

OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL

Toms River, New Jersey
County of Ocean

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2019**

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



YEAR ENDED JUNE 30, 2019

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

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INTRODUCTORY SECTION

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Board of Education

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Frank J. Frazee, CPA
Business Administrator/Board Secretary
email: FFrazee@mail.ocvts.org

Board of Education

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Maureen C. Stankowitz.....Member

December 5, 2019

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

Dear Board Members/Citizens:

The Comprehensive Annual Financial Report (CAFR) of the Ocean County Vocational-Technical School District for the fiscal year ended June 30, 2019, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education of the Ocean County Vocational-Technical School District. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the district as of June 30, 2019, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America. All disclosures necessary to enable the reader to gain an understanding of the district's financial activities have been included.

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

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

Introductory Section:

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

Financial Section:

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

Statistical Section:

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

Single Audit Section:

The School District is required to undergo an annual Single Audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and New Jersey OMB's Circular 15-08 OMB,



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“Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid”. Information related to this Single Audit, including the independent auditor’s report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, if any, are included in the Single Audit Section of this report.

REPORTING ENTITY AND ITS SERVICES

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

The School District provides a full range of educational services appropriate to grade levels 9 through 12. There are also opportunities in these classes for adult learners. These include instruction for vocational education. The School District’s secondary/post-secondary student enrollment for the past ten fiscal years are detailed below. These figures do not include our adult evening division enrollment which averages approximately 2,500 students within three semesters.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2018-2019	2,706	0.56%
2017-2018	2,691	-3.10%
2016-2017	2,777	-1.03%
2015-2016	2,806	-3.34%
2014-2015	2,903	1.26%
2013-2014	2,867	10.40%
2012-2013	2,597	0.54%
2011-2012	2,583	3.73%
2010-2011	2,490	-1.97%
2009-2010	2,540	4.83%

ECONOMIC CONDITION AND OUTLOOK

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

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



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

MAJOR INITIATIVES

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

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

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

Ocean County Vocational Technical School developed a brand new program for adult learners, Precision Machine Technology, that is designed to address the local manufacturing workforce development needs. This course will be offered to high school students on a shared-time schedule beginning in the 2019-20 school year.

The district currently has 27 articulation agreements with post-secondary institutions through Dual Enrollment and Technical Preparation (Tech Prep) programs. These Tech Prep agreements permit students to earn college credits while attending OCVTS and continue their education at the post-secondary level and progress to successful careers.

Ocean County Vocational Technical School students won 41 medals, including 9 gold medals, 20 silver and 12 bronze medals in the statewide competition sponsored by SkillsUSA. The National SkillsUSA Leadership Conference and Competition held in Louisville, Kentucky in June. Although, there were no medals at the national level earned this year, the students had a once in a lifetime experience.

MATES students participated in the Delaware Valley Science Fair. Twenty-seven students won awards, while 1 student qualified for the INTEL International Science and Engineering Fair.

Construction continues on the \$26.7 million Performing Arts High School on the Ocean County College (OCC) campus in Toms River. The proposed 53,000 square-foot facility is financed through a partnership between the State of New Jersey, the Ocean County Board of Chosen Freeholds, the Jay and Linda Grunin



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Foundation and OCC. Upon completion, scheduled for 2020, OCVTS Performing Arts Academy students would have the opportunity to graduate from high school with both a diploma and an associate degree from the college.

Ocean County Vocational Technical School graduates, both shared-time and full-time, were offered scholarships and awards which totaled over \$31,024,000, provided through the generosity of the Ocean County Foundation for Vocational Technical Education, as well as over 300 scholarship sponsors, organizations, businesses and educational institutions.

Since 2004, Practical Nursing graduates have consistently surpassed the New Jersey state and national averages for pass rates of the National Council Licensure Examination for Practical Nursing. Over 3,450 nursing students have graduated from OCVTS since 1960.

OCVTS has the largest apprentice course offerings in the state. Programs available include Electrical, Plumbing, HVAC and Machine Trades. Pre-apprentice and apprentice enrollment has increased by 129% from 2012 to 2019. Collaborative agreements with corporations such as Nestle, Joint Base McGuire-Dix-Lakehurst and the Ocean County Utility Authority further enhance networking and career opportunities for apprentice students.

INTERNAL ACCOUNTING CONTROLS

Management of the School District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the district are protected from loss, theft and misuse and to ensure that adequate accounting data are completed to allow for the preparation of financial statement in conformity with general accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be delivered; and (2) the valuation of costs and benefits require estimates and judgments by management.

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

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

BUDGETARY CONTROLS

In addition to internal accounting controls, the School District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is



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used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or included as re-appropriations of fund balance in the subsequent year.

ACCOUNTING SYSTEM AND REPORTS

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

OTHER INFORMATION

INDEPENDENT AUDIT

State statutes require an annual audit by independent certified public accountants. The accounting firm of Holman Frenia Allison, P.C., Certified Public Accounts, was appointed by the Board of Education. In addition to meeting the requirements set forth in the State statutes, the audit was also designed to meet the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor's report on the basic financial statements and combining statements and related major fund supporting statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the Single Audit section of this report.

ACKNOWLEDGEMENTS

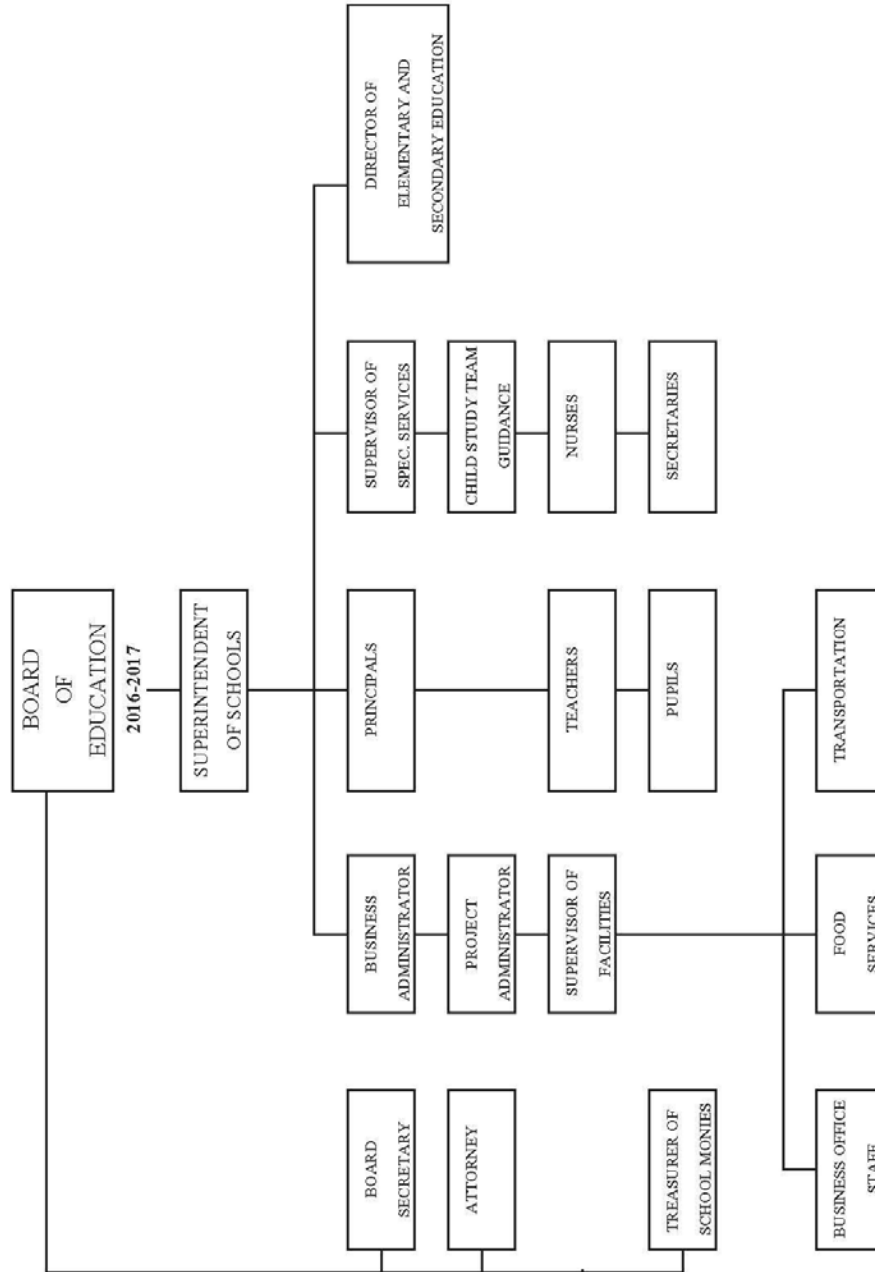
We would like to express our appreciation to the members of the Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have accomplished without the efficient and dedicated services of our business office staff.

Respectfully submitted,

Karen Homiek
Superintendent

Frank J. Frazee, CPA
Business Administrator/Board Secretary

EATONTOWN SCHOOL DISTRICT
 ORGANIZATIONAL CHART
 (UNIT CONTROL)



**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
TOMS RIVER, NEW JERSEY
ROSTER OF OFFICIALS
JUNE 30, 2019**

Members of the Board of Education

TERM EXPIRES

Nina Anuario, President	2020
Stephen Scaturro, Vice President	2021
Kevin W. Ahearn	2020
Ronald L. Rosetto	2019
Maureen C. Stankowitz	2022

Other Officials

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

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
TOMS RIVER, NEW JERSEY
CONSULTANTS AND ADVISORS
JUNE 30, 2019**

ARCHITECTS

Yezzi Associates
Toms River, New Jersey

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Wells Fargo
Toms River, New Jersey 08753

FINANCIAL SECTION

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INDEPENDENT AUDITORS REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Ocean County Vocational Technical School, County of Ocean, State of New Jersey, as of and for the fiscal year ended, June 30, 2019, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Ocean County Vocational Technical School, County of Ocean, State of New Jersey, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, and statistical section are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory section and statistical section listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated December 5, 2019 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the School District's internal control over financial reporting and compliance.

Respectfully Submitted,
HOLMAN FRENIA ALLISON, P.C.

Jerry W. Conaty
Certified Public Accountant
Public School Accountant, No. 2470

Toms River New Jersey
December 5, 2019

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REQUIRED SUPPLEMENTARY INFORMATION - PART I

Management's Discussion and Analysis

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OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2019 UNAUDITED

This section of the Ocean County Vocational Technical Schools Board of Education's Comprehensive Annual Financial Report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2019. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 - Basic Financial Statements-Management's Discussion and Analysis-for State and Local Governments issued in June 1999 that is also required by the New Jersey State Department of Education. Certain comparative information between the current fiscal year 2018-2019 and the prior fiscal year 2017-2018 is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2019 are as follows:

- In total, net position of governmental activities decreased (\$609,993), which represents a (1.52%) decrease from 2018. Total net position of business-type activities increased decreased (\$3,734), which represents (16.04%) a decrease from 2018.
- General revenues accounted for \$30,327,155 in revenue or 77.75% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$8,676,598 or 22.25% of total revenue of \$39,003,753.
- Total assets of governmental activities increased by \$970,298 as cash and cash equivalents decreased by (\$635,829), receivables decreased by (\$10,287,217), restricted cash and cash equivalents decreased by (\$496,000), and total capital assets increased by \$12,389,344.
- Total liabilities of governmental activities decreased by (\$239,273) as non-current liabilities due beyond one year decreased by (\$1,797,688).
- The District had \$39,384,583 in governmental activity expenses; only \$8,447,435 of these expenses were offset by program specific charges for services, grants, or contributions. General revenues from governmental activities (primarily property taxes) of \$30,327,155 were not adequate to provide for these programs, resulting in a decrease in net position for governmental activities of (\$609,993).
- In the governmental funds, the general fund had \$33,079,073 in revenues and \$33,859,927 in expenditures. The general fund's fund balance decreased by (\$780,854) over 2018.

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

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

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

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

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

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

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

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

Governmental Funds

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

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

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

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

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

Proprietary Funds

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

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

Fiduciary Funds

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

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

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

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

Government-Wide Financial Analysis

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

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. The following table provides a summary of net position for June 30, 2019 and 2018, respectively:

Net Position
June 30, 2019

	Governmental Activities		Business-Type Activities	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Assets				
Current and Other				
Assets	\$ 20,430,874	\$ 31,849,920	\$ 19,548	\$ 23,829
Capital Assets, Net	35,152,922	22,763,578	-	-
Total Assets	55,583,796	54,613,498	19,548	23,829
Deferred Outflows of Resources				
Deferred Outflows				
Relating to Pension	3,030,391	3,724,104	-	-
Total Assets and Deferred Outflows of Resources	3,030,391	3,724,104	-	-
Liabilities				
Long-Term Liabilities	12,689,430	14,487,118	-	-
Other Liabilities	2,808,340	1,249,925	-	-
Total Liabilities	15,497,770	15,737,043	-	-
Deferred Inflows of Resources				
Deferred Inflows				
Relating to Pension	3,617,697	2,491,846	-	-
Total Liabilities and Deferred Inflows of Resources	3,617,697	2,491,846	-	-
Net Position				
Net Investment in				
Capital Assets	35,152,922	22,763,578	-	-
Restricted	15,868,791	28,559,702	-	-
Unrestricted	(11,522,993)	(11,214,567)	19,548	23,282
Total Net Position	\$ 39,498,720	\$ 40,108,713	\$ 19,548	\$ 23,282

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

Restricted net position decreased (\$12,690,911) from the prior year to \$15,868,791 at June 30, 2019.

Unrestricted net position may be used to meet the District's ongoing operating obligations to vendors, debtors and employees. The unrestricted net position includes the unassigned General Fund balance netted with the amount of long-term obligations that are not invested in capital assets. The (\$11,522,993) is shown as unrestricted net position for Governmental Activities.

The following table provides a summary of revenues and expenses for the District's governmental and business-type activities and the change in net position for June 30, 2019 and 2018. Significant variances in revenues and expenditures from year to year, and explanations thereof, are detailed in the 'Financial Analysis of the District's Funds' section later in this report.

	June 30, 2019		
	Governmental	Business-Type	Total
	<u>Activities</u>	<u>Activities</u>	
Revenues:			
Program Revenues:			
Charges for Services	\$ -	\$ 214,391	\$ 214,391
Operating Grants and Contributions	8,447,435	14,772	8,462,207
General Revenues:			
County Appropriations	18,638,398	-	18,638,398
County Appropriation - Restricted	698,923	-	698,923
Federal & State Aid Not Restricted	6,246,867	-	6,246,867
Tuition Charges	4,339,014	-	4,339,014
Interest Earnings	4,051	-	4,051
Miscellaneous	399,902	-	399,902
Total Revenues	38,774,590	229,163	39,003,753
Expenses:			
Instructional Services	11,321,667	-	11,321,667
Support Services	20,133,267	232,897	20,366,164
Special Schools	6,451,330	-	6,451,330
Interest and Other Charges	1,478,319	-	1,478,319
Total Expenses	39,384,583	232,897	39,617,480
Change in Net Position	(609,993)	(3,734)	(613,727)
Net Position, Beginning	40,108,713	23,282	40,131,995
Net Position, Ending	\$ 39,498,720	\$ 19,548	\$ 39,518,268

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

Financial Analysis of the District's Funds

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

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

Financial Information at Fiscal Year-End

The following schedule presents a summary of the general fund, and special revenue fund revenues for the fiscal year ended Jun 30, 2019 and 2018 and the amount and percentage of increases and (decreases) in relation to prior year revenues.

	June 30, 2019			
	Amount	Percent Of Total	Increase (Decrease) From 2018	Percent of Increase (Decrease)
Current Expenditures:				
Instruction	\$ 11,321,667	23.15%	\$ 207,824	1.87%
Special Schools	6,451,330	13.19%	292,622	4.75%
Undistributed	17,258,357	35.30%	1,608,059	10.27%
Capital Outlay	13,815,667	28.25%	12,352,827	844.44%
Debt Service:				
Interest	50,077	0.10%	-	0.00%
Total	\$ 48,897,098	100.00%	\$ 14,461,332	42.00%

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

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

General Fund Budgetary Highlights

Throughout the year, as necessary, budget transfers were effectuated between budget accounts to re-align the 2018-2019 budget. Budget transfers were effectuated based on expected positive and negative budget variances. The budget is continually managed and revised with budget transfers as necessary or practical to do so.

Significant Budget Transfers and Variations:

- TPAF, which is the state’s contribution to the pension fund, is an “on-behalf” revenue and expenditure item to the district and is required to be reflected in the financial statements.
- Reallocations were made among the various salary budget accounts to reflect changes in the personnel budget for the 2018-2019 year.
- Transfers were made into purchased services for special education programs to provide funds for required additional services.

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

The Food Services Enterprise Fund showed a decrease in net position of (\$3,171) in 2018-2019 as compared to an decrease in net position of (\$1,062) in 2017-2018. The primary factor(s) affecting the change in net position of the Food Service fund was a result of increased activity during the 2018-2019 school year.

The Cost Recovery Enterprise Fund showed a decrease in net position of (\$563) in 2018-2019 as compared to an increase in net position of \$216 in 2017-2018. The primary factor(s) affecting the change in net position of the Cost Recovery fund was a result of increased activity during the 2018-2019 school year.

Capital Assets

At June 30, 2019 the District has capital assets of \$35,152,922, net of depreciation, which includes land, construction in progress, land improvements, buildings/construction, machinery and equipment.

	<u>June 30, 2019</u>	
	Governmental Activities	Business-Type Activities
Buildings and Improvements	\$ 51,128,654	\$ -
Machinery and Equipment	16,289,421	-
Accumulated Depreciation	(32,265,153)	
Total	<u>\$ 35,152,922</u>	<u>\$ -</u>
	<u>June 30, 2018</u>	
	Governmental Activities	Business-Type Activities
Buildings and Improvements	\$ 38,234,820	\$ -
Machinery and Equipment	15,380,958	-
Accumulated Depreciation	(30,852,200)	
Total	<u>\$ 22,763,578</u>	<u>\$ -</u>

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

Debt Administration and Other Obligations

At June 30, 2019 and 2018, the District had no outstanding debt issues. Information on the School District's long-term obligations can be found in the notes to the basic financial statements (Note 7) of this report.

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

Economic Factors and Subsequent Year's Budgets

- The District anticipates that the approved 2019-2020 budget will be adequate to satisfy all 2019-2020 financial needs, barring any significant unexpected situations or conditions unforeseen at this time.
- It is expected the State of New Jersey will again delay the final state aid payments to school districts for 2019-2020.
- For the 2018-2019 school year, the School Board was able to sustain its budget through the county aid levy, state education aid and local revenue sources. Approximately 27% of the School Board's revenue is from federal, state and local aid (restricted and not restricted), while 73% of total revenue is from county appropriation.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

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A. Government-Wide Financial Statements

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OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
STATEMENT OF NET POSITION
JUNE 30, 2019

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS:			
Cash & Cash Equivalents	\$ 2,234,083	\$ 16,989	\$ 2,251,072
Receivables, Net (Note 4)	17,764,018	2,559	17,766,577
Restricted Cash & Cash Equivalents	432,773	-	432,773
Capital Assets, Net (Note 5)			
Depreciable	35,152,922	-	35,152,922
Total Assets	55,583,796	19,548	55,603,344
DEFERRED OUTFLOWS OF RESOURCES:			
Related to Pensions (Note 8)	3,030,391	-	3,030,391
Total Deferred Outflow of Resources	3,030,391	-	3,030,391
LIABILITIES:			
Accounts Payable	2,228,159	-	2,228,159
Due to Other Governments	548,416	-	548,416
Unearned Revenue	31,765	-	31,765
Noncurrent Liabilities (Note 7):			
Due in More Than One Year	12,689,430	-	12,689,430
Total Liabilities	15,497,770	-	15,497,770
DEFERRED INFLOWS OF RESOURCES:			
Related to Pensions (Note 8)	3,617,697	-	3,617,697
Total Deferred Inflow of Resources	3,617,697	-	3,617,697
NET POSITION:			
Net Investment in Capital Assets	35,152,922	-	35,152,922
Restricted for:			
Capital Projects	15,536,791	-	15,536,791
Maintenance Reserve (Note 3)	332,000	-	332,000
Unrestricted (Deficit) (Note 18)	(11,522,993)	19,548	(11,503,445)
Total Net Position	\$ 39,498,720	\$ 19,548	\$ 39,518,268

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

OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	CAPITAL GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental Activities:							
Instruction:							
Basic Skills/Remedial	\$ 3,436,112	\$ -	-	-	\$ (3,436,112)	\$ -	\$ (3,436,112)
Regular Vocational Programs - Instruction	6,286,591	-	1,013,435	-	(5,273,156)	-	(5,273,156)
Special Vocational Programs - Instruction	1,362,191	-	-	-	(1,362,191)	-	(1,362,191)
Sponsored Co-curricular Activities	236,773	-	-	-	(236,773)	-	(236,773)
Support Services:							
Attendance & Social Work Services	76,278	-	-	-	(76,278)	-	(76,278)
Health Services	468,492	-	-	-	(468,492)	-	(468,492)
Other Support Services - Student Regular	1,402,807	-	518,450	-	(884,357)	-	(884,357)
Other Support Services - Student Special	329,398	-	-	-	(329,398)	-	(329,398)
Improvement of Instruction Services	14,994	-	-	-	(14,994)	-	(14,994)
Educational Media Services/School Library	257,945	-	-	-	(257,945)	-	(257,945)
Support Services: General Administration	889,782	-	-	-	(889,782)	-	(889,782)
Support Services: School Administration	1,992,083	-	-	-	(1,992,083)	-	(1,992,083)
Support Services: Central Services	756,944	-	-	-	(756,944)	-	(756,944)
Support Services: Information Technology	332,692	-	-	-	(332,692)	-	(332,692)
Required Maintenance for School Facilities	597,100	-	-	-	(597,100)	-	(597,100)
Operation & Maintenance Plant	1,967,739	-	-	-	(1,967,739)	-	(1,967,739)
Care Upkeep of Grounds	72,975	-	-	-	(72,975)	-	(72,975)
Security	102,942	-	-	-	(102,942)	-	(102,942)
Student Transportation Services	224,061	-	-	-	(224,061)	-	(224,061)
Unallocated Benefits - Employee Benefits	10,647,035	-	6,915,550	-	(3,731,485)	-	(3,731,485)
Unallocated Depreciation	1,428,242	-	-	-	(1,428,242)	-	(1,428,242)
Interest and Other Cost	50,077	-	-	-	(50,077)	-	(50,077)
Special Schools	6,451,330	-	-	-	(6,451,330)	-	(6,451,330)
Total Governmental Activities	39,384,583	-	8,447,435	-	(30,937,148)	-	(30,937,148)
Business-Type Activities:							
Food Service	207,589	189,646	14,772	-	-	(3,171)	(3,171)
Enterprise Fund	25,308	24,745	-	-	-	(563)	(563)
Total Business-Type Activities	232,897	214,391	14,772	-	-	(3,734)	(3,734)
Total Primary Government	\$ 39,617,480	\$ 214,391	\$ 8,462,207	\$ -	(30,937,148.00)	(3,734.00)	(30,940,882.00)
General Revenues:							
County Appropriations					18,638,398	-	18,638,398
County Appropriation - Restricted					698,923	-	698,923
Federal & State Aid Not Restricted					6,246,867	-	6,246,867
Tuition Charges					4,339,014	-	4,339,014
Interest Earnings					4,051	-	4,051
Miscellaneous					399,902	-	399,902
Total General Revenues					30,327,155	-	30,327,155
Change In Net Position					(609,993)	(3,734)	(613,727)
Net Position - Beginning					40,108,713	23,282	40,131,995
Net Position - Ending					\$ 39,498,720	\$ 19,548	\$ 39,518,268

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

B. Fund Financial Statements

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Governmental Funds

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**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2019**

	MAJOR FUNDS			TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	
ASSETS				
Cash & Cash Equivalents	\$ 2,111,283	\$ 122,800	\$ -	\$ 2,234,083
Receivables, Net:				
Interfund Receivable	108,243	-	-	108,243
Due from Other Governments:				
Federal	-	4,070	-	4,070
State	41,015	5,306	-	46,321
Other	-	-	17,243,552	17,243,552
Other Accounts Receivable	470,075	-	-	470,075
Restricted Cash & Cash Equivalents	432,773	-	-	432,773
Total Assets	\$ 3,163,389	\$ 132,176	\$ 17,243,552	\$ 20,539,117
LIABILITIES & FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 303,521	\$ 132,176	\$ 1,699,291	\$ 2,134,988
Interfund Payable	-	-	108,243	108,243
Unearned Revenue	31,765	-	-	31,765
Accrued Salaries and Wages	93,171	-	-	93,171
Total Liabilities	428,457	132,176	1,807,534	2,368,167
Fund Balances:				
Restricted for:				
Capital Reserve	100,773	-	-	100,773
Maintenance Reserve	332,000	-	-	332,000
Capital Projects	-	-	15,436,018	15,436,018
Committed to:				
Other Purposes	271,901	-	-	271,901
Assigned to:				
Designated for				
Subsequent Year	875,000	-	-	875,000
Other Purposes	45,144	-	-	45,144
Unassigned				
General Fund	1,110,114	-	-	1,110,114
Total Fund Balances	2,734,932	-	15,436,018	18,170,950
Total Liabilities & Fund Balances	\$ 3,163,389	\$ 132,176	\$ 17,243,552	
Amounts reported for <i>governmental activities</i> in the statement of net position (A-1) are different because:				
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$67,418,075 and the accumulated depreciation is \$32,265,153.				35,152,922
Deferred outflows and inflows of resources related to pensions and deferred charges or credits on debt refunding are applicable to future reporting periods and therefore are not reported in the funds.				
Deferred Outflows Related to Pensions				3,030,391
Deferred Inflows Related to Pensions				(3,617,697)
Accrued pension contributions for the June 30, 2019 plan year are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position.				(548,416)
Long-term liabilities, including net pension liability and bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.				(12,689,430)
Net Position of Governmental Activities				\$ 39,498,720

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2019**

	MAJOR FUNDS			TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	
Revenues:				
Local Sources:				
County Appropriation	\$ 18,638,398	\$ -	\$ 698,923	\$ 19,337,321
Tuition Charges	4,339,014	-	-	4,339,014
Interest Earnings	4,051	-	-	4,051
Miscellaneous	399,902	773,823	-	1,173,725
Total Local Sources	23,381,365	773,823	698,923	24,854,111
State Sources	9,697,708	159,088	-	9,856,796
Federal Sources	-	1,210,426	-	1,210,426
Total Revenues	33,079,073	2,143,337	698,923	35,921,333
Expenditures:				
Instruction:				
Basic Skills/Remedial	3,436,112	-	-	3,436,112
Regular Vocational Programs - Instruction	5,273,156	1,013,435	-	6,286,591
Special Vocational Programs - Instruction	1,362,191	-	-	1,362,191
Sponsored Cocurricular Activities	236,773	-	-	236,773
Support Services:				
Attendance & Social Work Services	76,278	-	-	76,278
Health Services	468,492	-	-	468,492
Other Support Services - Student Regular	884,357	518,450	-	1,402,807
Other Support Services - Student Special	329,398	-	-	329,398
Improvement of Instruction Services	14,994	-	-	14,994
Educational Media Services/School Library	257,945	-	-	257,945
Support Services: General Administration	889,782	-	-	889,782
Support Services: School Administration	1,992,083	-	-	1,992,083
Support Services: Central Services	756,944	-	-	756,944
Support Services: Information Technology	332,692	-	-	332,692
Required Maintenance for School Facilities	599,019	-	-	599,019
Operation & Maintenance Plant	1,967,739	-	-	1,967,739
Care Upkeep of Grounds	72,975	-	-	72,975
Security	102,942	-	-	102,942
Student Transportation Services	224,061	-	-	224,061
Unallocated Benefits - Employee Benefits	7,770,206	-	-	7,770,206
Special Schools	6,451,330	-	-	6,451,330
Capital Outlay	310,381	611,452	12,893,834	13,815,667
Interest & Other Charges	50,077	-	-	50,077
Total Expenditures	33,859,927	2,143,337	12,893,834	48,897,098
Net Changes in Fund Balances	(780,854)	-	(12,194,911)	(12,975,765)
Fund Balance, July 1	3,515,786	-	27,630,929	31,146,715
Fund Balance, June 30	\$ 2,734,932	\$ -	\$ 15,436,018	\$ 18,170,950

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

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019**

Total Net Changes in Fund Balances - Governmental Funds (B-2)	\$	(12,975,765)
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 depreciation exceeded capital outlays in the period.		
Depreciation Expense	\$	(1,428,242)
Capital Outlays		<u>13,817,586</u>
		12,389,344
Governmental funds report School District pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the School District's pension contributions in the current period.		
		(229,404)
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		
		<u>205,832</u>
Change in Net Position of Governmental Activities	\$	<u><u>(609,993)</u></u>

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Proprietary Funds

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**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2019**

	MAJOR FUNDS		
	BUSINESS-TYPE ACTIVITIES		
	ENTERPRISE FUNDS		
	FOOD SERVICE	COST RECOVERY	TOTALS
ASSETS			
Current Assets:			
Cash & Cash Equivalents	\$ 7,394	\$ 9,595	\$ 16,989
Accounts Receivable:			
Federal	2,436	-	2,436
State	123	-	123
Total Assets	9,953	9,595	19,548
NET POSITION			
Unrestricted	9,953	9,595	19,548
Total Net Position	\$ 9,953	\$ 9,595	\$ 19,548

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

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 YEAR ENDED JUNE 30, 2019**

	MAJOR FUNDS		
	BUSINESS-TYPE ACTIVITIES		
	FOOD SERVICE	COST RECOVERY	ENTERPRISE FUNDS TOTALS
Operating Revenues:			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$ 49,928	\$ -	\$ 49,928
Fees for Services	139,718	24,745	164,463
Total Operating Revenues	189,646	24,745	214,391
Operating Expenses:			
Cost of Sales - Reimbursable Programs	44,200	-	44,200
Cost of Sales - Non-Reimbursable Programs	129,557	-	129,557
Salaries	33,832	-	33,832
Supplies and Materials	-	25,308	25,308
Total Operating Expenses	207,589	25,308	232,897
Operating Income/(Loss)	(17,943)	(563)	(18,506)
Nonoperating Revenues (Expenses):			
State Sources:			
State School Lunch Program	678	-	678
Federal Sources:			
National School Lunch Program	12,564	-	12,564
National School Performance Based Program	796	-	796
National School Breakfast Program	734	-	734
Total Nonoperating Revenues/(Expenses)	14,772	-	14,772
Change in Net Position	(3,171)	(563)	(3,734)
Total Net Position - Beginning	13,124	10,158	23,282
Total Net Position - Ending	\$ 9,953	\$ 9,595	\$ 19,548

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

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 YEAR ENDED JUNE 30, 2019**

	MAJOR FUNDS		
	BUSINESS-TYPE ACTIVITIES		
	ENTERPRISE FUNDS		
	FOOD SERVICE	COST RECOVERY	TOTALS
Cash Flows From Operating Activities:			
Receipts from Customers	\$ 187,902	\$ 24,745	\$ 212,647
Payments to Suppliers	(208,136)	(25,308)	(233,444)
Net Cash Provided by/(Used for) Operating Activities	(20,234)	(563)	(20,797)
Cash Flows From Noncapital Financing Activities:			
State Sources	678	-	678
Federal Sources	14,094	-	14,094
Net Cash Provided by/(Used for) Noncapital Financing Activities	14,772	-	14,772
Net Increase/(Decrease) in Cash & Cash Equivalents	(5,462)	(563)	(6,025)
Balances - Beginning of Year	12,856	10,158	23,014
Balances - End of Year	\$ 7,394	\$ 9,595	\$ 16,989

Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities

Operating Income/(Loss)	\$ (17,943)	\$ (563)	\$ (18,506)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
(Increase)/Decrease in Accounts Receivable, Net	(1,744)	-	(1,744)
Increase/(Decrease) in Accounts Payable	(547)	-	(547)
Total Adjustments	(2,291)	-	(2,291)
Net Cash Provided/(Used) by Operating Activities	\$ (20,234)	\$ (563)	\$ (20,797)

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

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Fiduciary Fund

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**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2019**

	<u>PRIVATE PURPOSE</u>		<u>AGENCY FUNDS</u>	<u>TOTAL</u>
	<u>SCHOLARSHIP</u>	<u>UNEMPLOYMENT COMPENSATION</u>		
ASSETS				
Cash & Cash Equivalents	\$ 14,980	\$ 159,854	\$ 469,731	\$ 644,565
Total Assets	<u>14,980</u>	<u>159,854</u>	<u>469,731</u>	<u>644,565</u>
LIABILITIES				
Payroll Deductions & Withholdings Payable	-	-	264,455	264,455
Payable - Quarterly Unemployment	-	1,219	-	1,219
Payable for Student Related Activities	-	-	205,276	205,276
Total Liabilities	<u>-</u>	<u>1,219</u>	<u>469,731</u>	<u>470,950</u>
NET POSITION				
Restricted - Held in Trust for Unemployment Claims & Other Purposes	-	158,635	-	158,635
Restricted - Scholarships	14,980	-	-	14,980
Total Net Position	<u>\$ 14,980</u>	<u>\$ 158,635</u>	<u>\$ -</u>	<u>\$ 173,615</u>

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

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2019**

	PRIVATE PURPOSE		TOTAL
	SCHOLARSHIP FUND	UNEMPLOYMENT TRUST	
ADDITIONS			
Contributions	\$ 56,050	\$ 27,674	\$ 83,724
Total Contributions	56,050	27,674	83,724
DEDUCTIONS			
Unemployment Claims	-	11,624	11,624
Scholarships Awarded	51,800	-	51,800
Total Operating Expenses	51,800	11,624	63,424
Change in Net Position	4,250	16,050	20,300
Net Position, July 1	10,730	142,585	153,315
Net Position, June 30	\$ 14,980	\$ 158,635	\$ 173,615

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

OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

Note 1. Summary of Significant Accounting Policies

Basis of Presentation

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

Reporting Entity

The Ocean County Vocational Technical School District is a Type I School District located in the County of Ocean, State of New Jersey. As a Type I School District, the School District functions independently through a Board of Education. The Board consists of appointed officials by the County Freeholders and is responsible for the fiscal control of the District. A Superintendent is appointed by the Board and is responsible for the administrative control of the District. The District provides a full range of educational service appropriate to grade levels 9 through 12. The School District has an approximate enrollment at June 30, 2019 of 2,706 students.

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

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

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

Component Units

GASB Statement No.14. The Financial Reporting Entity, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, Determining Whether Certain Organizations are Component Units, and GASB 61, The Financial Reporting Entity: Omnis – an Amendment of GASB Statements No. 14 and No. 34. and GASB 80, Blending Requirements for Certain Component Units - an Amendment of GASB Statement No. 14. The School District had no component units as of for the year ended June 30, 2019

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of Accounting, Measurement Focus and Financial Statement Presentation

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

A. Government-Wide Financial Statements

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

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

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

B. Governmental Fund Financial Statements

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

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

All governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. (The School District’s deferred outflows of resources and deferred inflows of resources are noncurrent.) The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the School District, are property tax and intergovernmental revenues. Expenditures are recorded in the accounting period in which the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

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

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

The School District reports the following major governmental funds:

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

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

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

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

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

C. Proprietary Fund Financial Statements

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

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

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

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

The School District reports the following major proprietary funds:

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

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

D. Fiduciary Fund Financial Statements

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

The School District reports the following fiduciary funds:

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

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

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

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

Budgets/Budgetary Control

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

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the one or more June state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

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

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

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

Encumbrances

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

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

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

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

Cash, Cash Equivalents and Investments

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

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

N.J.S.A.17:9-41 et. Seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect governmental units from loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

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

Tuition Receivable/Payable

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

Inventories

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

Interfund Receivables/Payables

Interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the School District and that are due within one year. As previously mentioned, these amounts are eliminated in the governmental and business-type columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are presented as Internal Balances in the Statement of Net Position.

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

Capital Assets

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

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

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

Compensated Absences

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

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

Unearned Revenue

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

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, government fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources.

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

Accounting Estimates

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

Interfund Activity

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

Deferred Outflows and Deferred Inflows of Resources

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

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

Pensions

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

Fund Balance

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

Non-spendable – This classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.

Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned – This classification includes amounts that are constrained by the School District’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process.

Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

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

Net Position

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

Net Investment in Capital Assets – This components represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for acquisition, construction, or improvement of those assets.

Restricted – This component of net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Unrestricted – This component of net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2019 and December 5, 2019, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements.

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

The following GASB Statements became effective for the fiscal year ended June 30, 2019:

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

Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The Governmental Accounting Standards Board (GASB) has issued a new standard with guidance the GASB believes will enhance debt-related disclosures in notes to financial statements, including those addressing direct borrowings and direct placements. The new standard clarifies which liabilities governments should include in their note disclosures related to debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Implementation of this Statement did not have a significant impact on the School District's financial statements.

Recently Issued Accounting Pronouncements

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

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

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

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Management does not expect this Statement to have a material impact on the School District's financial statements.

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

Statement No. 90, *Majority Equity Interests* - an amendment of GASB Statements No. 14 and No. 61. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. Statement No. 90 is effective for reporting periods beginning after December 15, 2018. Management has not yet determined the potential impact

Statement No. 91, *Conduit Debt Obligations*, The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Statement No. 91 is effective for reporting periods beginning after December 15, 2020. Management has not yet determined the potential impact on the School District's financial statements.

Note 2. Deposits and Investments

Deposits

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Board's deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity fund or other funds that may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2019, the School District's bank balance of \$5,419,762 was exposed to custodial credit risk as follows:

Insured under FDIC and GUDPA	\$	4,708,108
Uninsured and Uncollateralized		711,654
Total	\$	5,419,762

Investments

The School District had no investments at June 30, 2019.

Note 3. Reserve Accounts

Capital Reserve

A capital reserve account was established by the School District for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

The activity of the capital reserve for the July 1, 2018 to June 30, 2019 fiscal year is as follows

Ending Balance, June 30, 2019 and 2018	\$	100,773
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The June 30, 2019 LRFP balance of local support costs of uncompleted capital projects at June 30, 2019 is \$34,561,000.

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019 (Continued)**

Note 3. Reserve Accounts (Continued)

Maintenance Reserve

The School District established a maintenance reserve account in June of 2011 for the accumulation of funds for use as required maintenance of a facility in subsequent fiscal years.

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

The activity of the maintenance reserve for the July 1, 2018 to June 30, 2019 fiscal year is as follows:

Beginning Balance, July 1, 2018	\$	828,000
Increased by:		
Deposits Approved by Board		146,000
		974,000
Decreased by:		
Budget Withdrawals		(642,000)
Ending Balance, June 30, 2019	\$	332,000

Note 4. Accounts Receivable

Accounts receivable at June 30, 2019 consisted of accounts and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state and federal programs, the current fiscal year guarantee of federal funds and the budgetary control of New Jersey governmental entities. Accounts receivable in the School District's governmental and business-type activities as of June 30, 2019, consisted of the following:

<u>Description</u>	Governmental Funds			Total Governmental Activities
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	
Federal Awards	\$ -	\$ 4,070	\$ -	\$ 4,070
State Awards	41,015	5,306	-	46,321
Tuition	470,075	-	-	470,075
Other	-	-	17,243,552	17,243,552
Total	\$ 511,090	\$ 9,376	\$ 17,243,552	\$ 17,764,018
			Proprietary Funds	Total
<u>Description</u>			Food Service Fund	Business-Type Activities
Federal Awards			\$ 2,436	\$ 2,436
State Awards			123	123
Total			\$ 2,559	\$ 2,559

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019 (Continued)**

Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2019 are as follows:

	Governmental Activities			Balance June 30, 2019
	Balance July 1, 2018	Additions	Retirements and Transfers	
Governmental Activities:				
Capital Assets being depreciated:				
Buildings and Improvements	\$ 38,234,820	\$ 12,893,834	\$ -	\$ 51,128,654
Equipment	15,380,958	923,752	(15,289)	16,289,421
Total Capital Assets being depreciated	<u>53,615,778</u>	<u>13,817,586</u>	<u>(15,289)</u>	<u>67,418,075</u>
Less: Accumulated Depreciation:				
Equipment	(30,852,200)	(1,428,242)	15,289	(32,265,153)
Total Accumulated Depreciation	<u>(30,852,200)</u>	<u>(1,428,242)</u>	<u>15,289</u>	<u>(32,265,153)</u>
Total Capital Assets being depreciated, net	<u>22,763,578</u>	<u>12,389,344</u>	<u>-</u>	<u>35,152,922</u>
Total Governmental Activities Capital Assets, net	<u>\$ 22,763,578</u>	<u>\$ 12,389,344</u>	<u>\$ -</u>	<u>\$ 35,152,922</u>

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

Note 6. Interfund Receivables, Payables and Transfers

Individual fund receivables/payables balances at June 30, 2019 are as follows:

Fund	Interfund Receivables	Interfund Payables
General Fund	\$ 108,243	\$ -
Capital Projects Fund	-	108,243
	<u>\$ 108,243</u>	<u>\$ 108,243</u>

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

There were no interfund transfers for the year ended June 30, 2019.

Note 7. Long-Term Obligations

During the fiscal year-ended June 30, 2019 the following changes occurred in long-term obligations for the governmental and business-type activities:

	Balance June 30, 2018	Additions	Reductions	Balance June 30, 2019	Balance Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 2,073,011	\$ -	\$ 205,833	\$ 1,867,178	\$ -
Net Pension Liability	12,414,108	-	1,591,856	10,822,252	-
	<u>\$ 14,487,119</u>	<u>\$ -</u>	<u>\$ 1,797,689</u>	<u>\$ 12,689,430</u>	<u>\$ -</u>

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019 (Continued)**

Note 8. Pension Plans

A. Public Employees' Retirement System (PERS)

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

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

The following represents the membership tiers for PERS:

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

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

Contributions - The contribution policy for PERS is set by *N.J.S.A. 43:15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2018, the State's pension contribution was less than the actuarial determined amount.

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019 (Continued)**

Note 8. Pension Plans (Continued)

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

Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources - At June 30, 2019, the School District reported a liability of \$10,822,252 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2017, to the measurement date of June 30, 2018. The School District's proportion of the net pension liability was based on the School District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2018. The School District's proportion measured as of June 30, 2017, was 0.05496458%, which was an increase of 0.0016357128% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the School District recognized full accrual pension expense of \$776,124 in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2018 measurement date. At June 30, 2019 the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	206,382.00	55,803
Changes of Assumptions	1,783,328	3,460,381
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	101,513
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	492,265	-
School District contributions subsequent to measurement date	548,416	-
	\$ 3,030,391	\$ 3,617,697

\$548,146 reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is estimated based on unadjusted 2017-2018 total salaries for PERS employees multiplied by an employer pension contribution rate of 13.37%. The payable is due on April 1, 2019 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019 (Continued)**

Note 8. Pension Plans (Continued)

Year Ending June 30,	
2020	\$ 587,837
2021	(48,786)
2022	(314,373)
2023	(661,468)
2024	(150,516)
	\$ (587,306)

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

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	5.63	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.73
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
Changes in Proportion and Differences between District Contributions		
Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48
June 30, 2018	5.63	5.63

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2019 (Continued)**

Note 8. Pension Plans (Continued)

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.63, 5.48, 5.57, 5.72 and 6.44 years for the 2018, 2017, 2016, 2015, and 2014 amounts, respectively.

Actuarial Assumptions – The collective total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following assumptions:

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

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary’s modified MP-2014 projection scale. Post-retirement mortality rate were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on the mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary’s modified MP-2014 projection scales. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS’s target asset allocation as of June 30, 2018 are summarized in the following table:

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019 (Continued)**

Note 8. Pension Plans (Continued)

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

Discount Rate - The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2046 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the School District's proportionate share of the net pension liability as of June 30, 2018, calculated using the discount rate of 5.66% as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019 (Continued)**

Note 8. Pension Plans (Continued)

	At 1% Decrease <u>(4.66%)</u>	At Current Discount Rate <u>(5.66%)</u>	At 1% Increase <u>(6.66%)</u>
School District's Proportionate Share of the Net Pension Liability	\$ 13,607,735	\$ 10,822,252	\$ 8,485,410

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2019 and 2018:

	<u>6/30/2019</u>	<u>6/30/2018</u>
Collective Deferred Outflows of Resources	2,481,975	3,177,384
Collective Deferred Inflows of Resources	3,617,697	2,491,846
Collective Net Pension Liability	10,822,252	12,414,108
School District's portion	0.05496%	0.05333%

B. Teachers' Pension and Annuity Fund (TPAF)

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

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

The following represents the membership tiers for TPAF:

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

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019 (Continued)**

Note 8. Pension Plans (Continued)

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

Contributions - The contribution policy for TPAF is set by *N.J.S.A 18A:66* and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.2% in State fiscal year 2018. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2018, the State's pension contribution was less than the actuarial determined amount.

As mentioned previously, the employer contributions for local participating employers are legally required to be funded by the State in accordance with *N.J.S.A 18:66-33*. Therefore, the School District is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the School District does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers.

Pension Liability and Pension Expense - The State's proportionate share of the TPAF net pension liability, attributable to the School District as of June 30, 2018 was \$67,870,985. The School District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The State's proportionate share of the net pension liability associated with the District was based on projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2017, the State proportionate share of the TPAF net pension liability attributable to the School District was 0.1066854%, which was a decrease of (0.00221939%) from its proportion measured as of June 30, 2017.

For the fiscal year ended June 30, 2019, the State of New Jersey recognized a pension expense in the amount of \$3,956,641 for the State's proportionate share of the TPAF pension expense attributable to the School District. This pension expense was based on the pension plans June 30, 2018 measurement date.

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2019 (Continued)**

Note 8. Pension Plans (Continued)

Actuarial Assumptions – The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.25%
Salary Increases:	
2011-2026	1.55% - 4.55%
Thereafter	2.00% - 5.45%
Investment Rate of Return	7.00%

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

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2018 are summarized in the following table:

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019 (Continued)**

Note 8. Pension Plans (Continued)

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

Discount Rate - The discount rate used to measure the total pension liability was 4.86% as of June 30, 2018. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2018, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 40% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate – As previously mentioned, TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution. The following represents the State's proportionate share of the net pension liability, attributable to the School District calculated using the discount rate of 4.86% as well as what the State's proportionate share of the net pension liability, attributable to the School District's would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019 (Continued)**

Note 8. Pension Plans (Continued)

	At 1% Decrease <u>(3.86%)</u>	At Current Discount Rate <u>(4.86%)</u>	At 1% Increase <u>(5.86%)</u>
State of New Jersey's Proportionate Share of Net Pension Liability associated with the School District	\$ 80,222,215	\$ 67,870,985	\$ 57,632,116

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

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2019 and 2018:

	<u>6/30/2019</u>		<u>6/30/2018</u>
Collective Deferred Outflows of Resources	\$ 12,675,037,111.00	\$	14,353,461,035.00
Collective Deferred Inflows of Resources	\$ 16,381,811,884.00	\$	11,992,821,439.00
Collective Net Pension Liability	\$ 63,806,350,446.00	\$	67,670,209,171.00
School District's portion	0.1066854390%		0.1089048285%

C. Defined Contribution Retirement Plan (DCRP)

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

Individuals eligible for membership in the DCRP include:

- State or local officials who are elected or appointed on or after July 1, 2007;
- Employees enrolled in the Public Employees' Retirement System (PERS) or Teachers' Pension and Annuity Fund (TPAF) on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits;
- Employees enrolled in the Police and Firemen's Retirement System (PFRS) or State Police Retirement System (SPRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits;
- Employees otherwise eligible to enroll in the PERS or TPAF on or after November 2, 2008, who do not earn the minimum annual salary for PERS or TPAF Tier 3 enrollment but who earn salary of at least \$5,000 annually. The minimum salary in 2018 is \$8,300 and is subject to adjustment in future years.
- Employees otherwise eligible to enroll in the PERS or TPAF after May 21, 2010, who do not work the minimum number of hours per week required for PERS or TPAF Tier 4 or Tier 5 enrollment but who earn salary of at least \$5,000 annually. The minimum number is 35 hours per week for State employees, or 32 hours per week for local government or local education employees.

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019 (Continued)**

Note 8. Pension Plans (Continued)

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

Note 9. Other Post-Retirement Benefits

General Information about the OPEB Plan

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

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

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

Basis of Presentation

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

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019 (Continued)**

Note 9. Other Post-Retirement Benefits (continued)

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2017. 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>
Salary Increases:			<u>PFRS</u>
Through 2026		1.55 - 4.55% based on years of service	2.10 - 8.98% based on age
Thereafter		2.00 - 5.45% based on years of service	3.10 - 9.98% based on age

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 – June 30, 2015, July 1, 2010 – June 30, 2013, and July 1, 2011 – June 30, 2014 for TPAF, PFRS and PERS, respectively.

OPEB Obligation and OPEB Expense - The State’s proportionate share of the total Other Post Employment Benefits Obligations, attributable to the School District as of June 30, 2018 was \$49,779,218.00. The School District’s proportionate share was \$0.

The OPEB Obligation was measured as of June 30, 2018, and the total OPEB Obligation used to calculate the OPEB Obligation was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The State’s proportionate share of the OPEB Obligation associated with the District was based on projection of the State’s long-term contributions to the OPEB plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2018, the State proportionate share of the OPEB Obligation attributable to the School District was 0.10795558%, which was a decrease of (0.00047621%) from its proportion measured as of June 30, 2017.

For the fiscal year ended June 30, 2019, the State of New Jersey recognized an OPEB expense in the amount of \$2,111,408 for the State’s proportionate share of the OPEB expense attributable to the School District. This OPEB expense was based on the OPEB plans June 30, 2018 measurement date.

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019 (Continued)**

Note 9. Other Post-Retirement Benefits (continued)

Health Care Trend Assumptions

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

Discount Rate

The discount rate for June 30, 2018 was 3.87%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

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

The following presents the total nonemployer OPEB liability as of June 30, 2018, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	6/30/2018		
	At 1% Decrease (2.87%)	At Discount Rate (3.87%)	At 1% Increase (4.87%)
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 58,849,169	\$ 49,779,218	\$ 42,569,544
State of New Jersey's Total Nonemployer OPEB Liability	\$ 54,512,391,175	\$ 46,110,832,982	\$ 39,432,461,816

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

The following presents the total nonemployer OPEB liability as of June 30, 2018, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	6/30/2018		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 41,145,423	\$ 49,779,218	\$ 61,197,743
State of New Jersey's Total Nonemployer OPEB Liability	\$ 38,113,289,045	\$ 46,110,832,982	\$ 56,687,891,003

* See Healthcare Cost Trend Assumptions for details of rates.

Additional Information

Collective balances of the Local Group at June 30, 2018 are as follows:

Changes in Proportion Differences between Expected & Actual Experience	Deferred Outflows of \$ 1,377,313,892	Deferred Inflows of \$ (1,377,313,892)
Changes in Assumption	-	(4,476,086,167)
Contributions Made in Fiscal Year Year Ending 2019 After June 30, 2018 Measurement Date **	-	(10,335,978,867)
	TBD	
	<u>\$ 1,377,313,892</u>	<u>\$ (16,189,378,926)</u>

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019 (Continued)**

Note 9. Other Post-Retirement Benefits (continued)

Additional Information (continued):

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

Fiscal Year Ending June 30,		
2020	\$	(1,825,218,593)
2021		(1,825,218,593)
2022		(1,825,218,593)
2023		(1,825,218,593)
2024		(1,825,218,593)
Thereafter		(5,685,972,069)
	\$	(14,812,065,034)

** Employer Contributions made after June 30, 2018 are reported as a deferred outflow of resources, but are not amortized in expense.

Plan Membership

At June 30, 2017, the Program membership consisted of the following:

	6/30/2017
Active Plan Members	217,131
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	145,050
	362,181

Changes in the Total OPEB Liability

The change in the State's Total OPEB liability for the fiscal year ended June 30, 2019 (measurement date June 30, 2018) is as follows:

Total OPEB Liability		
Service Cost	\$	1,984,642,729
Interest Cost		1,970,236,232
Differences Between Expected and Actual		(5,002,065,740)
Changes of Assumptions		(5,291,448,855)
Contributions: Member		42,614,005
Gross Benefit Payments		(1,232,987,247)
Net Change in Total OPEB Liability		(7,529,008,876)
Total OPEB Liability (Beginning)		53,639,841,858
Total OPEB Liability (Ending)	\$	46,110,832,982
Total Covered Employee Payroll		13,640,275,833
Net OPEB Liability as a Percentage of Payroll		338%

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019 (Continued)**

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

As previously mentioned, the School District receives on-behalf payments from the State of New Jersey for normal costs and post-retirement medical costs related to the Teachers' Pension and Annuity Fund (TPAF) pension plan. The School District is not legally responsible for these contributions. The on-behalf payments are recorded as revenues and expenditures in the government-wide and general fund financial statements. For the fiscal year ended June 30, 2019, the on-behalf payments for pension, social security, post-retirement medical costs, and long-term disability were \$2,211,610, \$845,643, \$1,003,182, and \$1,858, respectively.

Note 11. Risk Management

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

New Jersey Unemployment Compensation Insurance – The School District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan the School District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The School District is billed quarterly for amounts due to the State. The following is a summary of School District contributions, reimbursements to the State for benefits paid and the ending balance of the School District's trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>School District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2018-2019	\$ 27,674	\$ -	\$ 11,624	\$ 158,635
2017-2018	27,989	-	7,591	142,585
2016-2017	27,540	-	20,067	122,187

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

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

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

Note 12. Contingencies

State and Federal Grantor Agencies - The School District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the School District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2019 may be impaired. In the opinion of the School District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019 (Continued)**

Note 12. Contingencies (Continued)

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

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

Note 13. Deferred Compensation

The School District offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

AXA Equitable	Lincoln Investment Planning, Inc.	Met Life
Ameriprise	Fidelity Investments	

Note 14. Compensated Absences

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

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

The liability for vested compensated absences of the governmental fund types is recorded in the Statement of Net Position. At June 30, 2019, the liability for compensated absences reported was \$1,867,178.

Note 15. Tax Abatements

As defined by the Governmental Accounting Standards Board (GASB) Statement No. 77, a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district’s local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019 (Continued)

Note 15. Tax Abatements (Continued)

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

Note 16. Calculation of Excess Surplus

The designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A.18A:7F-7. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year-end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The District did not have any excess fund balance at June 30, 2019.

Note 17. Fund Balances

General Fund – Of the \$2,734,932 General Fund fund balance at June 30, 2019, \$100,773 has been restricted for the Capital Reserve Account; \$332,000 has been restricted for the Maintenance Reserve Account; \$271,901 has been committed to other purposes; \$45,144 has been assigned to other purposes; \$875,000 has been designated for subsequent year's expenditures and \$1,110,114 is unassigned.

Note 18. Deficit in Net Position

Unrestricted Net Position – The School District governmental activities had a deficit in unrestricted net position in the amount of \$11,522,993 at June 30, 2019. The primary causes of this deficit is the School District not recognizing the receivable for the last two state aid payments and the recording of the net pension liability for the Public Employee's Retirement System (PERS) as of June 30, 2019. This deficit in unrestricted net position for governmental activities does not indicate that the School District is facing financial difficulties.

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REQUIRED SUPPLEMENTARY INFORMATION - PART II

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C. Budgetary Comparison Schedules

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OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 YEAR ENDED JUNE 30, 2019

ACCOUNT NUMBERS	JUNE 30, 2019				VARIANCE FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Revenues:						
Local Sources:						
County Appropriations	10-1200	\$ 18,638,398	\$ -	\$ 18,638,398	\$ 18,638,398	\$ -
Tuition From Other LEAs Within State	10-1320	4,384,850	-	4,384,850	4,339,014	(45,836)
Interest Earned	10-1510	-	-	-	4,051	4,051
Miscellaneous	10-1790	250,000	-	250,000	399,902	149,902
Total Local Sources		23,273,248	-	23,273,248	23,381,365	108,117
State Sources:						
Categorical Special Education Aid	10-3132	837,311	-	837,311	837,311	-
Equalization Aid	10-3176	2,014,757	-	2,014,757	2,014,757	-
Categorical Security Aid	10-3177	189,062	-	189,062	189,062	-
Adjustment Aid	10-3178	2,686,465	(142,500)	2,543,965	2,543,965	-
On-Behalf TPAF Pension Contribution		-	-	-	2,211,610	2,211,610
On-Behalf TPAF Post Retirement Medical		-	-	-	1,003,182	1,003,182
On-Behalf TPAF Long Term Disability Insurance		-	-	-	1,858	1,858
Reimbursed TPAF Social Security Contributions		-	-	-	845,643	845,643
Total State Sources		5,727,595	(142,500)	5,585,095	9,647,388	4,062,293
Total Revenues		29,000,843	(142,500)	28,858,343	33,028,753	4,170,410
Current Expense:						
Regular Programs - Instruction:						
Salaries of Teachers	11-140-100-101	3,614,570	(157,672)	3,456,898	3,388,939	67,959
General Supplies	11-140-100-610	49,550	3,065	52,615	37,173	15,442
Textbooks	11-140-100-640	10,000	-	10,000	10,000	-
Other Objects	11-140-100-800	2,500	-	2,500	-	2,500
Total Regular Programs - Instruction		3,676,620	(154,607)	3,522,013	3,436,112	85,901
Regular Vocational Programs - Instruction						
Salaries of Teachers	11-310-100-101	3,575,376.00	(17,991.00)	3,557,385.00	3,554,034.00	3,351.00
Other Salaries of Instruction	11-310-100-106	525,350.00	(9,694.00)	515,656.00	515,656.00	-
Purchased Professional & Educational Services	11-310-100-320	45,000	(1,560)	43,440	14,588	28,852
Purchased Technical Services	11-310-100-340	75,000	19,534	94,534	89,678	4,856
Travel	11-310-100-580	9,000	-	9,000	3,638	5,362
General Supplies	11-310-100-610	711,575	419,869	1,131,444	940,332	191,112
Textbooks	11-310-100-641	135,000	21,100	156,100	155,230	870
Total Regular Vocational Programs - Instruction		5,076,301	431,258	5,507,559	5,273,156	234,403
Special Vocational Programs - Instruction						
Salaries of Teachers	11-320-100-101	1,243,982	(28,372)	1,215,610	1,200,407	15,203
Other Salaries of Instruction	11-320-100-106	10,000	-	10,000	6,518	3,482
Purchased Professional Services	11-320-100-340	4,000	1,620	5,620	5,252	368
Travel	11-320-100-580	750	-	750	-	750
General Supplies	11-320-100-610	132,550	39,140	171,690	150,014	21,676
Textbooks	11-320-100-641	7,500	-	7,500	-	7,500
Total Special Vocational Programs - Instruction		1,398,782	12,388	1,411,170	1,362,191	48,979
School-Sponsored Cocurricular Activities						
Other Objects	11-401-100-800	273,000	-	273,000	236,773	36,227
Total School-Sponsored Cocurricular Activities:		273,000	-	273,000	236,773	36,227
Total Instruction		10,424,703	289,039	10,713,742	10,308,232	405,510
Undistributed Expenditures Attendance and Social Work:						
Salaries	11-000-211-100	76,278	-	76,278	76,278	-
Total Undistributed Expenditures Attendance and Social Work		76,278	-	76,278	76,278	-
Undistributed Expenditures - Health Services:						
Salaries	11-000-213-100	496,231	(42,369)	453,862	448,480	5,382
Purchased Professional & Technical Services	11-000-213-300	9,000	5,465	14,465	14,464	1
Other Purchased Services	11-000-213-500	200	-	200	21	179
Supplies and Materials	11-000-213-600	6,500	-	6,500	5,527	973
Total Undistributed Expenditures - Health Services		511,931	(36,904)	475,027	468,492	6,535
Undistributed Expenditures - Guidance:						
Salaries of Other Professional Staff	11-000-218-104	665,569	59,384	724,953	724,953	-
Salaries of Secretaries & Clerical Assistants	11-000-218-105	43,235	-	43,235	43,235	-
Purchased Professional - Educational Services	11-000-218-320	15,000	-	15,000	12,183	2,817
Other Purchased Services	11-000-218-500	1,500	-	1,500	502	998
Supplies and Materials	11-000-218-600	76,500	33,730	110,230	103,484	6,746

OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 YEAR ENDED JUNE 30, 2019

ACCOUNT NUMBERS	JUNE 30, 2019				VARIANCE FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Total Undistributed Expenditures - Guidance	801,804	93,114	894,918	884,357	10,561	
Undistributed Expenditures - Child Study Teams:						
Salaries of Other Professional Staff	11-000-219-104	234,567	27,039	261,606	254,834	6,772
Salaries of Secretaries & Clerical Assistants	11-000-219-105	69,783	-	69,783	68,883	900
Supplies and Materials	11-000-219-600	6,500	-	6,500	5,681	819
Total Undistributed Expenditures - Child Study Teams	310,850	27,039	337,889	329,398	8,491	
Undistributed Expenditures - Improvement of Instruction Services:						
Other Purchased Services	11-000-221-500	15,000	93	15,093	14,994	99
Total Undistributed Expenditures - Improvement of Instruction Services	15,000	93	15,093	14,994	99	
Undistributed Expenditures - Educational Media Services/Library:						
Supplies and Materials	11-000-222-600	134,700	134,588	269,288	257,945	11,343
Total Undistributed Expenditures - Educational Media Services/Library	134,700	134,588	269,288	257,945	11,343	
Undistributed Expenditures - Support Services - General Administration:						
Salaries	11-000-230-100	359,931	(10,887)	349,044	348,640	404
Legal Services	11-000-230-331	70,000	7,593	77,593	77,592	1
Other Purchased Professional Services	11-000-230-339	50,000	22,354	72,354	66,124	6,230
Communications/Telephone	11-000-230-530	195,000	(45,536)	149,464	129,944	19,520
BOE Other Purchased Professional Services	11-000-230-585	10,000	-	10,000	4,611	5,389
Other Purchased Services	11-000-230-590	236,422	(27,400)	209,022	209,022	-
General Supplies	11-000-230-610	14,500	2,078	16,578	16,317	261
Miscellaneous Expenditures	11-000-230-890	37,500	685	38,185	37,532	653
Total Undistributed Expenditures - Support Services - General Administration	973,353	(51,113)	922,240	889,782	32,458	
Undistributed Expenditures - Support Services - School Administration:						
Salaries of Principals/Assistant Principals	11-000-240-103	1,179,184	(59,268)	1,119,916	1,089,250	30,666
Salaries of Other Professional Staff	11-000-240-104	123,050	-	123,050	118,200	4,850
Salaries of Secretaries & Clerical Assistants	11-000-240-105	544,768	(1,359)	543,409	538,369	5,040
Other Salaries	11-000-240-110	85,000	-	85,000	79,210	5,790
Purchased Professional & Technical Services	11-000-240-300	21,000	-	21,000	6,457	14,543
Other Purchased Services	11-000-240-500	10,000	-	10,000	8,589	1,411
Travel	11-000-240-580	2,000	2,000	4,000	2,687	1,313
Supplies and Materials	11-000-240-600	64,500	21,778	86,278	80,970	5,308
Other Objects	11-000-240-800	72,700	960	73,660	68,351	5,309
Total Undistributed Expenditures - Support Services - School Administration	2,102,202	(35,889)	2,066,313	1,992,083	74,230	
Undistributed Expenditures - Central Services:						
Salaries	11-000-251-100	560,873	(3,273)	557,600	554,364	3,236
Purchased Professional Services	11-000-251-330	98,555	69,564	168,119	136,414	31,705
Purchased Technical Services	11-000-251-340	18,000	(161)	17,839	16,161	1,678
Miscellaneous Purchased Services	11-000-251-592	5,500	300	5,800	5,785	15
Supplies and Materials	11-000-251-600	5,500	2,969	8,469	8,469	-
Miscellaneous Expenditures	11-000-251-890	28,500	8,500	37,000	35,751	1,249
Total Undistributed Expenditures - Central Services	716,928	77,899	794,827	756,944	37,883	
Undistributed Expenditures - Administrative Information Technology:						
Salaries	11-000-252-100	270,049	670	270,719	270,719	-
Travel	11-000-252-580	2,000	500	2,500	2,180	320
Supplies and Materials	11-000-252-600	60,000	-	60,000	59,793	207
Total Undistributed Expenditures - Administrative Information Technology	332,049	1,170	333,219	332,692	527	
Undistributed Expenditures - Required Maintenance for School Facilities:						
Salaries	11-000-261-100	104,350	(19,644)	84,706	84,706	-
Cleaning, Repair & Maintenance Services	11-000-261-420	387,000	125,006	512,006	481,660	30,346
General Supplies	11-000-261-610	35,000	-	35,000	32,653	2,347
Total Required Maintenance for School Facilities	526,350	105,362	631,712	599,019	32,693	

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2019**

	ACCOUNT NUMBERS	JUNE 30, 2019			VARIANCE FINAL TO ACTUAL	
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		ACTUAL
Undistributed Expenditures - Custodial Services:						
Salaries	11-000-262-100	575,953	46,595	622,548	605,381	17,167
Cleaning, Repair & Maintenance Services	11-000-262-420	497,393	98,677	596,070	546,320	49,750
Rental of Land & Bldg. Other Than Lease Purch.	11-000-262-441	25,000	52,862	77,862	76,876	986
Lease Purchase Pymts- Energy Savings Impr Prog	11-000-262-444	59,500	4,983	64,483	35,424	29,059
Miscellaneous Purchased Services	11-000-262-590	15,000	39,600	54,600	45,520	9,080
General Supplies	11-000-262-610	214,500	(1,858)	212,642	198,348	14,294
Energy (Electricity)	11-000-262-622	600,000	(5,652)	594,348	459,870	134,478
Total Undistributed Expenditures - Custodial Services		1,987,346	235,207	2,222,553	1,967,739	254,814
Undistributed Expenditures - Care and Upkeep of Grounds:						
Salaries	11-000-263-100	72,975	-	72,975	72,975	-
Total Care and Upkeep of Grounds		72,975	-	72,975	72,975	-
Security:						
Cleaning, Repair, and Maintenance Services	11-000-266-420	75,000	81,462	156,462	102,942	53,520
Total Security		75,000	81,462	156,462	102,942	53,520
Undistributed Expenditures - Student Transportation Services:						
Sal for Pupil Trans (Bet. H&S) - NonPublic Sch	11-000-270-163	87,000	(17,552)	69,448	69,448	-
Cleaning, Repair and Maintenance Services	11-000-270-420	100,000	15	100,015	100,015	-
Miscellaneous Purchased Services - Transportation	11-000-270-593	45,000	12,398	57,398	54,598	2,800
Total Undistributed Expenditures - Student Transportation Services		232,000	(5,139)	226,861	224,061	2,800
Unallocated Benefits:						
Social Security Contributions	11-000-291-220	295,000	16,877	311,877	311,877	-
Other Retirement Contributions - PERS	11-000-291-241	385,443	(1,282)	384,161	384,161	-
Pension Contributions	11-000-291-249	20,000	(3,912)	16,088	16,088	-
Workmen's Compensation	11-000-291-260	129,877	8,103	137,980	137,980	-
Health Benefits	11-000-291-270	3,506,000	(924,915)	2,581,085	2,552,540	28,545
Tuition Reimbursement	11-000-291-280	75,000	(8,704)	66,296	62,362	3,934
Other Employee Benefits	11-000-291-290	143,000	106,317	249,317	242,905	6,412
Total Unallocated Benefits		4,554,320	(807,516)	3,746,804	3,707,913	38,891
Nonbudgeted:						
On-Behalf TPAF Pension Contribution		-	-	-	2,211,610	(2,211,610)
On-Behalf TPAF Post Retirement Medical		-	-	-	1,003,182	(1,003,182)
On-Behalf TPAF Long Term Disability Insurance		-	-	-	1,858	(1,858)
Reimbursed TPAF Social Security Contributions		-	-	-	845,643	(845,643)
Total Undistributed Expenditures		13,423,086	(180,627)	13,242,459	16,739,907	(3,497,448)
Total Expenditures - Current Expense		23,847,789	108,412	23,956,201	27,048,139	(3,091,938)
Capital Outlay:						
Vocational Programs: Regular Programs	12-310-100-730	107,423	111,846	219,269	168,169	51,100
Special Education - Instruction: Special Vocational Programs	12-XXX-100-730	-	28,418	28,418	28,341	77
Operating & Maintenance of Plant Services	12-000-260-730	-	12,084	12,084	12,084	-
Undist. Expend. - Required Maint for School Fac.	12-000-261-730	17,500	9,243	26,743	26,137	606
School Buses - Special	12-000-270-734	-	75,650	75,650	75,650	-
Assessment for Debt Service on SDA Funding	12-000-400-896	50,077	-	50,077	50,077	-
Total Equipment		175,000	237,241	412,241	360,458	51,783
Total Capital Outlay		175,000	237,241	412,241	360,458	51,783
Special Schools						
Post-Secondary Programs - Instruction						
Salaries of Teachers	13-330-100-101	948,419	27,250	975,669	975,669	-
General Supplies	13-330-100-610	174,000	116,271	290,271	269,080	21,191
Textbooks	13-330-100-640	23,500	(9,898)	13,602	6,949	6,653
Total Post-Secondary Programs - Instruction		1,145,919	133,623	1,279,542	1,251,698	27,844
Post-Secondary Programs - Instruction						
Salaries of Teachers	13-330-200-100	301,987	(855)	301,132	292,624	8,508
General Supplies	13-330-200-600	2,500	6,000	8,500	5,231	3,269
Other Objects	13-330-200-800	13,100	14,555	27,655	3,891	23,764
Total Post-Secondary Programs - Support Services		317,587	19,700	337,287	301,746	35,541
Total Post-Secondary Programs - Programs		1,463,506	153,323	1,616,829	1,553,444	63,385

OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 YEAR ENDED JUNE 30, 2019

	ACCOUNT NUMBERS	JUNE 30, 2019			VARIANCE FINAL TO ACTUAL	
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		ACTUAL
Adult Education - Local - Support Services						
Salaries of Teachers	13-602-200-100	8,500	-	8,500	5,475	3,025
Total Adult Education - Local - Support Services		8,500	-	8,500	5,475	3,025
Vocational Evenings - Local - Instruction						
Salaries of Teachers	13-629-100-101	285,000	59,521	344,521	344,521	-
General Supplies	13-629-100-610	65,000	37,795	102,795	102,696	99
Textbooks	13-629-100-640	5,000	3,800	8,800	8,077	723
Total Post-Secondary Programs - Instruction		355,000	101,116	456,116	455,294	822
Vocational Evenings - Local - Support Services:						
Salaries	13-629-200-100	1,754,971	(182,291)	1,572,680	1,541,657	31,023
Personal Services - Employee Benefits	13-629-200-200	1,868,626	201,944	2,070,570	2,070,022	548
Purchased Professional & Technical Services	13-629-200-300	125,500	20,684	146,184	133,705	12,479
Other Purchased Services	13-629-200-500	163,502	(47,218)	116,284	108,927	7,357
Cleaning, Repair & Maintenance Services	13-629-200-XXX	241,699	64,853	306,552	271,073	35,479
Energy (Heat & Electricity)	13-629-200-XXX	231,000	-	231,000	193,422	37,578
Supplies and Materials	13-629-200-600	108,000	8,732	116,732	106,420	10,312
Other Objects	13-629-200-800	15,250	1,947	17,197	11,891	5,306
Total Vocational Evenings - Local - Support Services:		4,508,548	68,651	4,577,199	4,437,117	140,082
Total Vocational Evening - Local		4,863,548	169,767	5,033,315	4,892,411	140,904
Total Special Schools		6,335,554	323,090	6,658,644	6,451,330	207,314
Total Expenditures		30,358,343	668,743	31,027,086	33,859,927	(2,832,841)
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures		(1,357,500)	(811,243)	(2,168,743)	(831,174)	1,337,569
Fund Balances, July 1		4,119,607	-	4,119,607	4,119,607	-
Fund Balances, June 30		\$ 2,762,107	\$ (811,243)	\$ 1,950,864	\$ 3,288,433	\$ 1,337,569

RECAPULATION OF BUDGET TRANSFERS

Rollover Encumbrances from Prior Year	\$ 668,743
Withdrawal from Maintenance Reserve	142,500
	<u>\$ 811,243</u>

RECAPITULATION OF FUND BALANCE

Restricted Fund Balance:	
Capital Reserve	\$ 100,773
Maintenance Reserve	332,000
Committed Fund Balance:	
Year-End Encumbrances	271,901
Assigned Fund Balance:	
Designated for Subsequent Year's Expenditures	875,000
Year-End Encumbrances	45,144
Unassigned Fund Balance	<u>1,663,615</u>
Subtotal	3,288,433
Reconciliation to Governmental Funds Statements (GAAP):	
Last State Aid Payments Not Recognized on GAAP Basis	<u>(553,501)</u>
Fund Balance per Governmental Funds (GAAP)	<u>\$ 2,734,932</u>

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2019**

	JUNE 30, 2019				VARIANCE FINAL TO ACTUAL (OVER)/ UNDER
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Revenues:					
State Sources	\$ 125,034	\$ 34,054	\$ 159,088	\$ 159,088	\$ -
Federal Sources	877,730	294,620	1,172,350	1,172,350	-
Local Sources	643,136	85,093	728,229	728,229	-
Total Revenues	1,645,900	413,767	2,059,667	2,059,667	-
Expenditures:					
Instruction:					
Salaries of Teachers	757,864	(42,364)	715,500	715,500	-
Other Salaries for Instruction	-	10,877	10,877	10,877	-
Purchased Professional & Technical Services	-	41,583	41,583	41,583	-
Travel/Field Trips	24,321	(20,208)	4,113	4,113	-
Textbooks	700.00	(230)	470	470	-
General Supplies	452,438	(211,546)	240,892	240,892	-
Total Instruction	1,235,323	(221,888)	1,013,435	1,013,435	-
Support Services:					
Salaries of Other Professional Staff	20,000	123,559	143,559	143,559	-
Salaries of Secretarial & Clerical Assistants	43,235	-	43,235	43,235	-
Personal Services - Employee Benefits	157,554	131,071	288,625	288,625	-
Purchased Educational Services	16,000	(5,080)	10,920	10,920	-
Travel	400	7,756	8,156	8,156	-
Micellaneous Purchased Services	800	(700)	100	100	-
Supplies and Materials	3,500	355	3,855	3,855	-
Other Objects	20,000	-	20,000	20,000	-
Total Support Services	261,489	256,961	518,450	518,450	-
Facilities Acquisition & Construction Services:					
Instructional Equipment	149,088	378,694	527,782	527,782	-
Total Facilities Acquisition & Construction Services	149,088	378,694	527,782	527,782	-
Total Expenditures	1,645,900	413,767	2,059,667	2,059,667	-
Total Outflows	1,645,900	413,767	2,059,667	2,059,667	-
Excess/(Deficiency) of Revenues Over/(Under) Expenditures & Other Financing Sources/(Uses)	\$ -	\$ -	\$ -	\$ -	\$ -

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART II

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**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGET TO GAAP RECONCILIATION
YEAR ENDED JUNE 30, 2019**

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

	GENERAL FUND	SPECIAL REVENUE FUND
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
From the Budgetary Comparison Schedule (C-Series)	\$ 33,028,753	\$ 2,059,667
 Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Current Year	-	-
Prior Year	-	83,670
 The last state aid payments are recognized as revenue for budgetary purposes and differs from GAAP which does not recognize this revenue until the subsequent year when the state recognizes the related expense (GASB 33).		
Current Year	(553,501)	-
Prior Year	603,821	-
<hr/>		
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	<u>\$ 33,079,073</u>	<u>\$ 2,143,337</u>
 Uses/outflows of resources:		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule. (C-1, C-2)	\$ 33,859,927	\$ 2,059,667
 Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
	-	83,670
<hr/>		
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	<u>\$ 33,859,927</u>	<u>\$ 2,143,337</u>

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REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

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OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
 SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)
 LAST SIX FISCAL YEARS*

	2019	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.05496%	0.05333%	0.05325%	0.05299%	0.05166%	0.04986%
School District's proportionate share of the net pension liability	\$ 10,822,252	\$ 12,414,108	\$ 15,771,410	\$ 11,894,178	\$ 9,672,061	\$ 9,528,808
School District's covered payroll	\$ 3,908,159	\$ 3,821,499	\$ 3,834,629	\$ 3,849,411	\$ 3,772,423	\$ 3,698,454
School District's proportionate share of the net pension liability as a percentage of its covered payroll	276.91%	324.85%	411.29%	308.99%	256.39%	257.64%
Plan fiduciary net position as a percentage of the total pension liability	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

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

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

OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
 SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS
 PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)
 LAST SIX FISCAL YEARS

	2019	2018	2017	2016	2015	2014
School District's contractually required contribution	\$ 548,416	546,720	494,035	473,074	455,533	425,837
Contributions in relation to the contractually required contribution	(548,416)	(546,720)	(494,035)	(473,074)	(455,533)	(425,837)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$ 4,083,115	3,908,159	3,821,499	3,834,629	3,849,411	3,772,423
Contributions as a percentage of covered payroll	13.43%	13.99%	12.93%	12.34%	11.83%	11.29%

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

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' PENSION AND ANNUITY FUND (TPAF)
LAST SIX FISCAL YEARS***

	2019	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
School District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the School District	\$ 67,870,985	\$ 73,427,562	\$ 86,961,725	\$ 68,638,043	\$ 57,362,420	\$ 53,396,894
School District's covered payroll	\$ 11,907,597	\$ 11,742,214	\$ 11,741,632	\$ 11,764,127	\$ 11,809,475	\$ 11,789,843
School District's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	26.49%	25.41%	23.33%	28.71%	33.64%	33.76%

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

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

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

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

	2019	2018
District's Total OPEB Liability		
Service Cost	\$ 1,982,147	\$ 2,368,378
Interest Cost	2,130,383	1,835,473
Differences between Expected and Actual Experience	(5,498,466)	-
Changes of Assumptions	(5,712,414)	(7,422,038)
Contributions: Member	46,004	49,606
Gross Benefit Payments	(1,331,079)	(1,347,170)
Net Change in District's Total OPEB Liability	(8,383,425)	(4,515,751)
District's Total OPEB Liability (Beginning)	58,162,643	62,678,394
District's Total OPEB Liability (Ending)	\$ 49,779,218	\$ 58,162,643
District's Covered Employee Payroll	\$ 15,815,756	\$ 15,563,713
District's Net OPEB Liability as a Percentage of Payroll	315%	374%

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

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

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III

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**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III
YEAR ENDED JUNE 30, 2019**

Teachers Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 4.25% as of June 30, 2017, to 4.86% as of June 30, 2018.

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 5.00% as of June 30, 2017, to 5.00% as of June 30, 2018.

State Health Benefit Local Education Retired Employees Plan (OPEB)

Changes in Benefits Terms - None.

Changes in Assumptions - The discount rate changed from 3.58% as of June 30, 2017, to 3.87% as of June 30, 2018.

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OTHER SUPPLEMENTARY INFORMATION

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D. School Based Budget Schedules

Not Applicable

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E. Special Revenue Fund

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**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2019**

	APPRENTICE COORDINATOR (CAC)	COUNTY FOUNDATION FOR VOCATIONAL EDUCATION	OCEAN COUNTY JUVENILE DETENTION CENTER	NOAA TRUST GRANT
Revenues:				
State Sources	\$ 21,222	\$ -	\$ -	\$ -
Federal Sources	-	-	-	11,452
Other Sources	-	94,925	623,136	-
Total Revenues	<u>\$ 21,222</u>	<u>\$ 94,925</u>	<u>\$ 623,136</u>	<u>\$ 11,452</u>
Expenditures:				
Instruction:				
Salaries of Teachers		\$ -	\$ 355,511	\$ -
Other Salaries for Instruction	-	-	-	10,877
Textbooks	-	-	470	-
General Supplies	-	29,677	-	575
Total Instruction	<u>-</u>	<u>29,677</u>	<u>355,981</u>	<u>11,452</u>
Support Services:				
Salaries of Supervision of Instruction	21,222	-	44,160	-
Salaries of Secretarial & Clerical Assistants	-	-	43,235	-
Personal Services - Employee Benefits	-	-	157,554	-
Travel	-	-	400	-
Miscellaneous Purchased Services	-	-	100	-
Supplies and Materials	-	-	1,706	-
Miscellaneous	-	-	20,000	-
Total Support Services	<u>21,222</u>	<u>-</u>	<u>267,155</u>	<u>-</u>
Facilities Acquisition & Construction Services:				
Instructional Equipment	-	65,248	-	-
Total Facilities Acquisition & Construction Services	<u>-</u>	<u>65,248</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 21,222</u>	<u>\$ 94,925</u>	<u>\$ 623,136</u>	<u>\$ 11,452</u>

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2019**

	CARL D. PERKINS GRANT SECONDARY	CARL D. PERKINS GRANT SECONDARY RESERVE	CARL D. PERKINS GRANT POST SECONDARY	TITLE I	TITLE II-A
Revenues:					
State Sources	\$ -	\$ -	\$ 137,866	\$ -	\$ -
Federal Sources	517,701	70,200	-	356,876	58,154
Other Sources	-	-	-	-	-
Total Revenues	\$ 517,701	\$ 70,200	\$ 137,866	\$ 356,876	\$ 58,154
Expenditures:					
Instruction:					
Salaries of Teachers	\$ -	\$ -	\$ -	\$ 266,546	43,029
Purchased Professional & Technical Services	-	35,350	6,233	-	-
General Supplies	122,197	23,930	50,276	-	-
Total Instruction	122,197	59,280	56,509	266,546	43,029
Support Services:					
Salaries of Supervision of Instruction	15,000	-	-	-	-
Personal Services - Employee Benefits	-	-	-	90,330	15,125
Purchased Professional & Technical Services	-	10,920	-	-	-
Total Support Services	15,000	10,920	-	90,330	15,125
Facilities Acquisition & Construction Services:					
Instructional Equipment	380,504	-	81,357	-	-
Total Facilities Acquisition & Construction Services	380,504	-	81,357	-	-
Total Expenditures	\$ 517,701	\$ 70,200	\$ 137,866	\$ 356,876	\$ 58,154

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2019**

	N.C.L.B./Improving Americas Schools	I.D.E.A. PART B	SAFTEY GRANT	THE HIRAIR AND ANNA HOVANIAN FOUNDATION	Totals
Revenues:					
State Sources	\$ -	\$ -	\$ -	\$ -	\$ 159,088
Federal Sources	18,350	139,617	-	-	1,172,350
Local Sources	-	-	9,495	673	728,229
Total Revenues	\$ 18,350	\$ 139,617	\$ 9,495	\$ 673	\$ 2,059,667
Expenditures:					
Instruction:					
Salaries of Teachers	\$ -	50,414	\$ -	\$ -	\$ 715,500
Other Salaries for Instruction	-	-	-	-	10,877
Purchased Professional & Technical Services	-	-	-	-	41,583
Textbooks	-	-	-	-	470
Travel/Field Trips	4,113	-	-	-	4,113
General Supplies	14,237	-	-	-	240,892
Total Instruction	18,350	50,414	-	-	1,013,435
Support Services:					
Salaries of Supervision of Instruction	-	63,177	-	-	143,559
Salaries of Secretarial & Clerical Assistants	-	-	-	-	43,235
Personal Services - Employee Benefits	-	25,616	-	-	288,625
Purchased Professional & Technical Services	-	-	-	-	10,920
Travel	-	-	7,756	-	8,156
Miscellaneous Purchased Services	-	-	-	-	100
Supplies and Materials	-	410	1,739	-	3,855
Miscellaneous	-	-	-	-	20,000
Total Support Services	-	89,203	9,495	-	518,450
Facilities Acquisition & Construction Services:					
Instructional Equipment	-	-	-	673	527,782
Total Facilities Acquisition & Construction Services	-	-	-	673	527,782
Total Expenditures	\$ 18,350	\$ 139,617	\$ 9,495	\$ 673	\$ 2,059,667

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F. Capital Projects Fund

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**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
YEAR ENDED JUNE 30, 2019**

<u>Project Title / Issue</u>	<u>Original Appropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance June 30, 2019</u>
		<u>Prior Years</u>	<u>Current Year</u>	
PERFORMING ARTS ACADEMY BUILDING	\$ 26,754,000	\$ 707,442	\$ 10,733,659	\$ 15,312,899
WARETOWN CENTER CONTROL UPGRADES	40,000	15,365	24,635	-
ADMINISTRATION OFFICE HVAC SYSTEM UPGRADES	480,937	29,070	417,457	34,410
BRICK CENTER INTERIOR DOORS	292,968	-	292,760	208
TOMS RIVER INTERIOR DOORS	175,073	-	175,073	-
TOMS RIVER CENTER CONTROL UPGRADES	19,903	-	19,903	-
TOMS RIVER CENTER EXTERIOR RENOVATIONS	1,363,386	-	1,274,885	88,501
Total	\$ 29,126,267	\$ 751,877	\$ 12,938,372	\$ 15,436,018

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2019**

Revenues and Other Financing Sources:	
Transfer from other Capital Projects	\$ 44,538
County Funding	698,923
	<hr/>
Total Revenues and Other Financing Sources	743,461
	<hr/>
Expenditures and Other Financing Uses:	
Project Expenditures	12,893,834
Project Balances Cancelled:	
Other Capital Projects	44,538
	<hr/>
Total Expenditures and Other Financing Uses	12,938,372
	<hr/>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(12,194,911)
	<hr/>
Fund Balance, July 1	27,630,929
	<hr/>
Fund Balance, June 30	\$ 15,436,018
	<hr/> <hr/>

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
 PROJECT STATUS--BUDGETARY BASIS
 PERFORMING ARTS ACADEMY BUILDING
 YEAR ENDED JUNE 30, 2019**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
County Funding	\$ 26,321,800	\$ 432,200	\$ 26,754,000	\$ 26,754,000
Total Revenues and Other Financing Sources	26,321,800	432,200	26,754,000	26,754,000
Expenditures and Other Financing Uses:				
Project Expenditures	707,442	10,733,659	11,441,101	26,754,000
Total Expenditures and Other Financing Uses	707,442	10,733,659	11,441,101	26,754,000
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ 25,614,358	\$ (10,301,459)	\$ 15,312,899	\$ -

ADDITIONAL PROJECT INFORMATION

<u>Name of Project:</u>	
PERFORMING ARTS ACADEMY BUILDING	
Grant Date	7/1/2017
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 26,754,000
Additional Authorized Cost	-
Revised Authorized Cost	\$ 26,754,000
Percentage Increase over Original Authorized Cost	0.00%
Percentage Completion	42.76%
Original Target Completion Date	N/A
Revised Target Completion Date	N/A

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS--BUDGETARY BASIS
WARETOWN CENTER CONTROL UPGRADES
YEAR ENDED JUNE 30, 2019**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
County Fuding	\$ 40,000	\$ -	\$ 40,000	\$ 40,000
Total Revenues	40,000	-	40,000	40,000
Expenditures and Other Financing Uses:				
Project Expenditures	15,365	-	15,365	15,365
Project Balances Cancelled:				
Other Capital Projects	-	24,635	24,635	24,635
Total Expenditures and Other Financing Uses	15,365	24,635	40,000	40,000
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ 24,635	\$ (24,635)	\$ -	\$ -

ADDITIONAL PROJECT INFORMATION

<u>Name of Project:</u>	
<u>WARETOWN CENTER CONTROL UPGRADES</u>	
Grant Date	7/1/2017
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 40,000
Additional Authorized Cost	-
Revised Authorized Cost	\$ 15,365
Percentage Increase over Original Authorized Cost	0.00%
Percentage Completion	100.00%
Original Target Completion Date	N/A
Revised Target Completion Date	N/A

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS--BUDGETARY BASIS
ADMINISTRATION OFFICE HVAC SYSTEM UPGRADES
YEAR ENDED JUNE 30, 2019**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
County Funding	\$432,200	48,737	\$ 480,937	\$ 480,937
Total Revenues and Other Financing Sources	432,200	48,737	480,937	480,937
Expenditures and Other Financing Uses:				
Project Expenditures	29,070	417,457	446,527	480,937
Total Expenditures and Other Financing Uses	29,070	417,457	446,527	480,937
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ 403,130	\$ (368,720)	\$ 34,410	\$ -

ADDITIONAL PROJECT INFORMATION

<u>Name of Project:</u>	
<u>ADMINISTRATION OFFICE HVAC SYSTEM UPGRADES</u>	
Grant Date	7/1/2017
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	480,937
Additional Authorized Cost	-
Revised Authorized Cost	480,937
Percentage Increase over Original Authorized Cost	0.00%
Percentage Completion	92.85%
Original Target Completion Date	N/A
Revised Target Completion Date	N/A

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS--BUDGETARY BASIS
BRICK CENTER INTERIOR DOORS
YEAR ENDED JUNE 30, 2019**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
County Funding	\$264,852	\$ -	\$ 264,852	\$ 264,852
Transfers from Other Capital Projects	-	28,116	28,116	28,116
Total Revenues and Other Financing Sources	264,852	28,116	292,968	292,968
Expenditures and Other Financing Uses:				
Project Expenditures	-	292,760	292,760	292,968
Total Expenditures and Other Financing Uses	-	292,760	292,760	292,968
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ 264,852	\$ (264,644)	\$ 208	\$ -

ADDITIONAL PROJECT INFORMATION

<u>Name of Project:</u>	
BRICK CENTER INTERIOR DOORS	
Grant Date	7/1/2017
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	264,852
Additional Authorized Cost	28,116
Revised Authorized Cost	292,968
Percentage Increase over Original Authorized Cost	10.62%
Percentage Completion	99.93%
Original Target Completion Date	N/A
Revised Target Completion Date	N/A

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS--BUDGETARY BASIS
TOMS RIVER INTERIOR DOORS
YEAR ENDED JUNE 30, 2019**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
County Funding	\$ 157,947	\$ 704	\$ 158,651	\$ 158,651
Transfers from Other Capital Projects	-	16,422	16,422	16,422
Total Revenues and Other Financing Sources	157,947	17,126	175,073	175,073
Expenditures and Other Financing Uses:				
Project Expenditures	-	175,073	175,073	175,073
Total Expenditures and Other Financing Uses	-	175,073	175,073	175,073
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ 157,947	\$ (157,947)	\$ -	\$ -

ADDITIONAL PROJECT INFORMATION

<u>Name of Project:</u>	
<u>TOMS RIVER INTERIOR DOORS</u>	
Grant Date	7/1/2017
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 158,651
Additional Authorized Cost	16,422
Revised Authorized Cost	\$ 175,073
Percentage Increase over Original Authorized Cost	0.00%
Percentage Completion	100.00%
Original Target Completion Date	N/A
Revised Target Completion Date	N/A

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS--BUDGETARY BASIS
TOMS RIVER CENTER CONTROL UPGRADES
YEAR ENDED JUNE 30, 2019**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
County Funding	\$ 19,903	\$ -	\$ 19,903	\$ 19,903
Total Revenues and Other Financing Sources	19,903	-	19,903	19,903
Expenditures and Other Financing Uses:				
Project Balances Cancelled:				
Other Capital Projects	-	19,903	19,903	19,903
Total Expenditures and Other Financing Uses	-	19,903	19,903	19,903
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ 19,903	\$ (19,903)	\$ -	\$ -

ADDITIONAL PROJECT INFORMATION

<u>Name of Project:</u>	
<u>TOMS RIVER CENTER CONTROL UPGRADES</u>	
Grant Date	7/1/2017
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 19,903
Additional Authorized Cost	(19,903)
Revised Authorized Cost	\$ -
Percentage Increase over Original Authorized Cost	0.00%
Percentage Completion	0.00%
Original Target Completion Date	N/A
Revised Target Completion Date	N/A

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
 PROJECT STATUS--BUDGETARY BASIS
 TOMS RIVER CENTER EXTERIOR RENOVATIONS
 YEAR ENDED JUNE 30, 2019**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
County Funding	\$ -	217,282	\$ 217,282	\$ 217,282
Local Sources	1,146,104	-	1,146,104	1,146,104
Total Revenues and Other Financing Sources	1,146,104	217,282	1,363,386	1,363,386
Expenditures and Other Financing Uses:				
Project Expenditures	-	1,274,885	1,274,885	1,363,386
Total Expenditures and Other Financing Uses	-	1,274,885	1,274,885	1,363,386
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ 1,146,104	\$ (1,057,603)	\$ 88,501	\$ -

ADDITIONAL PROJECT INFORMATION

<u>Name of Project:</u>	
<u>TOMS RIVER CENTER EXTERIOR RENOVATIONS</u>	
Grant Date	7/1/2017
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 1,146,104
Additional Authorized Cost	217,282
Revised Authorized Cost	\$ 1,363,386
Percentage Increase over Original Authorized Cost	18.96%
Percentage Completion	93.51%
Original Target Completion Date	N/A
Revised Target Completion Date	N/A

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H. Fiduciary Fund

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OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
 FIDUCIARY FUNDS
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2019

	PRIVATE PURPOSE		AGENCY			
	SCHOLARSHIP FUND	UNEMPLOYMENT COMPENSATION	STUDENT ACTIVITY	PAYROLL FUND	PELL GRANT	AGENCY TOTALS
ASSETS						
Cash & Cash Equivalents	\$ 14,980	\$ 159,854	\$ 205,276	\$ 264,455	\$ -	\$ 644,565
Total Assets	14,980	159,854	205,276	264,455	-	644,565
LIABILITIES						
Payroll Deductions & Withholdings Payable - Quarterly Unemployment	-	-	-	264,455	-	264,455
Payable for Student Related Activities	-	1,219	-	-	-	1,219
	-	-	205,276	-	-	205,276
Total Liabilities	-	1,219	205,276	264,455	-	470,950
NET POSITION						
Restricted - Held in Trust for Unemployment Claims & Other Purposes	-	158,635	-	-	-	158,635
Restricted - Scholarships	14,980	-	-	-	-	14,980
Total Net Position	\$ 14,980	\$ 158,635	\$ -	\$ -	\$ -	\$ 173,615

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2019**

	<u>PRIVATE PURPOSE</u>		TOTAL
	SCHOLARSHIP	UNEMPLOYMENT TRUST	
OPERATING REVENUES			
Local Sources:			
Contributions	\$ 56,050	\$ 27,674	\$ 83,724
Total Operating Revenues	<u>56,050</u>	<u>27,674</u>	<u>83,724</u>
OPERATING EXPENSES			
Unemployment Claims	-	11,624	11,624
Scholarships Awarded	51,800	-	51,800
Total Operating Expenses	<u>51,800</u>	<u>11,624</u>	<u>63,424</u>
Change in Net Position	4,250	16,050	20,300
Net Position - Beginning	<u>10,730</u>	<u>142,585</u>	<u>153,315</u>
Net Position - Ending	<u>\$ 14,980</u>	<u>\$ 158,635</u>	<u>\$ 173,615</u>

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

	BALANCE JULY 1, 2018	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE JULY 1, 2019
Vocational School				
Brick	\$ 12,122	\$ 31,592	\$ 31,595	\$ 12,119
Jackson	9,014	15,096	16,033	8,077
Waretown	5,061	19,090	13,454	10,697
Toms River	26,973	8,940	8,008	27,905
MATES	45,699	58,964	76,409	28,254
Lakehurst	99,822	120,853	114,369	106,306
Adult Education	356	-	-	356
Miscellaneous	11,317	20	1	11,336
Student Services	331	395	500	226
Total All Schools	<u>\$ 210,695</u>	<u>\$ 254,950</u>	<u>\$ 260,369</u>	<u>\$ 205,276</u>

EXHIBIT H-4

OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
 PAYROLL AGENCY FUND & PAYROLL FUND
 SCHEDULE OF RECEIPTS AND DISBURSEMENTS
 YEAR ENDED JUNE 30, 2019

	BALANCE JUNE 30, 2018	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE JUNE 30, 2019
ASSETS				
Cash & Cash Equivalents	\$ 160,009	\$ 20,649,304	\$ 20,544,858	\$ 264,455
Total Assets	\$ 160,009	\$ 20,649,304	\$ 20,544,858	\$ 264,455
LIABILITIES				
Payroll Deductions & Withholdings	\$ 160,009	\$ 20,544,858	\$ 20,649,304	\$ 264,455
Total Liabilities	\$ 160,009	\$ 20,544,858	\$ 20,649,304	\$ 264,455

EXHIBIT H-5

OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
 PELL GRANT AGENCY FUND
 SCHEDULE OF RECEIPTS AND DISBURSEMENTS
 YEAR ENDED JUNE 30, 2019

	BALANCE JUNE 30, 2018	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE JUNE 30, 2019
ASSETS				
Cash & Cash Equivalents	\$ 123	\$ 1,472,487	\$ 1,472,610	\$ -
Total Assets	\$ 123	\$ 1,472,487	\$ 1,472,610	\$ -
LIABILITIES				
Due to Recipients	\$ 123	\$ 1,472,487	\$ 1,472,610	\$ -
Total Liabilities	\$ 123	\$ 1,472,487	\$ 1,472,610	\$ -

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I. Long-Term Debt

Not Applicable

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STATISTICAL SECTION (Unaudited)

Third Section

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Financial Trends Information

Financial trends information is intended to assist the user in understanding and assessing how the School District's financial position has changed over time. Please refer to the following exhibits for a historical view of the School District's financial performance. The Exhibits are presented for the last ten fiscal years.

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
FISCAL YEAR ENDING JUNE 30,										
Governmental Activities:										
Net Investment in										
Capital Assets	\$ 35,152,922	\$ 22,763,578	\$ 22,661,862	\$ 20,523,837	\$ 20,422,313	\$ 20,966,874	\$ 21,617,255	\$ 22,274,579	\$ 22,980,492	\$ 23,975,694
Restricted	15,868,791	28,559,702	907,773	2,563,505	1,835,068	1,551,331	2,025,137	1,949,551	1,532,526	1,293,057
Unrestricted (Deficit)	(11,522,993)	(11,214,567)	(11,266,834)	(9,121,155)	(10,489,417)	(746,486)	(991,667)	(143,886)	183,599	(297,915)
Total Governmental Activities	\$ 39,498,720	\$ 40,108,713	\$ 12,302,801	\$ 13,966,187	\$ 11,767,964	\$ 21,771,719	\$ 22,650,725	\$ 24,080,244	\$ 24,696,617	\$ 24,970,836
Business-Type Activities:										
Net Investment in Capital Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted (Deficit)	19,548	23,282	24,128	24,128	8,542	39,168	23,379	90,192	56,817	42,381
Total Business-Type Activities	\$ 19,548	\$ 23,282	\$ 24,128	\$ 24,128	\$ 8,542	\$ 39,168	\$ 23,379	\$ 90,192	\$ 56,817	\$ 42,381
District-Wide:										
Net Investment in Capital Assets	\$ 35,152,922	\$ 22,763,578	\$ 22,661,862	\$ 20,523,837	\$ 20,422,313	\$ 20,966,874	\$ 21,617,255	\$ 22,274,579	\$ 22,980,492	\$ 23,975,694
Restricted	15,868,791	28,559,702	907,773	2,563,505	1,835,068	1,551,331	2,025,137	1,949,551	1,532,526	1,293,057
Unrestricted (Deficit)	(11,503,445)	(11,191,285)	(11,242,706)	(9,097,027)	(10,480,875)	(707,318)	(968,288)	(53,694)	240,416	(255,534)
Total District Net Position	\$ 39,518,268	\$ 40,131,995	\$ 12,326,929	\$ 13,990,315	\$ 11,776,506	\$ 21,810,887	\$ 22,674,104	\$ 24,170,436	\$ 24,753,434	\$ 25,013,217

Source: CAFR Schedule A-1

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

	FISCAL YEAR ENDING JUNE 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Expenses:										
Governmental Activities										
Instruction:										
Regular	\$ (3,436,112)	\$ (3,406,736.00)	\$ (3,256,501.00)	\$ (2,893,971.00)	\$ (3,046,659.00)	\$ (2,946,244.00)	\$ (2,827,260.00)	\$ (2,627,618.00)	\$ (2,627,618.00)	\$ (2,590,278.00)
Special Education	(1,362,191)	(1,369,113.00)	(1,262,946.00)	(1,345,393.00)	(1,266,602.00)	(1,328,327.00)	(1,439,906.00)	(1,375,274.00)	(1,375,274.00)	(1,356,206.00)
Other Special Education	(236,773)	(275,589.00)	(266,671.00)	(244,875.00)	(226,796.00)	(211,045.00)	(254,109.00)	(188,680.00)	(188,680.00)	(171,451.00)
Vocational	(6,286,591)	(6,062,405.00)	(6,001,138.00)	(6,039,426.00)	(5,969,783.00)	(5,723,492.00)	(5,577,705.00)	(5,447,967.00)	(5,447,967.00)	(5,355,192.00)
Support Services:										
School Administrative										
Services	(\$1,992,083)	(1,863,385.00)	(1,848,497.00)	(1,810,299.00)	(1,718,525.00)	(1,696,007.00)	(1,647,699.00)	(1,604,942.00)	(1,604,942.00)	(1,562,722.00)
General & Business Administrative										
Services	(\$1,979,418)	(1,934,401.00)	(1,935,988.00)	(1,900,857.00)	(1,729,444.00)	(1,726,906.00)	(1,670,243.00)	(1,516,129.00)	(1,516,129.00)	(1,540,499.00)
Plant Operations & Maintenance	(\$2,740,756)	(2,344,968.00)	(2,628,891.00)	(2,499,235.00)	(2,378,067.00)	(2,523,304.00)	(2,930,767.00)	(3,026,195.00)	(3,026,195.00)	(2,707,701.00)
Pupil Transportation	(224,061)	(230,126.00)	(248,790.00)	(233,039.00)	(227,015.00)	(203,878.00)	(217,048.00)	(217,739.00)	(217,739.00)	(247,656.00)
Business & Other Support Services	(13,196,949)	(15,641,742.00)	(9,940,658.00)	(12,005,707.00)	(8,657,498.00)	(7,516,250.00)	(7,753,528.00)	(7,028,409.00)	(7,028,409.00)	(6,366,957.00)
Special Schools	(6,451,330)	(6,158,708.00)	(6,027,704.00)	(5,624,554.00)	(5,532,317.00)	(5,545,655.00)	(5,152,877.00)	(4,827,816.00)	(4,827,816.00)	(4,640,294.00)
Interest & Other Charges	(50,077)	(50,077.00)	(50,077.00)	-	-	-	-	-	-	-
Unallocated Depreciation	(1,428,242)	(1,367,560.00)	(1,339,744.00)	(1,225,660.00)	(1,243,212.00)	(1,207,751.00)	(1,289,331.00)	(1,263,188.00)	(1,263,188.00)	(1,285,148.00)
Total Governmental Activities Expenses	(39,384,583)	(40,704,810)	(34,807,605)	(35,823,016)	(31,995,918)	(30,628,859)	(30,760,473)	(29,123,957)	(29,123,957)	(27,824,104)
Business-Type Activities:										
Food Service	(207,589)	(205,086)	(180,832)	(224,360)	(187,834)	(395,422)	(204,426)	(215,153)	(215,153)	(203,052)
Enterprise Fund	(25,308)	(34,326)	(23,450)	(40,762)	(20,252)	(31,204)	-	(1,042)	(1,042)	(2,015)
Total Business-Type Activities Expense	(232,897)	(239,412)	(204,282)	(265,122)	(208,086)	(426,626)	(204,426)	(216,195)	(216,195)	(205,067)
Total District Expenses	\$ (39,617,480)	\$ (40,944,222)	\$ (35,011,887)	\$ (36,088,138)	\$ (32,204,004)	\$ (31,055,485)	\$ (30,964,899)	\$ (29,340,152)	\$ (29,340,152)	\$ (28,029,171)
Program Revenues:										
Operating Grants & Contributions	\$ 8,447,435	\$ 10,879,461	\$ 1,554,377	\$ 7,607,255	\$ 4,561,218	\$ 1,252,071	\$ 1,223,049	\$ 1,026,990	\$ 1,026,990	\$ 1,318,420
Total Governmental Activities Program Revenues	8,447,435	10,879,461	1,554,377	7,607,255	4,561,218	1,252,071	1,223,049	1,026,990	1,026,990	1,318,420
Business-Type Activities:										
Food Service	204,418	204,024	193,881	201,490	200,086	350,941	232,801	227,405	227,405	204,410
Enterprise Fund	24,745	34,542	25,987	33,006	23,789	8,872	5,000	19,470	19,470	12,543
Total Business Type Activities Program Revenues	229,163	238,566	219,868	234,496	223,875	359,813	237,801	246,875	246,875	216,953
Total District Program Revenues	\$ 8,676,598	\$ 11,118,027	\$ 1,774,245	\$ 7,841,751	\$ 4,785,093	\$ 1,611,884	\$ 1,460,850	\$ 1,273,865	\$ 1,273,865	\$ 1,535,373
Net (Expense)/Revenue:										
Governmental Activities	\$ (30,937,148)	\$ (29,825,349)	\$ (33,253,228)	\$ (28,215,761)	\$ (27,434,700)	\$ (29,376,788)	\$ (29,537,424)	\$ (28,096,967)	\$ (28,096,967)	\$ (26,505,684)
Business-Type Activities	(3,734)	(846)	(846)	(846)	(846)	(846)	(846)	(846)	(846)	(846)
Total District-Wide Net Expense	\$ (30,940,882)	\$ (29,826,195)	\$ (33,257,642)	\$ (28,246,387)	\$ (27,443,911)	\$ (29,443,601)	\$ (29,504,049)	\$ (28,066,287)	\$ (28,066,287)	\$ (26,493,798)

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

	FISCAL YEAR ENDING JUNE 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Revenues & Other Changes in Net Position:										
Governmental Activities:										
County Appropriation	\$ 18,638,398	\$ 18,272,939	\$ 17,914,646	\$ 19,855,085	\$ 17,682,495	\$ 17,547,596	\$ 17,364,646	\$ 17,364,646	\$ 17,364,646	\$ 17,364,646
County Appropriation	-	27,452,902	386,393	-	-	-	-	-	-	-
Capital Project	698,923	1,146,104	-	-	-	-	-	-	-	-
Local Funding	-	-	-	-	-	-	-	-	-	-
Unrestricted Grants & Contributions	6,246,867	6,407,328	8,458,305	5,927,671	5,306,864	7,475,791	7,634,557	7,207,560	7,207,560	6,209,785
Tuition Received	4,339,014	3,994,813	3,928,234	3,885,097	2,850,196	2,735,385	2,155,175	2,263,407	2,263,407	1,951,231
Miscellaneous Income	403,953	357,175	902,264	746,131	1,120,198	739,010	953,527	628,737	628,737	705,803
Transfers In/Out	-	-	-	-	-	-	-	16,244	16,244	-
Total Governmental Activities	30,327,155	57,631,261	31,589,842	30,413,984	26,959,753	28,497,782	28,107,905	27,480,594	27,480,594	26,231,465
Business-Type Activities:										
Transfers In/Out	-	-	-	-	-	(16,244)	-	-	-	-
Total Business-Type Activities	-	-	-	-	-	(16,244)	-	-	-	-
Total District-Wide	\$ 30,327,155	\$ 57,631,261	\$ 31,589,842	\$ 30,413,984	\$ 26,959,753	\$ 28,481,538	\$ 28,107,905	\$ 27,480,594	\$ 27,480,594	\$ 26,231,465
Change in Net Position:										
Governmental Activities	\$ (609,993)	\$ 27,805,912	\$ (1,663,386)	\$ 2,198,223	\$ (474,947)	\$ (879,006)	\$ (1,429,519)	\$ (1,429,519)	\$ (616,373)	\$ (274,219)
Business-Type Activities	(3,734)	(846)	15,586	(30,626)	15,789	(83,057)	33,375	17,131	30,680	11,886
Total District	\$ (613,727)	\$ 27,805,066	\$ (1,647,800)	\$ 2,167,597	\$ (459,158)	\$ (962,063)	\$ (1,396,144)	\$ (1,412,388)	\$ (585,693)	\$ (262,333)

Source: CAFR Schedule A-2

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

	FISCAL YEAR ENDING JUNE 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Fund:										
Restricted	\$ 432,773	\$ 928,773	\$ 907,773	\$ 1,019,206	\$ 631,206	\$ 386,186	\$ 782,816	\$ 2,553,153	\$ 2,026,811	\$ 743,057
Committed	271,901	502,727	239,262	416,026	733,995	474,273	220,203	-	-	-
Assigned	920,144	1,165,516	825,344	1,128,273	469,867	690,872	1,022,118	-	-	-
Unassigned	1,110,114	918,770	945,869	996,692	1,022,844	1,065,235	728,906	926,567	921,087	1,334,187
Total General Fund	\$ 2,734,932	\$ 3,515,786	\$ 2,918,248	\$ 3,560,197	\$ 2,857,912	\$ 2,616,566	\$ 2,754,043	\$ 3,479,720	\$ 2,947,898	\$ 2,077,244
All Other Governmental Funds:										
Restricted										
Capital Projects Fund	\$ 15,436,018	\$ 27,630,929	\$ -	\$ 1,892,987	\$ 4,228	\$ -	\$ -	\$ -	\$ -	\$ -
Total All Other Governmental Funds	\$ 15,436,018	\$ 27,630,929	\$ -	\$ 1,892,987	\$ 4,228	\$ -	\$ -	\$ -	\$ -	\$ -

Source: CAFR Schedule B-1

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Revenues										
County Appropriation	19,337,321	45,725,841	18,301,039	19,855,085	17,682,495	17,547,596	17,364,646	17,364,646	17,364,646	17,364,646
Local Funding	-	1,146,104	-	-	-	-	-	-	-	-
Tuition Charges	4,339,014	3,994,813	3,928,234	3,885,097	2,850,196	2,735,385	2,155,175	2,263,407	1,951,231	1,657,083
Interest Earnings	4,051	-	-	-	-	-	3,149	-	6,060	7,978
Miscellaneous	1,173,725	1,053,128	902,264	746,131	1,120,198	739,010	953,527	625,588	699,743	675,346
Slate Sources	9,856,796	9,675,973	8,868,768	9,111,709	8,122,551	7,728,201	7,924,367	7,252,074	6,593,729	7,260,420
Federal Sources	1,210,426	1,068,374	1,143,914	1,117,312	991,005	999,661	919,811	982,476	934,476	1,498,294
Total Revenues	35,921,333	62,664,233	33,144,219	34,715,334	30,766,445	29,749,853	29,317,526	28,491,340	27,549,885	28,463,767
Expenditures										
Instruction:										
Regular Instruction	3,436,112	3,406,736	3,256,501	2,893,971	3,046,659	2,946,244	2,827,260	2,627,618	2,590,278	2,713,141
Special Education Instruction	1,362,191	1,369,113	1,262,946	1,345,393	1,266,602	1,328,327	1,439,906	1,375,274	1,356,206	1,525,494
Other Special Instruction	236,773	275,589	266,671	244,875	226,796	211,045	254,109	188,680	171,451	206,896
Vocational Instruction	6,286,591	6,062,405	6,001,138	6,039,426	5,969,783	5,723,492	5,577,705	5,447,967	5,355,192	5,809,188
Support Services:										
Student & Instruction Related Services	2,549,914	2,322,564	2,320,631	2,183,315	2,102,344	938,864	921,717	716,255	722,290	774,732
School Administrative Services	1,992,083	1,863,385	1,848,497	1,810,299	1,718,525	1,696,007	1,647,699	1,604,942	1,562,722	1,989,968
General & Business Administration Services	1,979,418	1,934,401	1,935,988	1,900,857	1,729,444	2,006,878	2,093,207	1,872,405	1,811,286	1,605,576
Plant Operations & Maintenance	2,742,675	2,351,404	2,628,987	2,449,176	2,327,997	2,459,236	2,886,239	2,986,232	2,649,219	2,736,206
Pupil Transportation	224,061	230,126	248,790	233,039	227,015	203,878	217,048	217,739	247,656	276,162
Other Support Services:	7,770,206	6,948,418	6,353,552	6,017,914	5,628,896	6,206,266	6,362,329	5,513,596	5,224,209	5,048,180
Special Schools	6,451,330	6,158,708	6,027,704	5,624,554	5,532,317	5,545,655	5,152,877	4,827,816	4,640,294	4,853,142
Capital Outlay	13,815,667	1,462,840	3,477,673	1,377,243	748,721	621,438	676,535	597,238	348,428	1,369,321
Interest & Other Charges	50,077	50,077	50,077	-	-	-	-	-	-	-
Total Expenditures	48,897,098	34,435,766	35,679,155	32,120,062	30,525,099	29,887,330	30,056,631	27,975,762	26,679,231	28,908,006
Other Financing Sources/(Uses):										
Transfers In	-	-	-	-	-	16,244	-	-	-	-
Total Other Financing Sources/(Uses)	-	-	-	-	-	16,244	-	-	-	-
Net Change in Fund Balances	\$ (12,975,765) \$	28,228,467 \$	(2,534,936) \$	2,595,272 \$	241,346 \$	(121,233) \$	(739,105) \$	515,578 \$	870,654 \$	(444,239) \$

Source: District Records

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

FISCAL YEAR ENDING JUNE 30.	INTEREST ON INVESTMENTS	SUMMER CAMP	MISCELLANEOUS	TOTAL
2019	\$ 4,051	\$ 36,135	\$ 363,767	\$ 403,953
2018	-	30,550	330,960	361,510
2017	-	32,365	263,114	295,479
2016	-	-	205,024	205,024
2015	-	-	578,028	578,028
2014	-	-	159,618	159,618
2013	-	-	361,866	361,866
2012	3,149	-	183,624	186,773
2011	6,060	-	245,610	251,670
2010	7,978	-	191,553	199,531

Source: District Records

Demographic and Economic Information

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

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

YEAR	POPULATION (a)	PERSONAL INCOME (b)	PER CAPITA PERSONAL INCOME (c)	UNEMPLOYMENT RATE (d)
2019	N/A		N/A	N/A
2018	N/A		N/A	N/A
2017	N/A		N/A	N/A
2016	592,497		N/A	5.20%
2015	588,721		46,109	6.00%
2014	585,916		44,381	7.20%
2013	583,090		42,573	8.50%
2012	580,592		42,499	10.30%
2011	578,931		41,460	10.00%
2010	577,643		39,900	10.10%

Source: U.S. Department of Commerce, Bureau of Economic Analysis. These numbers are estimated by the Bureau and may be revised from year to year.

^a Population information provided by the NJ Dept of Labor and Workforce Development. These numbers are estimated by the Department and may be revised from year to year. income presented.

^b Per capita personal income by county estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

^c Unemployment data provided by the NJ Dept of Labor and Workforce Development. Note that that there is recent revised data for the years 2004 through 2001 due to the new unemployment estimation procedure.

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Operating Information

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

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

Function/Program	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Instruction:										
Vocational	128	130	128	128	130	133	134	131	131	132
Support Services:										
Student & Instruction Related Services	22	22	22	22	21	22	22	22	21	23
School Administrative Services	39	39	40	38	36	35	35	35	34	36
General & Business Administrative Services	3	4	4	4	4	4	4	4	4	5
Plant Operations & Maintenance	21	22	21	22	22	25	23	21	22	27
Business & Other Support Services	17	16	17	17	18	18	18	18	17	18
Total	230	233	232	231	231	237	236	231	229	241

Source: District Personnel Records

OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
 OPERATING STATISTICS
 LAST TEN FISCAL YEARS

FISCAL YEAR	ENROLLMENT	OPERATING EXPENDITURES (a)	COST PER PUPIL	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	TECHNICAL				
2019	1,985	\$ 35,081,431	\$ 17,673	5.48%	13	13	13	1,302	1,241	1.56%	95.31%
2018	1,968	32,972,926	16,755	5.83%	13	13	13	1,282	1,218	-3%	95.01%
2017	2,034	32,201,482	15,832	5.41%	13	13	13	1,317	1,249	1%	94.84%
2016	2,047	30,742,819	15,018	4.51%	13	13	13	1,309	1,239	-1%	94.65%
2015	2,072	29,776,378	14,371	-0.81%	13	13	13	1,321	1,249	1%	94.55%
2014	2,020	29,265,892	14,488	-13.21%	13	13	13	1,311	1,246	-21.31%	95.04%
2013	1,760	29,380,096	16,693	6.58%	13	13	13	1,666	1,544	0.24%	92.68%
2012	1,748	27,378,524	15,663	1.24%	13	13	13	1,662	1,565	8.98%	94.16%
2011	1,702	26,330,803	15,471	-2.08%	13	13	13	1,525	1,428	-4.93%	93.64%
2010	1,743	27,538,685	15,800	-1.57%	13	13	13	1,604	1,496	6.44%	93.27%

Sources: District records

Note: Enrollment based on annual October district count from the year prior.

a Operating expenditures equal total expenditures less debt service, capital outlay, and on-behalf TPAF Pension and reimbursed TPAF social security contributions. J-4

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 Pupil/Teacher ratio was obtained from the Comparative Spending Guide

OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

<u>DISTRICT BUILDINGS</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
High School:										
Brick Center (1972)		85,870	85,870	85,870	85,870	85,870	85,870	85,870	85,870	85,870
Square Feet	93,500									
Capacity (Students)	894	894	894	894	894	894	894	894	894	894
Enrollment	882	875	778	921	792	877	794	833	804	807
Jackson Center (1974)										
Square Feet	5,400	51,300	51,300	51,300	51,300	51,300	51,300	51,300	51,300	51,300
Capacity (Students)	454	454	454	454	454	454	454	454	454	454
Enrollment (a)	360	327	322	342	345	355	366	348	358	339
Toms River Center (1975)										
Square Feet	5,800	56,725	56,725	56,725	56,725	56,725	56,725	56,725	56,725	56,725
Capacity (Students)	554	554	554	554	554	554	554	554	554	554
Enrollment	724	745	941	662	888	712	579	599	574	596
Waretown (1974)										
Square Feet	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000
Capacity (Students)	260	260	260	260	260	260	260	260	260	260
Enrollment	189	193	144	237	258	303	276	256	229	278
NLC (1994)										
Square Feet	52,683	61,506	61,506	61,506	61,506	61,506	61,506	61,506	61,506	61,506
Capacity (Students)	340	340	340	340	340	340	340	340	340	340
Enrollment	262	258	297	354	319	337	316	298	293	321
MATES (2006)										
Square Feet - 51,598	51,598	51,598	51,598	51,598	51,598	51,598	51,598	51,598	51,598	51,598
Capacity (Students)	250	250	250	250	250	250	250	250	250	250
Enrollment	275	275	280	274	274	266	266	249	232	220
Cuisine on the Green (2013)										
Square Feet - 4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200
Capacity (Students)	18	18	18	18	18	18	18	18	18	18
Enrollment	14	18	15	16	27					

Number of Schools at June 30, 2019:
Senior High School = 6

Source: District Facilities Office, District Records

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

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
UNAUDITED**

SCHOOL FACILITIES	PROJECT #(s)	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Brick Center		\$ 163,451	\$ 135,815	\$ 164,719	\$ 142,653	\$ 94,169	\$ 143,145	\$ 176,216	\$ 178,991	\$ 138,190	\$ 137,560
Jackson Center		94,400	78,439	101,078	87,537	57,786	87,839	108,132	109,836	84,798	84,412
Toms River Center		101,392	84,249	108,565	94,022	62,066	94,345	116,142	117,972	91,080	90,665
Ocean Center (Waretown)		41,955	34,862	44,924	38,906	25,683	39,039	48,059	48,816	37,688	37,516
Navy Lakehurst Center		92,097	76,526	98,613	85,402	56,376	85,696	105,495	107,157	82,730	82,353
Administration Building		10,279	8,541	11,006	9,532	6,292	9,565	11,775	11,960	9,234	9,192
Building 33 - NAES		-	-	-	-	-	8,576	10,557	10,723	8,278	8,242
Building 487A - NAES		-	-	-	-	-	-	-	-	-	-
Student Services Center		5,244	4,558	5,615	4,863	3,210	4,880	6,007	6,102	4,711	4,690
MATES		90,201	74,950	96,582	83,643	55,215	83,932	103,323	104,950	81,027	80,657
Grand Total		\$ 599,019	\$ 497,740	\$ 631,102	\$ 546,558	\$ 360,797	\$ 557,017	\$ 685,706	\$ 696,507	\$ 537,736	\$ 535,287

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
INSURANCE SCHEDULE
JUNE 30, 2019
UNAUDITED**

	COVERAGE	DEDUCTIBLE
SCHOOL PACKAGE POLICY (1):		
Building and Contents (All Locations)	\$ 5,000,000,000	5,000
Boiler and Machinery	100,000,000	5,000
Employee Dishonesty	500,000	1,000
General Automobile Liability	16,000,000	-
School Board Legal Liability	16,000,000	5,000
Employers Liability	16,000,000	-
Professional Liability	16,000,000	-
EDP	3,000,000	1,000
Pollution Liability	1,000,000	10,000
SCHOOL ACCIDENT INSURANCE (1):		
Workers' Compensation (1)	2,000,000	-
Compulsory Student Accident Insurance (2)	5,000,000	
Volunteer Accident Coverage (3)	500,000	
SURETY BONDS (40):		
Treasurer	250,000	N/A
Board Secretary	100,000	N/A
BOAT POLICY (5)		
Hull & Machinery	99,000	1,000
Protection & Indemnity	1,000,000	1,000

- (1) NJSIG
- (2) National Union Fire Insurance Company of Pittsburgh, PA
- (3) QBE Insurance Co.
- (4) Hanover Insurance Company
- (5) Atlantic Specialty Co.

Source: District Records

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SINGLE AUDIT SECTION

Fourth Section

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EXHIBIT K-1

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Ocean County Vocational Technical School as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated December 5, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of This Report

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

Respectfully Submitted,
HOLMAN FRENIA ALLISON, P.C.

Jerry W. Conaty
Certified Public Accountant
Public School Accountant, No. 2470

Toms River New Jersey
December 5, 2019

EXHIBIT K-2

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

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

Report on Compliance for Each Major Federal and State Program

We have audited the Ocean County Vocational Technical School's compliance with the types of compliance requirements described in the OMB Compliance Supplement and the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the School District's major federal and state programs for the fiscal year ended June 30, 2019. The Ocean County Vocational Technical School's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal and State Program

In our opinion, the Ocean County Vocational Technical School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

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

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

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

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

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Jerry W. Conaty
Certified Public Accountant
Public School Accountant, No. 2470

Toms River New Jersey
December 5, 2019

OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

FEDERAL GRANTOR PASS-THROUGH GRANTOR PROGRAM TITLE OR CLUSTER	FEDERAL CFDA NUMBER	FEDERAL AWARD IDENTIFICATION NUMBER	PASS THROUGH ENTITY IDENTIFYING NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD	BALANCE June 30, 2018	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS	BALANCE JUNE 30, 2019	
										UNEARNED REV (ACCOUNTS RECEIVABLE)	DUE TO GRANTOR
U.S. Department of Agriculture											
Passed Through New Jersey Department of Agriculture:											
Child Nutrition Cluster:											
School Breakfast Program	10.553	171N1304N1099	100-010-3350-028	1,320	7/1/17-6/30/18	\$ (105)	105	\$ -	\$ -	\$ -	\$ -
School Breakfast Program	10.553	16161N1304N1099	100-010-3350-028	734	7/1/18-6/30/19	(105)	709	(734)	-	(25)	(25)
National School Lunch Program											
National School Lunch Program	10.555	171N1304N1099	100-010-3350-028	10,496	7/1/17-6/30/18	(628)	628	-	-	-	-
National School Lunch Program	10.555	16161N1304N1099	100-010-3350-028	12,564	7/1/18-6/30/19	-	10,298	(12,564)	-	(2,266)	(2,266)
Healthy Hunger-Free Kids Act	10.555	171N1304N1099	100-010-3350-026	704	7/1/17-6/30/18	(44)	44	-	-	-	-
Healthy Hunger-Free Kids Act	10.555	16161N1304N1099	100-010-3350-026	796	7/1/18-6/30/19	(672)	651	(796)	-	(145)	(145)
Total Child Nutrition Cluster											
						(777)	12,435	(14,094)	-	(2,436)	(2,436)
Total U.S. Department of Agriculture											
						(777)	12,435	(14,094)	-	(2,436)	(2,436)
U.S. Department of Commerce											
Passed Through Conserve Wildlife Foundation of New Jersey											
NOAA Trust NOAA	11.999	Not Available	Not Available	16,280	9/1/17-12/31/19	-	7,382	(11,452)	-	(4,070)	(4,070)
U.S. Department of Education											
Passed Through New Jersey Department of Education:											
Student Financial Assistance Cluster											
Pell Grant	84.063	P063P164338	Not Available	1,472,610	7/1/18-6/30/19	-	1,472,610	(1,472,610)	-	-	-
Student Financial Assistance Cluster											
Career and Technical Education	84.048	V048160030	100-034-5062-084	517,701	7/1/18-6/30/19	-	517,701	(517,701)	-	-	-
Perkins Grant - Secondary	84.048	V048160030	100-034-5062-084	70,200	7/1/18-6/30/19	-	70,200	(70,200)	-	-	-
Perkins Grant - Secondary Reserve				587,901		-	587,901	(587,901)	-	-	-
Special Education Cluster:											
I.D.E.A. Part B - Basic	84.027	H027A140100	100-034-5065-016	139,617	7/1/18-6/30/19	-	139,617	(139,617)	-	-	-
Total Education Cluster											
						-	139,617	(139,617)	-	-	-
No Child Left Behind (N.C.L.B.):											
Title I - Part A	84.010	S010A160030	100-034-5064-194	356,879	7/1/18-6/30/19	-	356,876	(356,876)	-	-	-
Title II-A, Supporting Effective Instruction	84.367	SS67A160029	100-034-5063-290	58,154	7/1/18-6/30/19	-	58,154	(58,154)	-	-	-
Title IV	84.424	SA24A180031	100-034-5063-348	18,350	7/1/18-6/30/19	-	18,350	(18,350)	-	-	-
Total U.S. Department of Education											
						-	2,633,508	(2,633,508)	-	-	-
Total Expenditures of Federal Awards											
						\$ (777)	2,653,325	(2,659,054)	\$ -	\$ (6,506)	\$ -

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

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2019**

Note 1. Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal awards and state financial assistance programs of the Ocean County Vocational Technical School. The School District is defined in Note 1 of the basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

Note 2. Summary of Significant Accounting Policies

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

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

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the School District for the year ended June 30, 2019. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2019.

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2019 (Continued)**

Note 3. Relationship to Basic Financial Statements

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$50,320.00 for the general fund and \$83,670.00 for the special revenue fund. See Exhibit C-3 Note A of the basic financial statements, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance expenditures reported in the School District's basic financial statements on a GAAP basis are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 9,697,708	\$ 9,697,708
Special Revenue Fund	1,210,426	159,088	1,369,514
Food Service Fund	14,094	678	14,772
Agency Fund	1,472,487	-	1,472,487
Total Awards & Financial Assistance	<u>\$ 2,697,007</u>	<u>\$ 9,857,474</u>	<u>\$ 12,554,481</u>

Note 4. Relationship to Federal and State Financial Reports

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

Note 5. Federal and State Loans Outstanding

The Ocean County Vocational Technical School had no loan balances outstanding at June 30, 2019.

OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2019

Section I - Summary of Auditor's Results

Financial Statements

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

Federal Awards

Internal control over major programs:		
1) Material weakness(es) identified?	<u> </u> yes	<u> X </u> no
2) Significant deficiency(ies) identified?	<u> </u> yes	<u> X </u> none reported
Type of auditor's report issued on compliance for major programs	<u>Unmodified</u>	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a) of Uniform Guidance?	<u> </u> yes	<u> X </u> no

Identification of major programs:

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

Dollar threshold used to determine Type A programs	<u>\$</u>	<u>750,000</u>
Auditee qualified as low-risk auditee?	<u> X </u> yes	<u> </u> no

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019**

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

State Financial Assistance

Dollar threshold used to determine Type A programs	\$	750,000
Auditee qualified as low-risk auditee?	<u> X </u>	yes <u> </u> no
Internal control over major programs:		
1) Material weakness(es) identified?	<u> </u>	yes <u> X </u> no
2) Significant deficiency(ies) identified?	<u> </u>	yes <u> X </u> none reported
Type of auditor's report issued on compliance for major programs		Unmodified

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
495-034-5120-089	State Aid Public:
495-034-5120-084	Special Education Categorical Aid
495-034-5120-085	Security Aid
495-034-5120-078	Adjustment Aid
	Equalization Aid

OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
SCHEDULE OF FINDINGS & QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019

Section II - Financial Statement Findings

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

None.

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
SCHEDULE OF FINDINGS & QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019**

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

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB's Circular 15-08.

FEDERAL AWARDS

None.

STATE FINANCIAL ASSISTANCE

None.

**OCEAN COUNTY VOCATIONAL TECHNICAL SCHOOL
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
YEAR ENDED JUNE 30, 2019**

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

Financial Statement Findings

No Prior Year Findings.

Federal Awards

No Prior Year Findings.

State Financial Assistance

No Prior Year Findings.