | | | | | 10,720 | (126,333) | | | (9,892) | (13,783) | 828 |
| Special Education Cluster: | | | | | | | | | | | | | |
| I.D.E.A. Part B, Basic | | | | | | | | | | | | | |
| 84.027 | IDEA546018 | | 7/1/17-6/30/18 | 109,608 | | | 89,743 | (104,518) | | | (14,775) | | |
| 84.027 | IDEA546015 | | 7/1/14-6/30/15 | 122,677 | | | 460 | (460) | | | | | |
| | Total Special Education Cluster | | | | | | 460 | (104,518) | | | (460) | | |
| Passed Through Morris County Technical School: | | | | | | | | | | | | | |
| 84.002 | Adult Basic Skills Education | | 7/1/17-6/30/18 | 92,463 | | | 46,312 | (92,463) | | | (46,151) | | |
| 84.002 | Adult Basic Skills Education | | 7/1/16-6/30/17 | 102,000 | | | 23,784 | | | | | | |
| | Total U.S. Department of Education | | | | | (23,784) | 70,096 | (92,463) | | | (46,151) | | |
| | Total Federal Awards | | | | | (28,037) | 24,422 | (402,382) | | | (23,594) | (120,998) | 828 |
| | N/A - Not Available/Applicable | | | | | \$ (31,750) | \$ 1,420 | \$ 24,422 | \$ (475,117) | \$ (23,594) | \$ (124,000) | \$ 979 | \$ 828 |

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

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

| State Grantor/Program Title | Grant or State Project Number | Grant Period | Award Amount | Balance at June 30, 2017 | | Balance at June 30, 2018 | | MEMO |
|---|-------------------------------|----------------|--------------|-------------------------------|----------------|--------------------------|--------------------------|------|
| | | | | Budgetary Accounts Receivable | Due to Grantor | GAAP Accounts Receivable | Budgetary Due to Grantor | |
| NJ Department of Education: | | | | | | | | |
| General Fund State Aid: | | | | | | | | |
| Equalization Aid | 18-495-034-5120-078 | 7/1/17-6/30/18 | \$ 2,793,754 | \$ 2,517,302 | \$ (2,793,754) | \$ (276,452) | \$ 2,793,754 | |
| Transportation Aid | 18-495-034-5120-014 | 7/1/17-6/30/18 | 57,828 | 52,106 | (57,828) | (5,722) | 57,828 | |
| Special Education Categorical Aid | 18-495-034-5120-089 | 7/1/17-6/30/18 | 273,356 | 246,306 | (273,356) | (27,050) | 273,356 | |
| Categorical Security Aid | 18-495-034-5120-084 | 7/1/17-6/30/18 | 27,869 | 25,111 | (27,869) | (2,758) | 27,869 | |
| PARCC Readiness | 18-495-034-5120-098 | 7/1/17-6/30/18 | 4,450 | 4,010 | (4,450) | (440) | 4,450 | |
| Per Pupil Growth Aid | 18-495-034-5120-097 | 7/1/17-6/30/18 | 4,450 | 4,010 | (4,450) | (440) | 4,450 | |
| Professional Learning Community Aid | 18-495-034-5120-101 | 7/1/17-6/30/18 | 4,770 | 4,298 | (4,770) | (472) | 4,770 | |
| Adult Education Programs Aid | 18-100-034-5120-510 | 7/1/17-6/30/18 | 33,697 | 30,362 | (33,697) | (3,335) | 33,697 | |
| Reimbursed TPAF Social Security Contributions | 18-495-034-5094-003 | 7/1/17-6/30/18 | 247,559 | 247,559 | (247,559) | | 247,559 | |
| On-Behalf TPAF Post Retirement Contributions | 18-495-034-5094-001 | 7/1/17-6/30/18 | 315,537 | 315,537 | (315,537) | | 315,537 | |
| On-Behalf TPAF Pension Contributions | 18-495-034-5094-002 | 7/1/17-6/30/18 | 507,144 | 507,144 | (507,144) | | 507,144 | |
| On-Behalf TPAF Non-Contributory Insurance | 18-495-034-5094-004 | 7/1/17-6/30/18 | 12,016 | 12,016 | (12,016) | | 12,016 | |
| On-Behalf TPAF Long-Term Disability Insurance | 18-495-034-5094-004 | 7/1/17-6/30/18 | 1,048 | 1,048 | (1,048) | | 1,048 | |
| Equalization Aid | 17-495-034-5120-078 | 7/1/16-6/30/17 | 2,776,464 | 2,776,464 | (2,776,464) | | 2,776,464 | |
| Transportation Aid | 17-495-034-5120-014 | 7/1/16-6/30/17 | 57,828 | 5,721 | (5,721) | | 57,828 | |
| Special Education Categorical Aid | 17-495-034-5120-089 | 7/1/16-6/30/17 | 273,356 | 27,045 | (27,045) | | 273,356 | |
| Categorical Security Aid | 17-495-034-5120-084 | 7/1/16-6/30/17 | 27,869 | 2,757 | (2,757) | | 27,869 | |
| PARCC Readiness | 17-495-034-5120-098 | 7/1/16-6/30/17 | 4,450 | 440 | (440) | | 4,450 | |
| Per Pupil Growth Aid | 17-495-034-5120-097 | 7/1/16-6/30/17 | 4,450 | 440 | (440) | | 4,450 | |
| Professional Learning Community Aid | 17-495-034-5120-101 | 7/1/16-6/30/17 | 4,770 | 472 | (472) | | 4,770 | |
| Reimbursed TPAF Social Security Contributions | 17-495-034-5094-003 | 7/1/16-6/30/17 | 263,346 | 12,893 | (12,893) | | 263,346 | |
| Total General Fund State Aid | | | | 4,291,246 | (4,283,458) | (316,669) | 7,695,991 | |
| Food Service Fund: | | | | | | | | |
| State School Lunch Program | 18-100-010-3350-023 | 7/1/17-6/30/18 | 1,570 | 1,505 | (1,570) | (65) | 1,570 | |
| State School Lunch Program | 17-100-010-3350-023 | 7/1/16-6/30/17 | 1,587 | 75 | | | 1,587 | |
| Total Enterprise Fund | | | | 1,580 | (1,570) | (65) | 3,157 | |
| Special Revenue Fund: | | | | | | | | |
| NJ Department of Labor and Workforce Development: | | | | | | | | |
| Apprenticeship Coordinator | N/A | 7/1/17-6/30/18 | 10,000 | 5,275 | (9,603) | (4,328) | 9,603 | |
| Apprenticeship Coordinator | N/A | 7/1/16-6/30/17 | 10,000 | 818 | | | 10,000 | |
| Apprenticeship Coordinator | N/A | 7/1/14-6/30/16 | 27,000 | \$ 5,453 | | \$ 5,453 | 21,547 | |
| Apprenticeship Coordinator | N/A | 7/1/13-6/30/14 | 10,000 | 661 | | 661 | 9,339 | |
| Total Department of Labor and Workforce Development | | | | 6,093 | (9,603) | (4,328) | 50,489 | |
| Total Special Revenue Fund | | | | 6,093 | (9,603) | (4,328) | 50,489 | |

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

| State Grantor/Program Title | Grant or State Project Number | Grant Period | Award Amount | Balance at June 30, 2017 | | Balance at June 30, 2018 | | MEMO Cumulative Total Expenditures |
|--|-------------------------------|--------------------|--------------|-------------------------------|----------------|--------------------------|--------------------------|------------------------------------|
| | | | | Budgetary Accounts Receivable | Due to Grantor | GAAP Accounts Receivable | Budgetary Due to Grantor | |
| NJ Schools Development Authority: Capital Projects Fund: Educational Facilities Construction and Financing Act Toilet Project | 5460-050-13-2002 | 6/2/2016 - 6/30/19 | \$ 192,000 | | | | | |
| Total NJ Schools Development Authority | | | | | | (192,000) | (192,000) | |
| Total State Awards | | | | \$ (325,350) | \$ 6,114 | \$ 4,298,919 | \$ (4,393) | \$ 6,114 |
| On-Behalf TPAF Post Retirement Contributions | 18-495-034-5094-001 | 7/1/17-6/30/18 | | | | | | 315,537 |
| On-Behalf TPAF Pension Contributions | 18-495-034-5094-002 | 7/1/17-6/30/18 | | | | | | 507,144 |
| On-Behalf TPAF Non-Contributory Insurance | 18-495-034-5094-004 | 7/1/17-6/30/18 | | | | | | 12,016 |
| On-Behalf TPAF Long-Term Disability Insurance | 18-495-034-5094-004 | 7/1/17-6/30/18 | | | | | | 1,048 |
| Subtotal - On-Behalf TPAF Pension System Contributions | | | | | | | | 835,745 |
| Total State Awards Subject to Single Audit Major Program Determination | | | | | | | | \$ (3,458,886) |

N/A - Not Available/Applicable

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1. BASIS OF PRESENTATION

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

The District has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the General Fund and Special Revenue Fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the General Fund and Special Revenue Fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The General Fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last two state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes those payments are not recognized until the subsequent budget year due to the state deferral and recording of the last two state aid payments in the subsequent year. The Special Revenue Fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. The capital projects fund is presented in the accompanying schedules on the budgetary basis with the exception of the revenue recognition of the Schools Development Authority grants which are realized as revenue upon their award on the budgetary basis, whereas the GAAP basis recognizes the revenue to the extent of actual expenditures and when funds are submitted for reimbursement.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$5,105) for the General Fund, \$4,375 for the Special Revenue Fund and \$192,000 for the Capital Projects Fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General, Special Revenue and Capital Projects Funds. Awards and revenue are reported on the Board's basic financial statements on a GAAP basis as presented in the table on the following page.

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

| | <u>Federal</u> | <u>State</u> | <u>Total</u> |
|-------------------------------------|-------------------|---------------------|---------------------|
| General Fund | | \$ 4,278,353 | \$ 4,278,353 |
| Special Revenue Fund | \$ 406,757 | 9,603 | 416,360 |
| Enterprise Fund - Food Service Fund | <u>72,735</u> | <u>1,570</u> | <u>74,305</u> |
| Total Federal and State Awards | <u>\$ 479,492</u> | <u>\$ 4,289,526</u> | <u>\$ 4,769,018</u> |

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. OTHER

Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2018.

NOTE 7. NJ SCHOOLS DEVELOPMENT AUTHORITY (NJSDA GRANTS)

The District has been awarded \$192,000 of grants which are recorded in the Capital Projects Fund from the New Jersey Schools Development Authority (NJSDA) under the Educational Facilities Construction and Financing Act. As of June 30, 2018, \$-0- of the grant funds have been expended and drawn down on a GAAP basis. In the Capital Projects Fund, the District realizes the full amount of the grant revenue on a budgetary basis in the year awarded and realizes the grant revenue on a GAAP basis as it is expended and submitted for reimbursement. Expenditures reported under the NJSDA grant on the Schedule of Expenditures of State Awards represent reimbursement requests submitted to the NJSDA.

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for its major state award programs for the District expresses an unmodified opinion on all major state programs.
- The District was not subject to the single audit provisions of the Uniform Guidance for fiscal year end June 30, 2018 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Circular.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District's programs tested as major state programs for the current fiscal year consisted of the following:

| <u>State:</u> | <u>Grant Number</u> | <u>Grant Period</u> | <u>Award Amount</u> | <u>Budgetary Expenditures</u> |
|-------------------------------------|---------------------|---------------------|---------------------|-------------------------------|
| Equalization Aid | 18-495-034-5120-078 | 7/1/17-6/30/18 | \$ 2,793,754 | \$ 2,793,754 |
| Special Education Categorical Aid | 18-495-034-5120-089 | 7/1/17-6/30/18 | 273,356 | 273,356 |
| Adult Education Program Aid | 18-100-034-5120-510 | 7/1/17-6/30/18 | 33,697 | 33,697 |
| Categorical Security Aid | 18-495-034-5120-084 | 7/1/17-6/30/18 | 27,869 | 27,869 |
| Professional Learning Community Aid | 18-495-034-5120-101 | 7/1/17-6/30/18 | 4,770 | 4,770 |
| PARCC Readiness Aid | 18-495-034-5120-098 | 7/1/17-6/30/18 | 4,450 | 4,450 |
| Per Pupil Growth Aid | 18-495-034-5120-097 | 7/1/17-6/30/18 | 4,450 | 4,450 |

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

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

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

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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Summary of Auditors' Results: (Cont'd)

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in 2 CFR 200.516(a) of the Uniform Guidance and New Jersey's OMB Circular 15-08.

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Status of Prior Year Findings:

The District had no prior year audit findings.