

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

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

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2019**

**Comprehensive Annual
Financial Report**

of the

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

(a component unit of the County of Warren)

Washington, New Jersey

For the Fiscal Year Ended June 30, 2019

Prepared by

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

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INTRODUCTORY SECTION

WARREN COUNTY TECHNICAL SCHOOL DISTRICT

1500 Route 57, Washington, NJ 07882-3538

November 8, 2019

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

Dear Board Members:

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

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

1) REPORTING ENTITY AND ITS SERVICES: The Warren County Vocational-Technical School District ("WCTS") is a component unit of the County of Warren within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Warren County Vocational-Technical School District and its school constitute the District's reporting entity. The District completed the 2018-2019 school year with an enrollment of 460 students in grades 9 through 12.

2) MAJOR INITIATIVES: The Warren County Vocational/Technical School is one of the twenty-one New Jersey Vocational/Technical School districts. The District is supported by the Warren County Freeholders and tuition fees from the local sending districts along with State and Federal aid. The prospective students submit an application to attend the school for their freshman year and if accepted will begin their high school program at Warren County Technical/Vocational school instead of their local high school. The District is continually evolving to meet the needs of the students as their future careers continue to evolve. The District's goal is to provide the students with the ability to receive technical education in programs like General Engineering and Computer Programming and Vocational training in programs like Welding, Electrical Applications and Automotive Technology. The District has continued to make progress in the dual enrollment credit process with the Warren County Community College and Centenary University which enables students to receive college credits without any cost. The Board of Education continues to review programs in order to provide the best opportunities for the students' success after graduation. The Board has

2) MAJOR INITIATIVES (Cont'd):

been increasing the students' ability to receive a well-rounded education whether they are in career programs, academic classes or after school sports and activities. The building envelope is continually being improved to provide a healthy energy efficient pleasant environment for the students and staff. Currently the district enrollment is essentially maximized.

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

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

4) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Warren County Board of School Estimate, which consists of three Warren County freeholders and two Warren County Vocational-Technical School Board members. Annual appropriated budgets are adopted for the general fund and the special revenue fund. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as fund balance restrictions, commitments and /or assignments at June 30, 2019.

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

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

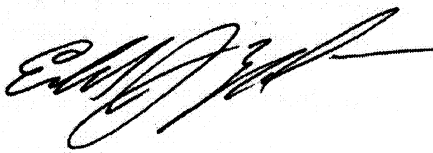
7) RISK MANAGEMENT: The District carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, workers' compensation and fidelity bonds. Willis Group of New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

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

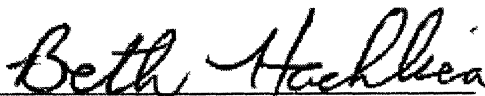
8) OTHER INFORMATION: Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes,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

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

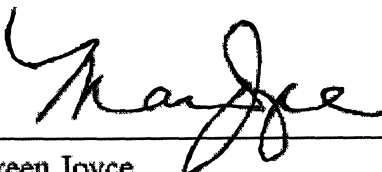
Respectfully submitted,



Edmund Zalewski
Superintendent

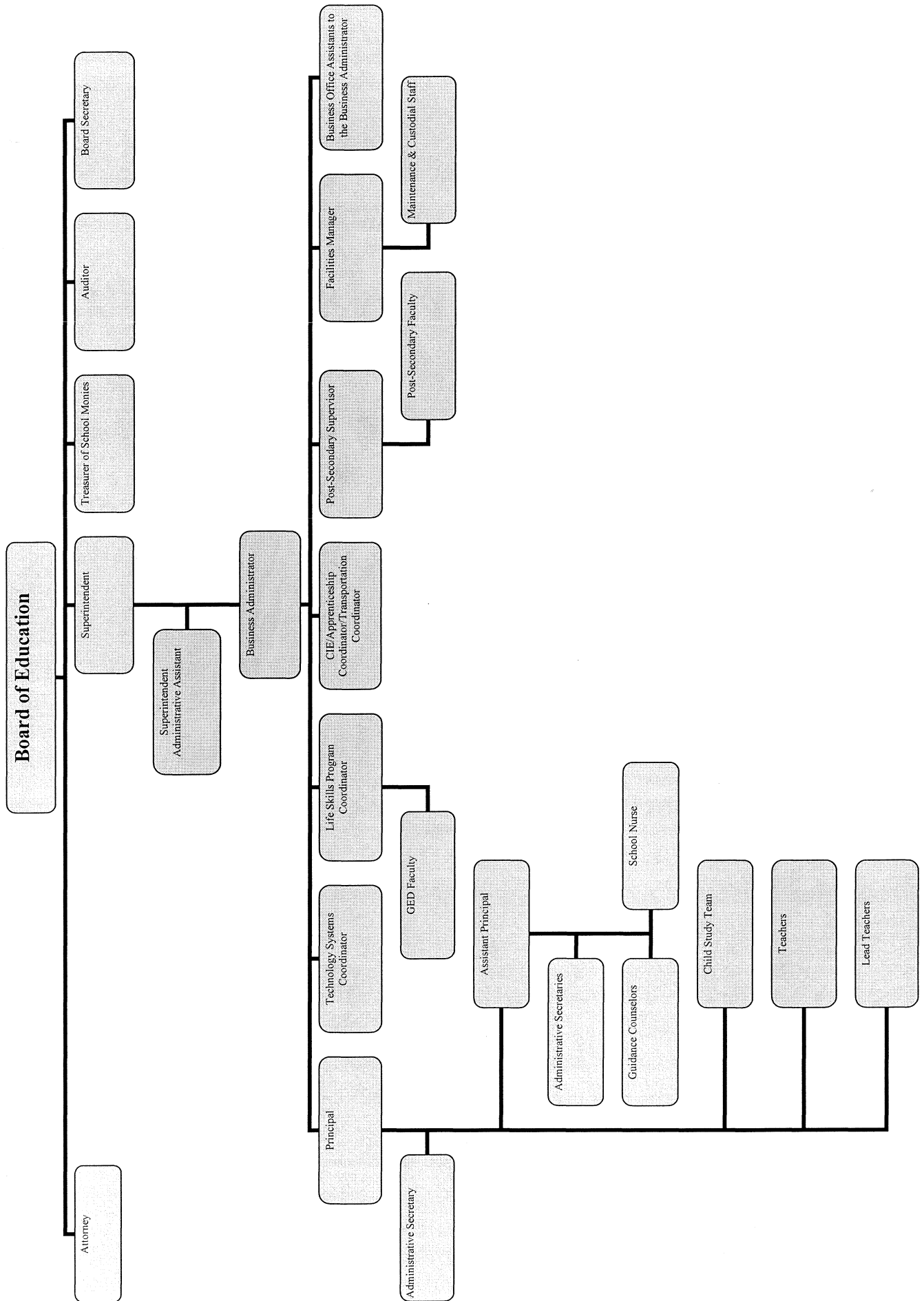


Beth Hachlica
Board Secretary



Maureen Joyce
Business Administrator

Warren County Technical School



**WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2019**

Gus Rutledge, President	2020
Dr. Lori Austin, Vice-President	2021
Dr. Rosalie Lamonte, County Superintendent of Schools	N/A
Timothy McDonough	2022
David Shotwell	2019

Other Officers

Title

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

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
Consultants and Advisors

Audit Firm

Nisivoccia LLP
Mount Arlington Corporate Center
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Mount Arlington, NJ 07856

Attorneys

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235 Broubalow Way
Phillipsburg, NJ 08865

Adams, Gutierrez & Lattiboudere, LLC
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Newark, NJ 07102

Official Depository

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

FINANCIAL SECTION

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Warren County Vocational-Technical School District (the "District"), a component unit of the County of Warren, as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, the pension and post-employment benefit schedules in Exhibits L-1 through L-5 and the related notes, and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

The Honorable President and Members
of the Board of Education
Warren County Vocational-Technical School District
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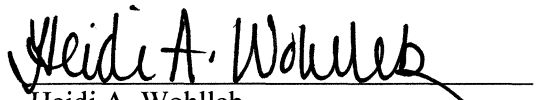
The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

November 8, 2019
Mount Arlington, New Jersey

NISIVOCCIA LLP


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

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis (Unaudited)

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

Overview of the Financial Statements

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

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

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

Figure A-1

Organization of the School District's Financial Report

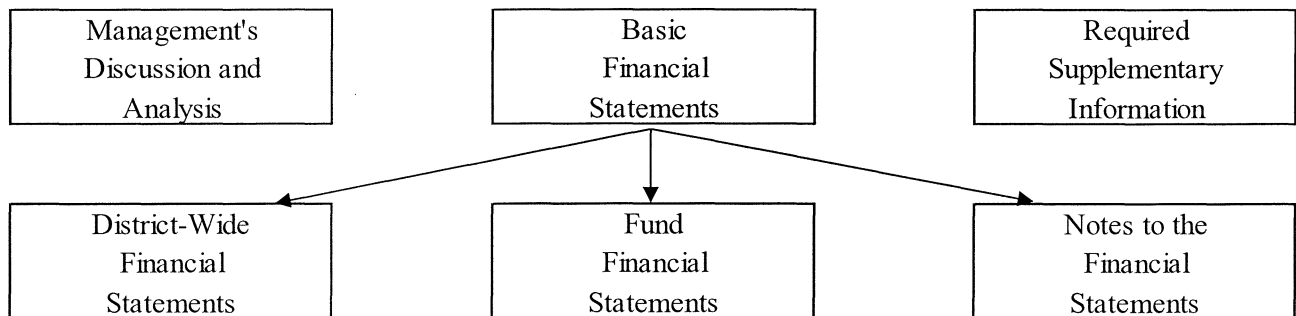


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

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

District-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

Financial Analysis of the District as a Whole

Net Position. The District's combined net position was \$11,884,329 on June 30, 2019, which was a decrease of \$480,014, or 3.88% from the previous year.

Figure A-3

Condensed Statement of Net Position

	Government Activities		Business-Type Activities		Total School District		Total Percentage Change
	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	
Current and Other Assets	\$ 2,544,726	\$ 2,443,980	\$ 62,443	\$ 63,129	\$ 2,607,169	\$ 2,507,109	
Capital Assets, Net	12,343,767	12,215,511	29,398	26,314	12,373,165	12,241,825	
Total Assets	14,888,493	14,659,491	91,841	89,443	14,980,334	14,748,934	-1.54%
Deferred Outflows of Resources	1,893,058	1,458,612			1,893,058	1,458,612	-22.95%
Other Liabilities	175,055	180,663	10,318	23,815	185,373	204,478	
Long-Term Liabilities	3,572,762	3,109,138			3,572,762	3,109,138	
Total Liabilities	3,747,817	3,289,801	10,318	23,815	3,758,135	3,313,616	-11.83%
Deferred Inflows of Resources	750,914	1,009,601			750,914	1,009,601	34.45%
Net Position:							
Net Investment in Capital Assets	12,343,767	12,215,511	29,398	26,314	12,373,165	12,241,825	
Restricted	1,520,192	2,146,833			1,520,192	2,146,833	
Unrestricted/(Deficit)	(1,581,139)	(2,543,643)	52,125	39,314	(1,529,014)	(2,504,329)	
Total Net Position	\$12,282,820	\$11,818,701	\$ 81,523	\$ 65,628	\$12,364,343	\$11,884,329	-3.88%

Changes in Net Position. Net position from governmental activities decreased \$464,119 and net position from business-type activities decreased \$15,895. The decrease in net investment in capital assets is due primarily to current year capital asset additions offset by current year depreciation expense. The increase in restricted net position is due primarily to a year end deposit to the capital reserve. The decrease in unrestricted net position is due primarily to the completion of the capital project in the capital projects fund and the year end transfer of unexpended budget balances to the capital reserve offset by a decrease in the net pension liability and related deferred inflows and outflows.

Figure A-4

Changes in Net Position from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change
	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	
Revenue:							
Program Revenue:							
Charges for Services	\$2,412,758	\$ 2,113,637	\$ 101,229	\$ 106,964	\$ 2,513,987	\$ 2,220,601	
Operating Grants and Contributions	3,657,815	3,629,916	74,305	72,640	3,732,120	3,702,556	
Capital Grants and Contributions		192,000				192,000	
General Revenue:							
County Tax Levy	3,995,172	3,995,172			3,995,172	3,995,172	
County Improvement Authorization	229,418				229,418		
Unrestricted Federal and State Aid	2,833,529	2,269,316			2,833,529	2,269,316	
Other	51,380	25,982			51,380	25,982	
Total Revenue	13,180,072	12,226,023	175,534	179,604	13,355,606	12,405,627	-7.11%
Expenses:							
Instruction	7,146,883	6,531,936			7,146,883	6,531,936	
Pupil and Instruction Services	644,686	665,186			644,686	665,186	
Administrative and Business	2,461,171	2,095,385			2,461,171	2,095,385	
Maintenance and Operations	1,429,033	1,451,530			1,429,033	1,451,530	
Transportation	616,110	630,535			616,110	630,535	
Special Schools	598,066	631,082			598,066	631,082	
Other	882,600	684,488	189,507	196,798	1,072,107	881,286	
Total Expenses	13,778,549	12,690,142	189,507	196,798	13,968,056	12,886,940	-7.74%
Other Items:							
Transfers	3,089		(3,089)				
Capital Asset Adjustment				1,299		1,299	100.00%
Increase/(Decrease) in Net Position	\$ (595,388)	\$ (464,119)	\$ (17,062)	\$ (15,895)	\$ (612,450)	\$ (480,014)	-21.62%

Governmental Activities

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

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

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

Figure A-5 presents the cost of the major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, special schools, capital outlay and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions:

Figure A-5

Net Cost of Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2017/18	2018/19	2017/18	2018/19
Instruction	\$ 7,146,883	\$ 6,531,936	\$ 3,354,446	\$ 2,990,761
Pupil and Instruction Services	644,686	665,186	276,276	492,926
Administrative and Business	2,461,171	2,095,385	1,500,700	1,124,950
Maintenance and Operations	1,429,033	1,451,530	1,109,938	986,647
Transportation	616,110	630,535	410,220	331,968
Special Schools	598,066	631,082	173,796	142,849
Other	882,600	684,488	882,600	684,488
	<u>\$ 13,778,549</u>	<u>\$ 12,690,142</u>	<u>\$ 7,707,976</u>	<u>\$ 6,754,589</u>

Business-Type Activities

Net position from the District’s business-type activities decreased by \$15,895. (Refer to Figure A-4).

- The Food Service Fund’s net position decreased by \$15,895 primarily due to a decrease in federal and state lunch reimbursements as well as small equipment purchases and repairs expenses.

Financial Analysis of the Funds

The District’s financial position improved in the General Fund due primarily to unexpended budget appropriations. The weak economy and State budget problems have had a direct impact upon the District’s revenue sources. Interest earnings on investments remain significantly low.

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

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

Capital Assets and Long-Term Liabilities Administration

Figure A-6

Capital Assets (Net of Depreciation)

	Government Activities		Business-Type Activities		Total School District		Total Percentage Change
	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	
Sites	\$ 174,251	\$ 174,251			\$ 174,251	174,251	
Site Improvements	92,968	73,952			92,968	73,952	
Buildings and Building Improvements	11,293,808	10,310,311			11,293,808	10,310,311	
Construction in Progress	147,917	1,084,036			147,917	1,084,036	
Machinery and Equipment	634,823	572,961	\$ 29,398	\$ 26,314	664,221	599,275	
	<u>\$ 12,343,767</u>	<u>\$ 12,215,511</u>	<u>\$ 29,398</u>	<u>\$ 26,314</u>	<u>\$ 12,373,165</u>	<u>\$ 12,241,825</u>	-1.06%

Figure A-7

Outstanding Long-Term Liabilities

	Total School District		Total Percentage Change
	2017/18	2018/19	
Other Long-Term Liabilities	\$ 266,773	\$ 244,305	
Net Pension Liability	3,305,989	2,864,833	
	<u>\$ 3,572,762</u>	<u>\$ 3,109,138</u>	-12.98%

Factors Bearing on the District's Future

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

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

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents		\$ 49,734	\$ 49,734
Internal Balances	\$ (8,918)	8,918	
Receivables From State Government	205,643	32	205,675
Receivables From Federal Government	45,770	1,455	47,225
Receivables From Other Governments	38,696		38,696
Other Receivables	15,956		15,956
Inventories		2,990	2,990
Restricted Assets:			
Capital Reserve Account - Cash and Cash Equivalents	2,146,833		2,146,833
Capital Assets, Net			
Sites (Land) and Construction in Progress	1,258,287		1,258,287
Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	10,957,224	26,314	10,983,538
Total Assets	14,659,491	89,443	14,748,934
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>			
Deferred Outflows of Resources - Pensions	1,458,612		1,458,612
Total Deferred Outflows of Resources	1,458,612		1,458,612
<u>LIABILITIES</u>			
Accounts Payable - Vendors	130,266	21,258	151,524
Accounts Payable - Cash Deficit	17,277		17,277
Payable to State Government	6,114		6,114
Payable to Federal Government	3,621		3,621
Unearned Revenue	23,385	2,557	25,942
Noncurrent Liabilities:			
Within One Year	8,599		8,599
Due Beyond One Year	3,100,539		3,100,539
Total Liabilities	3,289,801	23,815	3,313,616
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows of Resources - Pensions	1,009,601		1,009,601
Total Deferred Inflows of Resources	1,009,601		1,009,601
<u>NET POSITION</u>			
Net Investment in Capital Assets	12,215,511	26,314	12,241,825
Restricted for:			
Capital Projects	2,146,833		2,146,833
Unrestricted/(Deficit)	(2,543,643)	39,314	(2,504,329)
Total Net Position	\$ 11,818,701	\$ 65,628	\$ 11,884,329

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

WARREN COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 3,350,456	\$ 539,646	\$ 1,248,709		\$ (1,562,101)		\$ (1,562,101)
Special Education	643,839	103,701	285,671		(254,467)		(254,467)
Vocational Education Instruction	2,255,565	363,296	946,116		(946,153)		(946,153)
School Sponsored/Other Instruction	282,076	45,433	8,603		(228,040)		(228,040)
Support Services:							
Student & Instruction Related Services	665,186	107,139	65,121		(492,926)		(492,926)
General Administrative Services	675,782	108,846	185,259		(381,677)		(381,677)
School Administrative Services	788,347	126,976	183,196		(478,175)		(478,175)
Central Services	374,556	60,328	186,545		(127,683)		(127,683)
Administrative Information Technology	256,700	41,346	77,939		(137,415)		(137,415)
Plant Operations and Maintenance	1,451,530	233,793	39,090	\$ 192,000	(986,647)		(986,647)
Pupil Transportation	630,535	101,558	197,009		(331,968)		(331,968)
Special Schools	631,082	281,575	206,658		(142,849)		(142,849)
Unallocated Depreciation	684,488				(684,488)		(684,488)
Total Governmental Activities	12,690,142	2,113,637	3,629,916	192,000	(6,754,589)		(6,754,589)
Business-Type Activities:							
Food Service	196,798	106,964	72,640			\$ (17,194)	(17,194)
Total Business-Type Activities	196,798	106,964	72,640			(17,194)	(17,194)
Total Primary Government	\$ 12,886,940	\$ 2,220,601	\$ 3,702,556	\$ 192,000	(6,754,589)	(17,194)	(6,771,783)

WARREN COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenues:			
Taxes:			
County Taxes, Levied for General Purposes, Net	\$ 3,995,172		\$ 3,995,172
Federal and State Aid not Restricted	2,269,316		2,269,316
Miscellaneous Income	25,982	\$ 1,299	27,281
Total General Revenues	6,290,470	1,299	6,291,769
Change in Net Position	(464,119)	(15,895)	(480,014)
Net Position - Beginning	12,282,820	81,523	12,364,343
Net Position - Ending	\$ 11,818,701	\$ 65,628	\$ 11,884,329

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

FUND FINANCIAL STATEMENTS

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Interfund Receivable	\$ 215,256			\$ 215,256
Receivables From State Government	11,889	\$ 1,754	\$ 192,000	205,643
Receivables From Federal Government		45,770		45,770
Receivables From Other Governments	38,696			38,696
Other Receivables	15,956			15,956
Restricted Cash and Cash Equivalents	<u>2,146,833</u>			<u>2,146,833</u>
Total Assets	<u>\$ 2,428,630</u>	<u>\$ 47,524</u>	<u>\$ 192,000</u>	<u>\$ 2,668,154</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Interfund Payable	\$ 8,918	\$ 23,256	\$ 192,000	\$ 224,174
Accounts Payable - Vendors	1,292	5,148		6,440
Accounts Payable - Cash Deficit	17,277			17,277
Payable to State Government		6,114		6,114
Payable to Federal Government		3,621		3,621
Unearned Revenue	<u>14,000</u>	<u>9,385</u>		<u>23,385</u>
Total Liabilities	<u>41,487</u>	<u>47,524</u>	<u>192,000</u>	<u>281,011</u>
Fund Balances:				
Restricted:				
Capital Reserve	2,146,833			2,146,833
Assigned:				
Other Purposes	11,906			11,906
Unassigned	<u>228,404</u>			<u>228,404</u>
Total Fund Balances	<u>2,387,143</u>			<u>2,387,143</u>
Total Liabilities and Fund Balances	<u>\$ 2,428,630</u>	<u>\$ 47,524</u>	<u>\$ -0-</u>	

Amounts Reported for Governmental Activities in the Statement of
Net Position (A-1) are Different Because:

Capital Assets Used in Governmental Activities are not Financial Resources and Therefore are not Reported in the Funds. The Cost of the Assets is \$23,009,141 and the Accumulated Depreciation is \$10,793,630.	12,215,511
Long-Term Liabilities, Including Compensated Absences and Capital Leases, are not due and Payable in the Current Period and Therefore are not Reported as Liabilities in the Funds.	(244,305)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(2,864,833)
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:	
Deferred Outflows	1,320,014
Deferred Inflows	<u>(994,829)</u>
Net Position of Governmental Activities	<u>\$ 11,818,701</u>

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

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
REVENUES:				
Local Sources:				
County Tax Levy	\$ 3,995,172			\$ 3,995,172
Tuition from LEA's	1,600,062			1,600,062
Other Tuition	281,575			281,575
Transportation Fees from Other LEA's	232,000			232,000
Unrestricted Miscellaneous Revenues	25,982			25,982
Total - Local Sources	6,134,791			6,134,791
State Sources	4,568,529	\$ 5,397	\$ 192,000	4,765,926
Federal Sources		415,473		415,473
Total Revenues	10,703,320	420,870	192,000	11,316,190
EXPENDITURES:				
Current:				
Instruction:				
Regular Instruction	1,605,490	172,288		1,777,778
Special Education Instruction		116,585		116,585
Other Special Instruction	270,444			270,444
Vocational Education Instruction	1,094,033			1,094,033
School-Sponsored/Other Instruction	212,740			212,740
Support Services and Undistributed Costs:				
Student and Other Instruction Related Services	347,853			347,853
General Administration Services	449,738			449,738
School Administration Services	441,223			441,223
Central Services	220,479			220,479
Administrative Information Technology	215,934			215,934
Plant Operations and Maintenance	1,116,913			1,116,913
Student Transportation	628,792			628,792
Unallocated Benefits	3,191,953			3,191,953
Capital Outlay	539,368	29,466	486,506	1,055,340
Special Schools	196,382	102,531		298,913
Total Expenditures	10,531,342	420,870	486,506	11,438,718
Excess/(Deficit) of Revenue Over/(Under) Expenditures	171,978		(294,506)	(122,528)
Other Financing Sources/(Uses):				
Transfers	(3,335)		3,335	
Total Other Financing Sources/(Uses)	(3,335)		3,335	
Net Change in Fund Balances	168,643		(291,171)	(122,528)
Fund Balance - July 1	2,218,500		291,171	2,509,671
Fund Balance - June 30	\$ 2,387,143	\$ -0-	\$ -0-	\$ 2,387,143

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

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Total Net Change in Fund Balances - Governmental Funds (from B-2)	\$	(122,528)
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Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:

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

Depreciation Expense	\$	(1,108,227)	
Capital Outlays		<u>979,971</u>	(128,256)

In the statement of activities, certain operating expenses, e.g., compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

22,468

The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:

Change in Net Pension Liability		441,156	
Change in Deferred Outflows		(433,044)	
Change in Deferred Inflows		<u>(243,915)</u>	

Change in Net Position of Governmental Activities (A-2)	\$	<u>(464,119)</u>
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THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
 AN INTEGRAL PART OF THIS STATEMENT

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

	Business-Type Activities Enterprise Funds
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 49,734
Interfund Receivable - General Fund	8,918
Intergovernmental Accounts Receivable:	
State	32
Federal	1,455
Inventories	2,990
Total Current Assets	63,129
Non-Current Assets:	
Capital Assets	49,541
Less: Accumulated Depreciation	(23,227)
Total Non-Current Assets	26,314
Total Assets	89,443
<u>LIABILITIES:</u>	
Current Liabilities:	
Accounts Payable	21,258
Unearned Revenue - Prepaid Sales	2,014
Unearned Revenue - Donated Commodities	543
Total Liabilities	23,815
<u>NET POSITION:</u>	
Investment in Capital Assets	26,314
Unrestricted	39,314
Total Net Position	\$ 65,628

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

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Business-Type Activities
	Non-Major Funds
	Enterprise Funds
Operating Revenue:	
Daily Sales:	
Reimbursable Programs	\$ 49,649
Non-Reimbursable Programs	57,315
Total Operating Revenue	106,964
Operating Expenses:	
Cost of Sales:	
Reimbursable Programs	63,695
Non-Reimbursable Programs	48,050
Salaries	45,324
Employee Benefits and Payroll Taxes	11,670
Other Purchased Services	9,528
Supplies and Materials	1,376
Miscellaneous Expenses	12,772
Depreciation Expense	4,383
Total Operating Expenses	196,798
Operating Loss	(89,834)
Non-Operating Revenue:	
State Sources:	
State School Lunch Program	1,465
Federal Sources:	
National School Lunch Program	46,390
School Breakfast Program	9,449
Food Distribution Program	15,336
Total Non-Operating Revenue	72,640
Change in Net Position Before Other Item	(17,194)
Other Item:	
Capital Assets Appraisal Adjustment	1,299
Total Other Item	1,299
Change in Net Position After Other Item	(15,895)
Net Position - Beginning of Year	81,523
Net Position - End of Year	\$ 65,628

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

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Business-Type Activities Enterprise Funds</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 121,250
Payments to Food Service Contractor	(144,882)
Payments to Suppliers	(16,989)
Net Cash Used for Operating Activities	<u>(40,621)</u>
Cash Flows from Noncapital Financing Activities:	
State and Federal Sources	<u>58,884</u>
Net Cash Provided by Noncapital Financing Activities	<u>58,884</u>
Net Increase in Cash and Cash Equivalents	18,263
Cash and Cash Equivalents, July 1	<u>31,471</u>
Cash and Cash Equivalents, June 30	<u>\$ 49,734</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (89,834)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	4,383
Food Distribution Program	15,336
Changes in Assets and Liabilities:	
Decrease in Interfund Receivable	14,286
Decrease in Inventory	1,711
Increase in Accounts Payable	13,504
Increase in Unearned Revenue - Prepaid Sales	429
(Decrease) in Unearned Revenue - Donated Commodities	<u>(436)</u>
Net Cash Used for Operating Activities	<u>\$ (40,621)</u>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Commodities through the Food Distribution Program valued at \$14,900 and utilized U.S.D.A. Commodities valued at \$15,336.

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

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2019

	Agency	Unemployment Compensation Trust	Private Purpose Scholarships Trust
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 92,829	\$ 61,424	
Interfund Receivable - Student Activities			\$ 379
	92,829	61,424	379
Total Assets	92,829	61,424	379
<u>LIABILITIES:</u>			
Interfund Payable:			
Scholarship Trust	379		
Payroll Deductions and Withholdings	8,924		
Due to Student Groups	83,526		
	92,829		
Total Liabilities	92,829		
<u>NET POSITION:</u>			
Held in Trust for Unemployment Claims		61,424	
Restricted for Scholarships			379
	\$ -0-	\$ 61,424	\$ 379
Total Net Position	\$ -0-	\$ 61,424	\$ 379

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

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarships Trust</u>
ADDITIONS:		
Contributions:		
Plan Members	\$ 5,516	
Donations		\$ 200
Total Contributions	<u>5,516</u>	<u>200</u>
 Total Additions	 <u>5,516</u>	 <u>200</u>
DEDUCTIONS:		
Unemployment Benefit Claims	<u>39,047</u>	
Total Deductions	<u>39,047</u>	
 Change in Net Position	 (33,531)	 200
Net Position - Beginning of the Year	<u>94,955</u>	<u>179</u>
Net Position - End of the Year	<u>\$ 61,424</u>	<u>\$ 379</u>

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

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

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

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

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

Fund Financial Statements:

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

The District reports the following governmental funds:

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

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

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

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

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

B. Basis of Presentation: (Cont'd)

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

Additionally, the District reports the following fund types:

Enterprise (Food Service) Fund: The Enterprise Fund accounts for all revenue and expenses pertaining to the Board's cafeteria operations. The Food Service Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

D. Budgets/Budgetary Control:

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

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

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

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

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

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 10,713,996	\$ 403,832
Differences - Budget to GAAP:		
Grant Accounting Budgetary basis differs from GAAP in that the Budgetary basis recognizes Encumbrances as Expenditures and Revenue whereas the GAAP basis does not.		
Current Year Encumbrances		(955)
Cancellation of Prior Year Encumbrances		(458)
Prior Year Encumbrances		18,451
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Statements	316,669	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(327,345)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 10,703,320</u>	<u>\$ 420,870</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 10,531,342	\$ 403,832
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Current Year Encumbrances		(955)
Cancellation of Prior Year Encumbrances		(458)
Prior Year Encumbrances		18,451
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 10,531,342</u>	<u>\$ 420,870</u>

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

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

	Capital Projects Fund Revenue
Revenue and Other Financing Sources per Summary Schedule of Revenue, Expenditures and Changes in Fund Balance - Budgetary Basis	\$ 3,335
Reconciliation to Governmental Funds Statements (GAAP): SDA Revenue Recognized on a GAAP Basis	192,000
Revenue and Other Financing Sources per Governmental Funds (GAAP)	\$ 195,335

E. Cash and Cash Equivalents:

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

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

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

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

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

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

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

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2019.

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

K. Capital Assets:

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

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

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

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

L. Long Term Liabilities:

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

M. Accrued Salaries and Wages

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly disbursed during the entire twelve month year. Therefore, there are no accrued salaries and wages as of June 30, 2019.

N. Compensated Absences

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

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

N. Compensated Absences (Cont'd)

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

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

O. Unearned Revenue

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

P. Fund Balance Appropriated

General Fund: Of the \$2,387,143, General Fund fund balance at June 30, 2019, \$11,906 is assigned for year end encumbrances; \$2,146,833 is restricted in the capital reserve account; and \$228,404 is unassigned which is \$327,345 less than the calculated maximum unassigned fund balance, on a GAAP Basis, due to the final two state aid payments which are not recognized until the fiscal year ending June 30, 2020.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (s1701), the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had no excess surplus at June 30, 2019.

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

Q. Deficit Net Position:

The District has a deficit in unrestricted net position of \$2,543,643 in its governmental activities, which is primarily due to net pension liability and pension related deferred inflows and outflows as well as compensated absences payable and General Fund assigned and unassigned fund balances. This deficit does not indicate the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

R. Net Position:

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources related to pensions at June 30, 2019. The District had deferred inflows of resources at June 30, 2019 related to pensions.

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

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

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

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

S. Fund Balance Restrictions, Commitments and Assignments:

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

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

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

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has no committed resources at June 30, 2019.

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(Continued)

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

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

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances in the General Fund at June 30, 2019.

T. Revenue - Exchange and Nonexchange Transactions

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

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

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

U. Operating Revenue and Expenses:

Operating revenue are those revenues that are generated directly from the primary activity of the Enterprise Fund. For the School District, these revenues are sales for the Food Service Fund. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the Enterprise Fund.

V. Management Estimates:

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

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

W. Pensions

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

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

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

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

Deposits:

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

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

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

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

Investments:

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

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

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

Investments: (Cont'd)

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

As of June 30, 2019, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents	<u>Restricted Cash and Cash Equivalents</u> Capital Reserve Account	<u>Total</u>
Checking and Savings Accounts	\$ 186,710	\$ 2,146,833	\$ 2,333,543

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

Investments: (Cont'd)

During the period ended June 30, 2019, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2019, was \$2,333,543 and the bank balance was \$2,452,534. This does not include the \$17,277 reflected as an accounts payable – cash deficit for the General Fund and the Governmental Activities.

NOTE 4. CAPITAL RESERVE ACCOUNT

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

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

Beginning Balance, July 1, 2018	\$ 1,520,192
Add:	
Interest Earnings	4,235
Transfer from Unassigned Fund Balance per Board Resolution June 2019	625,741
Less:	
Withdrawal by Resolution - Capital Projects Fund	<u>(3,335)</u>
Ending Balance, June 30, 2019	<u>\$ 2,146,833</u>

The June 30, 2019 LRFP balance of local support costs of uncompleted capital projects exceeds the balance in the Capital Reserve Account at June 30, 2019. The withdrawals from the capital reserve were for use in DOE approved facilities projects consistent with the District's LRFP.

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 5. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2019 were as follows:

	Beginning Balance	Increases	Deletions	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 174,251			\$ 174,251
Construction in Progress	147,917	\$ 936,119		1,084,036
Total Capital Assets Not Being Depreciated	<u>322,168</u>	<u>936,119</u>		<u>1,258,287</u>
Capital Assets Being Depreciated:				
Site Improvements	426,945		\$ (28,600)	398,345
Buildings and Building Improvements	19,503,957		(5,282)	19,498,675
Machinery and Equipment	2,092,861	43,852	(282,879)	1,853,834
Total Capital Assets Being Depreciated	<u>22,023,763</u>	<u>43,852</u>	<u>(316,761)</u>	<u>21,750,854</u>
Governmental Activities Capital Assets	<u>22,345,931</u>	<u>979,971</u>	<u>(316,761)</u>	<u>23,009,141</u>
Less Accumulated Depreciation for:				
Site Improvements	(333,977)	(19,016)	28,600	(324,393)
Buildings and Building Improvements	(8,210,149)	(983,497)	5,282	(9,188,364)
Machinery and Equipment	(1,458,038)	(105,714)	282,879	(1,280,873)
	<u>(10,002,164)</u>	<u>(1,108,227)</u>	<u>316,761</u>	<u>(10,793,630)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 12,343,767</u>	<u>\$ (128,256)</u>	<u>\$ -0-</u>	<u>\$ 12,215,511</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 48,242		\$ 1,299	\$ 49,541
Less Accumulated Depreciation	(18,844)	\$ (4,383)		(23,227)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 29,398</u>	<u>\$ (4,383)</u>	<u>\$ 1,299</u>	<u>\$ 26,314</u>

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 5. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 21,341
School Sponsored	6,660
Vocational Education	137,865
Operations and Maintenance	52,293
Central Services	458
Support Services	5,122
Special Schools	200,000
Unallocated	684,488
	\$ 1,108,227

NOTE 6. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2019, the following changes occurred in long-term liabilities reported in the district-wide financial statements:

	Balance 6/30/2018	Accrued	Retired	Balance 6/30/2019
Compensated Absences Payable	\$ 266,773	\$ 2,117	\$ 24,585	\$ 244,305
Net Pension Liability	3,305,989		441,156	2,864,833
	\$ 3,572,762	\$ 2,117	\$ 465,741	\$ 3,109,138

A. Bonds Payable:

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

B. Compensated Absences

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The current portion of the compensated absences balance of the governmental funds is \$8,599 and is separated from the long-term portion of compensated absences of \$235,706.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2019, no liability existed for compensated absences in the Enterprise Fund.

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

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
 (Continued)

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

C. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2019 is \$-0- and the long-term portion is \$2,864,833. See Note 8 for further information on the PERS.

NOTE 7. OPERATING LEASES PAYABLE

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

<u>Year Ending</u>	<u>Amount</u>
June 30, 2020	\$ 46,200
June 30, 2021	<u>19,250</u>
Total future minimum lease payments	<u>\$ 65,450</u>

NOTE 8. PENSION PLANS

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

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

Benefits Provided

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

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

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS)

Benefits Provided (Cont'd)

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability is being paid by the employer in level annual payments over a period of 15 years which began with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$146,563 for 2019.

The employee contribution rate was 7.50% effective July 1, 2018.

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

At June 30, 2019, the District reported a liability of \$2,864,833 for its proportionate share of the net pension liability. 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 District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2018, the District's proportion was 0.0145%, which was an increase of 0.0003% from its proportion measured as of June 30, 2017.

For the fiscal year ended June 30, 2019, the District recognized pension expense of \$380,528. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

	Deferral Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	6.44	\$ 22,675	
	2015	5.72	102,343	
	2016	5.57	347,059	
	2017	5.48		\$ 528,110
	2018	5.63		387,911
			<u>472,077</u>	<u>916,021</u>
Difference Between Expected and Actual Experience	2015	5.72	28,395	
	2016	5.57	10,532	
	2017	5.48	15,706	
	2018	5.63		\$ 14,772
			<u>54,633</u>	<u>14,772</u>
Changes in Proportion	2014	6.44		45,845
	2015	5.72		6,091
	2016	5.57	289,890	
	2017	5.48	453,620	
	2018	5.63	64,566	
			<u>808,076</u>	<u>51,936</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2015	5.00		(17,312)
	2016	5.00		(96,778)
	2017	5.00		87,105
	2018	5.00		53,857
				<u>26,872</u>
Contribution Made Subsequent to the Measurement Date	2018		123,826	
			<u>\$ 1,458,612</u>	<u>\$ 1,009,601</u>

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

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

Fiscal Year Ending June 30,	Total
2016	\$ 19,884
2017	(27,529)
2018	(197,404)
2019	(171,113)
2020	(54,793)
	\$ (430,955)

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:

Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65 – 4.15% based on age
Thereafter	2.65 – 5.15% based on age
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

The actuarial assumptions used in the July 1, 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.

Long Term Expected Rate of Return

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

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected_returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2018 are summarized in the following table:

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

Discount Rate

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

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2018 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2018		
	1% Decrease (4.66%)	Current Discount Rate (5.66%)	1% Increase (6.66%)
District's proportionate share of the Net Pension Liability	\$ 3,602,197	\$ 2,864,833	\$ 2,246,231
<u>Pension Plan Fiduciary Net Position</u>			

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

Benefits Provided

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

The following represents the membership tiers for TPAF:

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

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2019, the State's pension contribution was less than the actuarial determined amount.

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2019, the State of New Jersey contributed \$693,356 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$1,246,925.

The employee contribution rate was 7.50% effective July 1, 2018.

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

At June 30, 2019, the State's proportionate share of the net pension liability associated with the District was \$21,389,365. 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 District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2018, the District's proportion was 0.0336%, which was a decrease of 0.005% from its proportion measured as of June 30, 2017.

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>21,389,365</u>
Total	<u>\$ 21,389,365</u>

For the fiscal year ended June 30, 2018, the State recognized pension expense on behalf of the District in the amount of \$1,246,925 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2019 financial statements.

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

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.5	\$ 1,076,424,469	
	2015	8.3	3,063,649,492	
	2016	8.3	6,913,685,892	
	2017	8.3		\$ 10,084,192,916
	2017	8.29		5,994,557,085
			<u>11,053,759,853</u>	<u>16,078,750,001</u>
Difference Between Expected and Actual Experience	2014	8.5		10,252,211
	2015	8.3	189,214,650	
	2016	8.3		85,977,601
	2017	8.3	179,419,108	
	2018	8.29	1,051,605,259	
			<u>1,420,239,017</u>	<u>96,229,812</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2015	5.0		(192,642,062)
	2016	5.0		(863,710,381)
	2017	5.0		678,024,787
	2018	5.0		384,121,486
			<u>5,793,830</u>	
			<u>\$ 12,473,998,870</u>	<u>\$ 16,180,773,643</u>

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

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

Fiscal Year Ending June 30,	Total
2019	\$ 401,574,312
2020	208,932,249
2021	(222,922,941)
2022	(149,225,008)
2023	(735,040,983)
Thereafter	(3,210,092,402)
	\$ (3,706,774,773)

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 mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Disabled mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

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, 2012 to June 30, 2015.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 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 PERS' target asset allocation as of June 30, 2018 are summarized in the following table:

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

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

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.86% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.87% as of June 30, 2018 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the contribution rate in the most recent fiscal year. The State contributed 50% of the actuarially determined contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on pension 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 State's Proportionate Share of the Net Pension Liability Associated with the District to Changes in the Discount Rate

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2018 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

	June 30, 2018		
	1%	Current	1%
	Decrease (3.86%)	Discount Rate (4.86%)	Increase (5.86%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 25,281,823	\$ 21,389,365	\$ 18,162,612

Pension Plan Fiduciary Net Position

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

C. Defined Contribution Retirement Program (DCRP)

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

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

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

For DCRP, the District recognized pension expense of \$1,391 for the fiscal year ended June 30, 2019. Employee contributions to DCRP amounted to \$1,889 for the year ended June 30, 2019.

NOTE 9. RISK MANAGEMENT

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

Property and Liability Insurance

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

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 9. RISK MANAGEMENT (Cont'd)

Property and Liability Insurance (Cont'd)

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

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

The audit of the NJSIG as of June 30, 2019 is not available as of the date of this report. Selected, summarized financial information for the Group as of June 30, 2018 is as follows:

Total Assets	<u>\$ 342,337,056</u>
Net Position	<u>\$ 82,580,855</u>
Total Revenue	<u>\$ 133,258,299</u>
Total Expenses	<u>\$ 129,340,074</u>
Change in Net Position	<u>\$ 3,918,225</u>
Members Dividends	<u>\$ -0-</u>

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

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

New Jersey Unemployment Compensation Insurance

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

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

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 9. RISK MANAGEMENT (Cont'd)

New Jersey Unemployment Compensation Insurance (Cont'd)

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2018-2019	\$ -0-	\$ -0-	\$ 5,516	\$ 39,047	\$ 61,424
2017-2018	-0-	-0-	8,289	22,078	94,955
2016-2017	-0-	-0-	8,990	240	108,744

NOTE 10. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 215,256	\$ 8,917
Special Revenue Fund		23,256
Capital Projects Fund		192,000
Proprietary Fund - Food Service Fund	8,917	
Fiduciary Fund - Private Purpose Scholarships Trust	379	
Fiduciary Fund - Student Activities Fund		379
	<u>\$ 224,552</u>	<u>\$ 224,552</u>

There is an interfund receivable of \$215,256 in the General Fund is due to the negative cash balance in the Special Revenue Fund, and the amount that is due from the Capital Projects Fund for funds which were advanced by the General Fund. The interfund payable in the General Fund due to the Food Service Fund is for federal and state subsidy reimbursements not remitted to the Food Service Fund by year end. The interfund receivable in the Private Purpose Scholarships Trust Fund is for scholarship donations collected in the Student Activities Fund on behalf of the Private Purpose Scholarships Trust Fund in the current and prior years.

NOTE 11. ECONOMIC DEPENDENCY

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

NOTE 12. DEFERRED COMPENSATION

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

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 12. DEFERRED COMPENSATION (Cont'd)

The plan administrators are as follows:

- Lincoln Investment Planning
- Vanguard
- Fidelity Investments

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

NOTE 13. ACCOUNTS PAYABLE

Payables as of June 30, 2019 were:

	<u>Governmental Funds</u>		District Contribution Subsequent to the Measurement Date	Total Governmental Activities	<u>Business-Type Activities</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>			<u>Food Service Fund</u>
Due to State of New Jersey			\$ 123,826	\$ 123,826	
Vendors	\$ 1,292	\$ 5,148		6,440	\$ 21,258
Cash Deficit	17,277			17,277	
	<u>\$ 18,569</u>	<u>\$ 5,148</u>	<u>\$ 123,826</u>	<u>\$ 147,543</u>	<u>\$ 21,258</u>

NOTE 14. TAX CALENDAR

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

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

NOTE 15. CONTINGENT LIABILITIES

Grant Programs

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

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 15. CONTINGENT LIABILITIES (Cont'd)

Litigation

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

Encumbrances

At June 30, 2019, there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds:

General Fund	Special Revenue Fund	Total Governmental Funds
\$ 11,906	\$ 955	\$ 12,861

On the District's Governmental Funds Balance Sheet as of June 30, 2019, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$955 less than the actual year-end encumbrances on a budgetary basis. On the GAAP basis, encumbrances are not recognized and are reflected as either a reduction in grants receivables or an increase in unearned revenue.

NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

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

General Information about the OPEB Plan

Plan Description and Benefits Provided

The District is in a "special funding situation", as described in GASB Codification Section P50, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the District.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Education Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in GASB Codification Section P50. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

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

Plan Description and Benefits Provided (Cont'd)

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 years or more of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

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

For additional information about the State Health Benefit Local Education Retired Education Plan, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at <https://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>.

Employees Covered by Benefit Terms

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

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	145,050
Active Plan Members	<u>217,131</u>
Total	<u><u>362,181</u></u>

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, 2016 which was rolled forward to June 30, 2017.

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

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

Actuarial Assumptions and Other Inputs

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%	
	TPAF/ABP	PERS
Salary Increases:		
Through 2026	1.55 - 4.55%	2.15 - 4.15%
	based on years of service	based on age
Thereafter	2.00 - 5.45%	3.15 - 5.15%
	based on years of service	based on age

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 and July 1, 2011 – June 30, 2014 for TPAF and PERS, respectively.

100% of all retirees who currently have healthcare coverage are assumed to continue with that coverage. 100% of active members are considered to participate in the Plan upon retirement, having a coverage blend of 85% and 15% in PPO and HMO, respectively.

Mortality Rates

Pre-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Post-retirement mortality rates were based on the RP-2006 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-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using MP-2017 scale.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits and health maintenance organization (HMO) medical benefits, trend rate is initially 5.8% and decreases to a 5.0% long term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after seven 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.

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

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

Discount Rate

The discount rates for June 30, 2018 and 2017 were 3.87% and 3.58%, respectively, a change of +.29%. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Changes in the State's Proportionate Share of the Total OPEB Liability Associated with the District

	Total OPEB Liability
Balance at June 30, 2017	\$ 17,107,195
Changes for Year:	
Service Cost	602,690
Interest Cost	627,192
Changes in Assumptions	(1,709,238)
Differences Between Expected and Actual Experience	(1,348,657)
Member Contributions	13,765
Gross Benefit Payments	(398,278)
Net Changes	(2,212,526)
Balance at June 30, 2018	\$ 14,894,669

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2018, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2018		
	At 1% Decrease (2.87%)	At Discount Rate (3.87%)	At 1% Increase (4.87%)
Total OPEB Liability Attributable to the District	\$ 17,608,531	\$ 14,894,669	\$ 12,737,429

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

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

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2018, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2018		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 12,311,311	\$ 14,894,669	\$ 18,311,258

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

For the fiscal year ended June 30, 2019 the District recognized OPEB expense of \$677,352 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

In accordance with GASB Codification Section P50, as the District's proportionate share of the OPEB liability is \$-0-, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2018 the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources:

	Year of Deferral	Original Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ (1,809,209)
Changes in Assumptions	2018	9.51		(1,529,507)
				(3,338,716)
Differences Between Expected and Actual Experience	2018	9.51		(1,445,860)
Changes in Proportion	N/A	N/A	\$ 234,790	
			\$ 234,790	\$ (4,784,576)

N/A - Not Available

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

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

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

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

Fiscal Year Ending June 30,	Total
2019	\$ (589,580)
2020	(589,580)
2021	(589,580)
2022	(589,580)
2023	(589,580)
Thereafter	(1,836,676)
	\$ (4,784,576)

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

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

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
District's proportion of the net pension liability	0.0078675564%	0.0077624208%	0.0109255471%	0.0142019609%	0.0145500511%
District's proportionate share of the net pension liability	\$ 1,473,022	\$ 1,742,508	\$ 3,235,834	\$ 3,305,989	\$ 2,864,833
District's covered employee payroll	\$ 556,112	\$ 662,637	\$ 919,041	\$ 1,010,483	\$ 897,457
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	264.88%	262.97%	352.09%	327.17%	319.22%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%

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

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

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
Contractually required contribution	\$ 64,859	\$ 66,736	\$ 98,117	\$ 135,299	\$ 146,563
Contributions in relation to the contractually required contribution	(64,859)	(66,736)	(98,117)	(135,299)	(146,563)
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's covered employee payroll	\$ 556,703	\$ 556,112	\$ 662,637	\$ 919,041	\$ 1,010,483
Contributions as a percentage of covered employee payroll	11.65%	12.00%	14.81%	14.72%	14.50%

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

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

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
State's proportion of the net pension liability attributable to the District	0.0342775159%	0.0349393659%	0.0350946985%	0.0341318885%	0.03336216395%
State's proportionate share of the net pension liability attributable to the District	\$ 18,320,217	\$ 22,083,171	\$ 27,607,724	\$ 23,012,950	\$ 21,389,365
District's covered employee payroll	\$ 3,582,157	\$ 3,516,549	\$ 3,516,337	\$ 3,661,165	\$ 3,470,459
State's proportionate share of the net pension liability attributable to the District as a percentage of its covered employee payroll	511.43%	627.98%	785.13%	628.57%	616.33%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%

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

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

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
Contractually required contribution	\$ 985,800	\$ 1,348,376	\$ 2,074,336	\$ 1,594,221
Contributions in relation to the contractually required contribution	<u>(188,895)</u>	<u>(280,982)</u>	<u>(370,493)</u>	<u>(507,144)</u>
Contribution deficiency/(excess)	<u>\$ 796,905</u>	<u>\$ 1,067,394</u>	<u>\$ 1,703,843</u>	<u>\$ 1,087,077</u>
District's covered employee payroll	\$ 3,582,157	\$ 3,516,549	\$ 3,516,337	\$ 3,661,165
Contributions as a percentage of covered employee payroll	5.27%	7.99%	10.54%	13.85%
				19.98%
				<u>\$ 1,246,925</u>
				<u>(693,356)</u>
				<u>\$ 553,569</u>

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

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

	Fiscal Year Ending June 30, 2017	2018
Total OPEB Liability		
Service Cost	\$ 715,592	\$ 602,690
Interest Cost	540,032	627,192
Changes in Assumptions	(2,189,176)	(1,709,238)
Differences Between Expected and Actual Experience		(1,348,657)
Member Contributions	14,591	13,765
Gross Benefit Payments	(396,239)	(398,278)
Net Change in Total OPEB Liability	(1,315,200)	(2,212,526)
Total OPEB Liability - Beginning	18,422,395	17,107,195
Total OPEB Liability - Ending	\$ 17,107,195	\$ 14,894,669
District's Covered Employee Payroll *	\$ 4,435,378	\$ 4,671,648
Total OPEB Liability as a Percentage of Covered Employee Payroll	385.70%	318.83%

* - Covered payroll for the fiscal years ending June 30, 2017 and June 30, 2018 are based on the payroll on the June 30, 2016 and June 30, 2017 census data.

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

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 5.00% as of June 30, 2017 to 5.66% as of June 30, 2018. The municipal bond rate changed from 3.58% to 3.87%.

The mortality rates utilized in the July 1, 2016 valuation were as follows: Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

The mortality rates utilized in the July 1, 2017 valuation were as follows: Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 4.25% as of June 30, 2017 to 4.86% as of June 30, 2018. The municipal bond rate changed from 3.58 to 3.87%.

The salary increases in the July 1, 2016 valuation were as follows: 2012-2021 and thereafter – varies based on experience. The salary increases in the July 1, 2017 valuation are as follows: 2011-2026 – 1.55% - 4.55% and thereafter – 2% - 5.45%.

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)
(Continued)

B.TEACHERS' PENSION AND ANNUITY FUND (Cont'd)

Changes of Actuarial Assumptions (Cont'd)

The mortality rates utilized in the July 1, 2016 valuation were as follows: Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60-year average of Social Security data from 1953 to 2013.

The mortality rates utilized in the July 1, 2017 valuation were as follows: Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Disabled mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

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

The mortality rates in the valuation as of June 30, 2017 were based on the following:

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted 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 mortality rates in the valuation as of June 30, 2018 were based on the following:

Pre-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Post-retirement mortality rates were based on the RP-2006 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-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using MP-2017 scale.

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)
(Continued)

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN (Cont'd)

Changes of Actuarial Assumptions (Cont'd)

The health care trend rates in the valuation as of June 30, 2017 were based on the following:

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long term trend rate after nine years. For self-insured post 65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long term rate after eight years. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

The health care trend rates in the valuation as of June 30, 2018 were based on the following:

For pre-Medicare preferred provider organization (PPO) medical benefits and health maintenance organization (HMO) medical benefits, trend rate is initially 5.8% and decreases to a 5.0% long term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after seven 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.

BUDGETARY COMPARISON SCHEDULES

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUE:					
Local Sources:					
County Tax Levy	\$ 3,995,172		\$ 3,995,172	\$ 3,995,172	
Tuition from LEA's	1,600,062		1,600,062	1,600,062	
Other Tuition	270,200		270,200	281,575	\$ 11,375
Transportation Fees from Other LEA's	232,000		232,000	232,000	
Interest Earned on Capital Reserve Funds	200		200	4,235	4,035
Unrestricted Miscellaneous Revenues	24,000		24,000	21,747	(2,253)
Total - Local Sources	6,121,634		6,121,634	6,134,791	13,157
State Sources:					
Categorical Special Education Aid	273,356		273,356	273,356	
Equalization Aid	2,793,754		2,793,754	2,793,754	
Categorical Security Aid	27,869		27,869	27,869	
Transportation Aid	212,027		212,027	212,027	
On-Behalf TPAF Post Retirement Contributions (Non-Budgeted)				321,088	321,088
On-Behalf TPAF Pension Contributions (Non-Budgeted)				693,356	693,356
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)				14,514	14,514
On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted)				986	986
TPAF Social Security (Reimbursed - Non-Budgeted)				242,255	242,255
Total State Sources	3,307,006		3,307,006	4,579,205	1,272,199
Total Revenue	9,428,640		9,428,640	10,713,996	1,285,356

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Grades 9-12 - Salaries of Teachers	\$ 1,434,200	\$ 115,022	\$ 1,549,222	\$ 1,548,366	\$ 856
Other Purchased Services	3,946	(2,270)	1,676	1,676	
General Supplies	18,850	(4,173)	14,677	14,677	
Textbooks	38,000	573	38,573	38,573	
Regular Programs - Home Instruction:					
Salaries of Teachers	3,000		3,000	870	2,130
Purchased Professional-Educational Services	2,000	(672)	1,328	1,328	
TOTAL REGULAR PROGRAMS - INSTRUCTION	<u>1,499,996</u>	<u>108,480</u>	<u>1,608,476</u>	<u>1,605,490</u>	<u>2,986</u>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	314,350	(74,375)	239,975	239,975	
Other Salaries for Instruction	60,300	(30,161)	30,139	30,139	
General Supplies		330	330	330	
Total Basic Skills/Remedial - Instruction	<u>374,650</u>	<u>(104,206)</u>	<u>270,444</u>	<u>270,444</u>	
Regular Vocational Programs:					
Salaries of Teachers	1,081,135	(49,016)	1,032,119	967,739	64,380
Other Purchased Services	500	894	1,394	1,394	
General Supplies	120,000	(1,895)	118,105	105,478	12,627
Textbooks	32,000	(7,125)	24,875	19,422	5,453
Total Regular Vocational Programs	<u>1,233,635</u>	<u>(57,142)</u>	<u>1,176,493</u>	<u>1,094,033</u>	<u>82,460</u>

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
School-Sponsored Cocurricular Activities:					
Salaries	\$ 29,250	\$ 1,800	\$ 31,050	\$ 28,250	\$ 2,800
Purchased Services	20,000		20,000	20,000	
Supplies and Materials	16,400		16,400	14,707	1,693
Total School-Sponsored Cocurricular Activities	65,650	1,800	67,450	62,957	4,493
School-Sponsored Athletics:					
Salaries	120,600	(4,742)	115,858	86,660	29,198
Purchased Services	24,000	7,875	31,875	27,897	3,978
Supplies and Materials	42,588	26	42,614	35,226	7,388
Total School-Sponsored Athletics	187,188	3,159	190,347	149,783	40,564
TOTAL INSTRUCTION	3,361,119	(47,909)	3,313,210	3,182,707	130,503
Undist. Expend. - Health Services:					
Salaries	80,075	2,335	82,410	82,410	
Purchased Professional and Technical Services	4,900	(2,017)	2,883	2,883	
Supplies and Materials	5,200	(956)	4,244	4,244	
Total Undist. Expend. - Health Services	90,175	(638)	89,537	89,537	

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undist. Expend. - Guidance:					
Salaries of Other Professional Staff	\$ 199,000	\$ 4,098	\$ 203,098	\$ 203,098	
Salaries of Secretarial and Clerical Assistants	32,680	302	32,982	32,982	
Other Purchased Services	1,000	(1,000)			
Supplies and Materials	2,400	1,898	4,298	4,298	
Other Objects	400	(400)			
Total Undist. Expend. - Guidance	235,480	4,898	240,378	240,378	
Undist. Expend. - Child Study Teams:					
Purchased Professional - Educational Services	152,250	(133,199)	19,051	16,996	\$ 2,055
Total Undist. Expend. - Child Study Teams	152,250	(133,199)	19,051	16,996	2,055
Undist. Expend. - Improvement of Instructional Services:					
Salaries of Other Professional Staff	10,000	(9,058)	942	942	
Total Undist. Expend-Impr. Of Instruct. Services	10,000	(9,058)	942	942	
Undist. Expend. - Support Services - General Administration:					
Salaries	226,900	3,253	230,153	225,172	4,981
Legal Services	43,999		43,999	38,303	5,696
Audit Fees	44,000	(1,500)	42,500	42,500	
Purchased Technical Services	10,000	3,035	13,035	13,035	
Communications/Telephone	20,000	447	20,447	14,197	6,250
BOE Other Purchased Services	750	2,812	3,562	3,562	
Miscellaneous Purchased Services	98,000	(8,071)	89,929	89,924	5
General Supplies	2,000	(899)	1,101	1,101	
BOE In-House Training/Meeting Supplies	22,000	(56)	21,944	21,944	
Total Undist. Expend. - Support Services - General Administration	467,649	(979)	466,670	449,738	16,932

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undist. Expend. - Support Services - School Administration:					
Salaries of Principals/Assistant Principals	\$ 308,750	\$ 13,343	\$ 322,093	\$ 322,093	
Salaries of Secretarial and Clerical Assistants	76,400	(4,097)	72,303	72,303	
Purchased Professional and Technical Services	2,000	(338)	1,662	1,662	
Other Purchased Services	39,000	(5,045)	33,955	33,955	
Supplies and Materials	16,000	(5,486)	10,514	9,790	\$ 724
Other Objects	2,000	(580)	1,420	1,420	
Total Undist. Expend. - Support Services - School Administration	444,150	(2,203)	441,947	441,223	724
Undist. Expend. - Central Services:					
Salaries	191,975	(40,384)	151,591	151,591	
Purchased Technical Services	12,000	277	12,277	12,277	
Miscellaneous Purchased Services	50,750	5,039	55,789	52,563	3,226
Supplies and Materials	3,224	(1)	3,223	3,223	
Miscellaneous Expenditures	2,500	(1,675)	825	825	
Total Undist. Expend. - Central Services	260,449	(36,744)	223,705	220,479	3,226
Undist. Expend. - Administration Information Technology:					
Salaries	79,750	(2,527)	77,223	77,223	
Purchased Technical Services	91,350		91,350	78,009	13,341
Supplies and Materials	75,317		75,317	60,292	15,025
Other Objects	750	(340)	410	410	
Total Undist. Expend. - Administration Information Technology	247,167	(2,867)	244,300	215,934	28,366

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undist. Expend. - Required Maintenance for School Facilities:					
Salaries	\$ 378,000	\$ 32,936	\$ 410,936	\$ 410,936	
Cleaning, Repair and Maintenance Services	192,743	(27,391)	165,352	165,352	
General Supplies	102,084	40,191	142,275	140,707	\$ 1,568
Total Undist. Expend. - Required Maintenance for School Facilities	672,827	45,736	718,563	716,995	1,568
Undist. Expend. - Custodial Services:					
Salaries	118,600	(1,666)	116,934	105,318	11,616
Other Purchased Property Services	30,900	549	31,449	27,121	4,328
General Supplies	2,200		2,200	183	2,017
Energy (Electricity)	125,000		125,000	123,445	1,555
Energy (Natural Gas)	51,073	1,009	52,082	50,880	1,202
Total Undist. Expend. - Custodial Services	327,773	(108)	327,665	306,947	20,718
Undist. Expend. - Security:					
Salaries	6,000		6,000	5,850	150
Purchased Professional & Technical Services	40,000	50,800	90,800	84,942	5,858
General Supplies		2,200	2,200	2,179	21
Total Undist. Expend. - Security	46,000	53,000	99,000	92,971	6,029
Undist. Expend. - Student Transportation Services:					
Salaries for Pupil Trans. (Other than Between Home & School)	10,000		10,000	3,300	6,700
Cleaning, Repair, & Maint. Services	3,180		3,180	1,135	2,045
Contracted Svcs. - (Between Home and School) - Vendors	465,000	135,000	600,000	575,339	24,661
Contracted Svcs. (Other than Between Home & School) - Vendors	25,000	17,700	42,700	42,700	
Transportation Supplies	8,845		8,845	6,318	2,527
Total Undist. Expend. - Student Transportation Services	512,025	152,700	664,725	628,792	35,933

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Unallocated Benefits:					
Social Security Contributions	\$ 140,000		\$ 140,000	\$ 105,989	\$ 34,011
Other Retirement Contributions - PERS	140,000	6,563	146,563	146,563	
Other Retirement Contributions - Regular	5,000		5,000	1,391	3,609
Unemployment Compensation	85,266	(2,000)	83,266		83,266
Workmen's Compensation	50,000		50,000	47,417	2,583
Health Benefits	1,968,469	(163,865)	1,804,604	1,565,561	239,043
Tuition Reimbursement	34,496	7,000	41,496	32,086	9,410
Other Employee Benefits	33,675	(5,000)	28,675	20,747	7,928
Total Unallocated Benefits	2,456,906	(157,302)	2,299,604	1,919,754	379,850
On-Behalf Contributions:					
On-Behalf TPAF Post Retirement Contributions (Non-Budgeted)				321,088	(321,088)
On-Behalf TPAF Pension Contributions (Non-Budgeted)				693,356	(693,356)
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)				14,514	(14,514)
On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted)				986	(986)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				242,255	(242,255)
Total On-Behalf Contributions				1,272,199	(1,272,199)
Total Personal Services - Employee Benefits	2,456,906	(157,302)	2,299,604	3,191,953	(892,349)
TOTAL UNDISTRIBUTED EXPENDITURES	5,922,851	(86,764)	5,836,087	6,612,885	(776,798)

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
TOTAL GENERAL CURRENT EXPENSE	\$ 9,283,970	\$ (134,673)	\$ 9,149,297	\$ 9,795,592	\$ (646,295)
Capital Outlay:					
Facilities Acquisition and Construction Services:					
Salaries	15,739	(15,739)			
Other Purchased Professional and Technical Services		72,026	72,026	72,026	
Construction Services	409,912	23,865	433,777	433,777	
Assessment for Debt Service on SDA Funding	33,565		33,565	33,565	
Total Facilities Acquisition and Construction Services	459,216	80,152	539,368	539,368	
TOTAL CAPITAL OUTLAY	459,216	80,152	539,368	539,368	
Special Schools:					
Post-Secondary - Instruction:					
Salaries of Teachers	122,000	42,101	164,101	164,101	
General Supplies	20,000	12,157	32,157	32,018	139
Total Post - Secondary - Instruction	142,000	54,258	196,258	196,119	139
Vocational Evening - Local - Instruction:					
Salaries of Teachers		263	263	263	
Total Vocational Evening - Local - Instruction		263	263	263	

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
TOTAL SPECIAL SCHOOLS	\$ 142,000	\$ 54,521	\$ 196,521	\$ 196,382	\$ 139
TOTAL EXPENDITURES	9,885,186		9,885,186	10,531,342	(646,156)
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(456,546)		(456,546)	182,654	639,200
Other Financing Sources/(Uses):					
Capital Reserve - Transfer to Capital Projects Fund		(3,335)	(3,335)	(3,335)	
Total Other Financing Sources/(Uses)		(3,335)	(3,335)	(3,335)	
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(456,546)	(3,335)	(459,881)	179,319	639,200
Fund Balance, July 1	2,535,169		2,535,169	2,535,169	
Fund Balance, June 30	\$ 2,078,623	\$ (3,335)	\$ 2,075,288	\$ 2,714,488	\$ 639,200
Reconciliation:					
Restricted Fund Balance:				\$ 2,146,833	
Capital Reserve					
Assigned Fund Balance:				11,906	
Year End Encumbrances				555,749	
Unassigned Fund Balance				2,714,488	
Reconciliation to Governmental Funds Statement (GAAP):				(327,345)	
Last State Aid Payments not Recognized on GAAP basis				(327,345)	
Fund Balance per Governmental Funds (GAAP)				\$ 2,387,143	

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
State Sources	\$ 7,999	\$ (2,602)	\$ 5,397	\$ 5,397	
Federal Sources	283,994	114,441	398,435	398,435	
Total Revenues	291,993	111,839	403,832	403,832	
EXPENDITURES:					
Instruction:					
Salaries of Teachers	273,995	(261,916)	12,079	12,079	
Purchased Professional and Technical Services	7,999	34,447	42,446	42,446	
Other Purchased Services		1,670	1,670	1,670	
General Supplies		124,032	124,032	124,032	
Total Instruction	281,994	(101,767)	180,227	180,227	
Support Services:					
Salaries of Other Professional Staff	9,999	3,021	13,020	13,020	
Personal Services - Employee Benefits		5,148	5,148	5,148	
Purchased Professional Technical Services		162,849	162,849	162,849	
Other Purchased Services		600	600	600	
Travel		8,990	8,990	8,990	
Supplies and Materials		882	882	882	
Miscellaneous Expenditures		2,650	2,650	2,650	
Total Support Services	9,999	184,140	194,139	194,139	
Facilities Acquisition and Construction Services:					
Instructional Equipment		29,466	29,466	29,466	
Total Facilities Acquisition and Construction Services		29,466	29,466	29,466	
Total Expenditures	\$ 291,993	\$ 111,839	\$ 403,832	\$ 403,832	\$ -0-

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 10,713,996	\$ 403,832
Difference - Budget to GAAP:		
Grant Accounting Budgetary basis differs from GAAP in that the Budgetary basis recognizes Encumbrances as Expenditures and Revenue whereas the GAAP basis does not:		
Current Year Encumbrances		(955)
Cancellation of Prior Year Encumbrances		(458)
Prior Year Encumbrances		18,451
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	316,669	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(327,345)	
 Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	 \$ 10,703,320	 \$ 420,870
 Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 10,531,342	\$ 403,832
Differences - Budget to GAAP:		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes:		
Current Year Encumbrances		(955)
Cancellation of Prior Year Encumbrances		(458)
Prior Year Encumbrances		18,451
 Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	 \$ 10,531,342	 \$ 420,870

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

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

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

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

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

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

WARREN COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Apprenticeship Coordinator	Rural Education Achievement Program	I.D.E.A. Part B, Basic
REVENUE:			
State Sources	\$ 5,397		
Federal Sources		\$ 40,857	\$ 116,585
Total Revenue	<u>5,397</u>	<u>40,857</u>	<u>116,585</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	3,427		
Purchased Professional and Technical Services	1,670		
Other Purchased Services	300	40,857	
General Supplies			
Total Instruction	<u>5,397</u>	<u>40,857</u>	
Support Services:			
Salaries of Other Professional Staff			
Personal Services - Employee Benefits			
Purchased Professional Technical Services			116,585
Other Purchased Services			
Travel			
Supplies and Materials			
Miscellaneous Expenditures			
Total Support Services			<u>116,585</u>
Facilities Acquisition and Construction Services:			
Instructional Equipment			
Total Facilities Acquisition and Construction Services			
Total Expenditures	<u>\$ 5,397</u>	<u>\$ 40,857</u>	<u>\$ 116,585</u>

WARREN COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Elementary and Secondary Education Act				Carl D. Perkins		Totals
	Title I	Title IIA	Title IV	Secondary	Secondary	Post Secondary	
REVENUE:							
State Sources	\$ 85,968	\$ 15,600	\$ 11,008	\$ 49,493	\$ 78,924	\$ 5,397	\$ 398,435
Federal Sources							
Total Revenue	85,968	15,600	11,008	49,493	78,924		403,832
EXPENDITURES:							
Instruction:							
Salaries of Teachers	7,952			700			12,079
Purchased Professional and Technical Services			11,008	5,678	25,760		42,446
Other Purchased Services							1,670
General Supplies	31,153			31,970	19,752		124,032
Total Instruction	39,105		11,008	38,348	45,512		180,227
Support Services:							
Salaries of Other Professional Staff	4,643			4,431	3,946		13,020
Personal Services - Employee Benefits	3,737			1,411			5,148
Purchased Professional Technical Services	38,483	7,781		600			162,849
Other Purchased Services				3,821			600
Travel		5,169		882			8,990
Supplies and Materials							882
Miscellaneous Expenditures		2,650					2,650
Total Support Services	46,863	15,600		11,145	3,946		194,139
Facilities Acquisition and Construction Services:							
Instructional Equipment					29,466		29,466
Total Facilities Acquisition and Construction Services					29,466		29,466
Total Expenditures	\$ 85,968	\$ 15,600	\$ 11,008	\$ 49,493	\$ 78,924	\$ 403,832	\$ 403,832

CAPITAL PROJECTS FUND

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Revenue and Other Financing Sources:	
Transfer from Capital Reserve	\$ 3,335
	<hr/>
Total Revenue and Other Financing Sources	3,335
	<hr/>
Expenditures:	
Construction Services	486,506
	<hr/>
Total Expenditures	486,506
	<hr/>
Excess of Revenue and Other Financing Sources Over Expenditures	(483,171)
	<hr/>
Fund Balance - Beginning of Year	483,171
	<hr/>
Fund Balance - End of Year	\$ -0-
	<hr/> <hr/>

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
TOILET PROJECT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Prior Periods	Current Year	Totals	Revised Project Authorization
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 192,000		\$ 192,000	\$ 192,000
County Improvement Authorization	229,418		229,418	229,418
Transfer from Capital Reserve	98,582	\$ 3,335	101,917	101,917
Total Revenue and Other Financing Sources	520,000	3,335	523,335	523,335
Expenditures:				
Construction Services	36,829	486,506	523,335	523,335
Total Expenditures	36,829	486,506	523,335	523,335
Excess of Revenue and Other Financing Sources Over Expenditures	<u>\$ 483,171</u>	<u>\$ (483,171)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Additional Project Information:

Project Numbers	5460-050-13-2002
Grant Date	06/02/16
County Improvement Authorization Date	04/08/15
County Improvement Authorization	\$ 229,418
Original Authorized Cost	\$ 520,000
Additional Authorized Cost	\$ 3,335
Revised Authorized Cost	<u>\$ 523,335</u>
Percentage Increase over Original Authorized Cost	0.64%
Percentage Completion	100.00%
Original Target Completion Date	12/31/18
Revised Target Completion Date	N/A

PROPRIETARY FUNDS

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
ENTERPRISE FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2019

	<u>Food Service Fund</u>
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 49,734
Interfund Receivable - General Fund	8,918
Intergovernmental Accounts Receivable:	
State	32
Federal	1,455
Inventories	2,990
	63,129
Total Current Assets	63,129
Non-Current Assets:	
Capital Assets	49,541
Less: Accumulated Depreciation	(23,227)
	26,314
Total Non-Current Assets	26,314
Total Assets	89,443
<u>LIABILITIES:</u>	
Current Liabilities:	
Accounts Payable	21,258
Unearned Revenue - Prepaid Sales	2,014
Unearned Revenue - Donated Commodities	543
	23,815
Total Liabilities	23,815
<u>NET POSITION:</u>	
Investment in Capital Assets	26,314
Unrestricted	39,314
	65,628
Total Net Position	\$ 65,628

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Food Service Fund
Operating Revenue:	
Daily Sales:	
Reimbursable Programs	\$ 49,649
Non-Reimbursable Programs	57,315
Total Operating Revenue	106,964
Operating Expenses:	
Cost of Sales:	
Reimbursable Programs	63,695
Non-Reimbursable Programs	48,050
Salaries	45,324
Employee Benefits and Payroll Taxes	11,670
Other Purchased Services	9,528
Supplies and Materials	1,376
Miscellaneous Expenses	12,772
Depreciation Expense	4,383
Total Operating Expenses	196,798
Operating Loss	(89,834)
Non-Operating Revenue:	
State Sources:	
State School Lunch Program	1,465
Federal Sources:	
National School Lunch Program	46,390
School Breakfast Program	9,449
Food Distribution Program	15,336
Total Non-Operating Revenue	72,640
Change in Net Position Before Other Item	(17,194)
Other Item:	
Capital Assets Appraisal Adjustment	1,299
Total Other Item	1,299
Change in Net Position After Other Item	(15,895)
Net Position - Beginning of Year	81,523
Net Position - End of Year	\$ 65,628

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Food Service Fund</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 121,250
Payments to Food Service Contractor	(144,882)
Payments to Suppliers	(16,989)
	(40,621)
Net Cash Used for Operating Activities	(40,621)
Cash Flows from Noncapital Financing Activities:	
State and Federal Sources	58,884
	58,884
Net Cash Provided by Noncapital Financing Activities	58,884
Net Increase in Cash and Cash Equivalents	18,263
Cash and Cash Equivalents, July 1	31,471
Cash and Cash Equivalents, June 30	\$ 49,734
Reconciliation of Operating Loss to Net Cash	
Used for Operating Activities:	
Operating Loss	\$ (89,834)
Adjustment to Reconcile Operating Loss to Net Cash	
Used for Operating Activities:	
Depreciation	4,383
Food Distribution Program	15,336
Changes in Assets and Liabilities:	
Decrease in Interfund Receivable	14,286
Decrease in Inventory	1,711
Increase in Accounts Payable	13,504
Increase in Unearned Revenue - Prepaid Sales	429
(Decrease) in Unearned Revenue - Donated Commodities	(436)
	(40,621)
Net Cash Used for Operating Activities	\$ (40,621)

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Commodities through the Food Distribution Program valued at \$14,900 and utilized U.S.D.A. Commodities valued at \$15,336.

FIDUCIARY FUNDS

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL

FIDUCIARY FUND

COMBINING STATEMENT OF NET POSITION

JUNE 30, 2019

	<u>Agency</u>		<u>Total</u>	<u>Unemployment</u>	<u>Private Purpose</u>
	<u>Student</u>	<u>Payroll</u>	<u>Agency</u>	<u>Compensation</u>	<u>Scholarships</u>
	<u>Activity</u>			<u>Trust</u>	<u>Trust</u>
<u>ASSETS:</u>					
Cash and Cash Equivalents	\$ 83,905	\$ 8,924	\$ 92,829	\$ 61,424	\$ 379
Interfund Receivable - Student Activities					
Total Assets	<u>83,905</u>	<u>8,924</u>	<u>92,829</u>	<u>61,424</u>	<u>379</u>
<u>LIABILITIES:</u>					
Interfund Payable:					
Scholarship Trust	379		379		
Payroll Deductions and Withholdings		8,924	8,924		
Due to Student Groups	83,526		83,526		
Total Liabilities	<u>83,905</u>	<u>8,924</u>	<u>92,829</u>		
<u>NET POSITION:</u>					
Held in Trust for Unemployment Claims				61,424	
Restricted for Scholarships					379
Total Net Position	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 61,424</u>	<u>\$ 379</u>

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL
FIDUCIARY FUND
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarships Trust</u>
ADDITIONS:		
Contributions:		
Plan Members	\$ 5,516	
Donations		\$ 200
Total Contributions	<u> 5,516</u>	<u> 200</u>
Total Additions	<u> 5,516</u>	<u> 200</u>
DEDUCTIONS:		
Unemployment Claims	<u> 39,047</u>	
Total Deductions	<u> 39,047</u>	
Change in Net Position	(33,531)	200
Net Position - Beginning of the Year	<u> 94,955</u>	<u> 179</u>
Net Position - End of the Year	<u><u> 61,424</u></u>	<u><u> 379</u></u>

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

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 93,856	\$ 130,136	\$ 140,087	\$ 83,905
Total Assets	<u>\$ 93,856</u>	<u>\$ 130,136</u>	<u>\$ 140,087</u>	<u>\$ 83,905</u>
 <u>LIABILITIES:</u>				
Due to Student Groups	\$ 93,677	\$ 129,936	\$ 140,087	\$ 83,526
Interfund Payable - Scholarship Trust	179	200		379
Total Liabilities	<u>\$ 93,856</u>	<u>\$ 130,136</u>	<u>\$ 140,087</u>	<u>\$ 83,905</u>

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

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 18,176	\$ 5,173,080	\$ 5,182,332	\$ 8,924
Total Assets	<u>\$ 18,176</u>	<u>\$ 5,173,080</u>	<u>\$ 5,182,332</u>	<u>\$ 8,924</u>
 <u>LIABILITIES:</u>				
Interfund Payable:				
Food Service Fund	\$ 6,417		\$ 6,417	
Payroll Deductions and Withholdings	<u>11,759</u>	<u>\$ 5,173,080</u>	<u>5,175,915</u>	<u>\$ 8,924</u>
Total Liabilities	<u>\$ 18,176</u>	<u>\$ 5,173,080</u>	<u>\$ 5,182,332</u>	<u>\$ 8,924</u>

LONG-TERM DEBT
(NOT APPLICABLE)

STATISTICAL SECTION
(UNAUDITED)

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

Contents

Exhibit

Financial Trends

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

J-1 thru J-5

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the District's ability to generate its County taxes.

J-6 thru J-9

Debt Capacity

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

J-10 thru J-13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.

J-14 thru J-15

Operating Information

These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.

J-16 thru J-20

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

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

	June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental Activities:										
Net Investment in Capital Assets	\$ 9,158,631	\$ 9,800,914	\$ 10,747,235	\$ 11,683,041	\$ 12,398,704	\$ 11,954,100	\$ 12,310,143	\$ 13,275,734	\$ 12,343,767	\$ 12,215,511
Restricted	2,129,043	1,347,025	626,675	249,484	249,484	1,843,243	1,016,703	1,464,961	1,520,192	2,146,833
Unrestricted/(Deficit)	37,564	496,988	871,294	740,207	(1,672,103)	(1,940,295)	(326,222)	(1,862,487)	(1,581,139)	(2,543,643)
Total Governmental Activities Net Position	\$ 11,325,238	\$ 11,644,927	\$ 12,245,204	\$ 12,672,732	\$ 10,976,085	\$ 11,857,048	\$ 13,000,624	\$ 12,878,208	\$ 12,282,820	\$ 11,818,701
Business-Type Activities:										
Investment in Capital Assets	\$ 9,023	\$ 7,856	\$ 14,568	\$ 12,886	\$ 11,204	\$ 19,078	\$ 20,353	\$ 17,648	\$ 29,398	\$ 26,314
Unrestricted	133,410	139,475	69,016	60,106	61,284	58,476	62,043	80,937	52,125	39,314
Total Business-Type Activities Net Position	\$ 142,433	\$ 147,331	\$ 83,584	\$ 72,992	\$ 72,488	\$ 77,554	\$ 82,396	\$ 98,585	\$ 81,523	\$ 65,628
District-Wide:										
Net Investment in Capital Assets	\$ 9,167,654	\$ 9,808,770	\$ 10,761,803	\$ 11,695,927	\$ 12,409,908	\$ 11,973,178	\$ 12,330,496	\$ 13,293,382	\$ 12,373,165	\$ 12,241,825
Restricted	2,129,043	1,347,025	626,675	249,484	249,484	1,843,243	1,016,703	1,464,961	1,520,192	2,146,833
Unrestricted/(Deficit)	170,974	636,463	940,310	800,313	(1,610,819)	(1,881,819)	(264,179)	(1,781,550)	(1,529,014)	(2,504,329)
Total District Net Position	\$ 11,467,671	\$ 11,792,258	\$ 12,328,788	\$ 12,745,724	\$ 11,048,573	\$ 11,934,602	\$ 13,083,020	\$ 12,976,793	\$ 12,364,343	\$ 11,884,329

Source: School District Financial Reports

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

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses:										
Governmental Activities:										
Instruction										
Regular	844,747	674,590	710,375	803,379	748,235	911,640	990,713	864,025	644,686	665,186
Special Education	452,410	412,945	459,292	469,024	483,031	552,679	612,790	667,930	811,368	675,782
Vocational Education	377,972	392,116	432,545	301,859	323,952	396,171	651,909	749,834	801,840	788,347
School-Sponsored/Other Instruction	279,613	290,643	292,383	294,801	379,016	410,849	466,607	528,517	536,382	374,556
Support Services:										
Student and Instruction Related Services	274,952	214,348	229,091	249,572	211,850	187,133	179,791	240,334	311,581	256,700
General Administrative Services	976,706	1,002,682	940,738	961,995	1,026,112	1,051,519	1,239,608	1,244,600	1,429,033	1,451,530
School Administrative Services	507,188	573,661	540,480	562,593	545,217	534,395	545,277	523,369	616,110	630,535
Central Services	592,594	689,544	705,868	670,174	624,870	587,605	792,342	836,503	598,066	631,082
Administrative Information Technology	78,231	36,220	19,994	34,190	35,821	111,438				
Plant Operations and Maintenance	274,012	364,911	364,991	416,122	664,365	620,100	625,366	881,680	882,600	684,488
Pupil Transportation	8,671,342	8,955,971	9,125,527	9,457,277	9,802,455	10,785,342	12,156,930	13,313,110	13,778,549	12,690,142
Special Schools										
Capital Outlay										
Unallocated Depreciation										
Total Governmental Activities Expenses	8,671,342	8,955,971	9,125,527	9,457,277	9,802,455	10,785,342	12,156,930	13,313,110	13,778,549	12,690,142
Business-Type Activities:										
Internet Access	42,091	16,044	731							
Restaurant	12,857	15,331	20,715	14,177	17,457	17,561	18,788	9,384	4,302	
Food Service	166,340	157,508	177,511	152,525	159,593	161,167	171,596	179,213	185,205	196,798
Total Business-Type Activities Expense	221,288	188,883	198,957	166,702	177,050	178,728	190,384	188,597	189,507	196,798
Total District Expenses	8,892,630	9,144,854	9,324,484	9,623,979	9,979,505	10,964,070	12,347,314	13,501,707	13,968,056	12,886,940
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Tuition From Other LEAs			1,162,151	1,110,668	1,167,077	2,044,114	1,960,512	1,961,776	1,987,840	1,600,062
Services Provided to Other LEAs					84,000					
Transportation Fees From Other LEAs										
Special Schools (Other Tuition)	407,633	403,151	388,041	374,142	320,687	404,046	476,170	333,782	192,000	232,000
Operating Grants and Contributions	1,337,220	1,140,390	1,343,568	1,589,882	1,401,647	2,267,722	2,742,937	3,478,523	3,657,815	3,629,916
Capital Grants and Contributions						110,634	556,527	659,122		192,000
Total Governmental Activities Program Revenues	1,744,853	1,543,541	2,893,760	3,074,692	2,973,411	4,826,516	5,736,146	6,542,203	6,070,573	5,935,553

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

UNAUDITED
(Continued)

	Fiscal Year Ended June 30,									
	2010	2012	2013	2014	2014	2015	2016	2017	2018	2019
Program Revenues (Cont'd):										
Business-Type Activities:										
Charges for Services:										
Internet Access		\$ 11,975								
Restaurant	\$ 43,132	17,168	\$ 13,584	\$ 9,016	\$ 16,142	\$ 14,595	\$ 18,069	\$ 20,287		
Food Service	15,971	102,283	102,885	77,205	82,293	79,690	89,871	105,092	\$ 101,229	\$ 106,964
Operating Grants and Contributions	126,903	62,176	76,092	69,888	78,110	89,506	87,286	79,407	74,305	72,640
Total Business-Type Activities Program Revenues	46,493	193,602	192,561	156,109	176,545	183,791	195,226	204,786	175,534	179,604
Total District Program Revenues	232,499	1,737,143	3,086,321	3,230,801	3,149,956	5,010,307	5,931,372	6,746,989	6,246,107	6,115,157
Net (Expense)/Revenue:										
Governmental Activities	\$ 1,977,352	(7,412,430)	(6,231,767)	(6,382,585)	(6,829,044)	(5,958,826)	(6,420,784)	(6,770,907)	(7,707,976)	(6,754,589)
Business-Type Activities	11,211	4,719	(6,396)	(10,593)	(505)	5,063	4,842	16,189	(13,973)	(17,194)
Total District-Wide Net Expense	(6,915,278)	(7,407,711)	(6,238,163)	(6,393,178)	(6,829,549)	(5,953,763)	(6,415,942)	(6,754,718)	(7,721,949)	(6,771,783)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
County Taxes Levied for General Purposes, Net	3,995,172	3,995,172	3,995,172	3,995,172	3,995,172	3,995,172	3,995,172	3,995,172	3,995,172	3,995,172
Tuition from Other LEA's	1,179,067	1,130,881	2,665,682	2,763,872	2,792,568	2,801,683	2,802,550	2,816,474	2,833,529	2,269,316
Federal and State Aid not Restricted	2,281,554	11,257	9,768	961		42,934	74,638	33,263	51,380	25,982
Investment Earnings	21,783	62,291	104,065	50,108	53,343					
Miscellaneous Income	86,872									
Transfers:										
Restaurant Enterprise Fund									3,089	
Internet Access			57,357							
County Improvement Authorization							600,000	150,000	229,418	
Other Item								(254,418)		
Total Governmental Activities	7,564,448	7,732,119	6,832,044	6,810,113	6,841,083	6,839,789	7,472,360	6,740,491	7,112,588	6,290,470

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

UNAUDITED
(Continued)

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Revenues and Other Changes in Net Position:										
Business-Type Activities:										
Investment Earnings	\$ 697	\$ 179	\$ 6	\$ 1	\$ 1	\$ 3				
Transfers:									\$ (3,089)	
General Fund			(57,357)							
Internet Access										
Other Item		179	(57,351)	1	1	3			(3,089)	1,299
Total Business-Type Activities	697	179	(57,351)	1	1	3			(3,089)	1,299
Total District-Wide	7,565,145	7,732,298	6,774,693	6,810,114	6,841,084	6,839,792	7,472,360	6,740,491	7,109,499	6,291,769
Change in Net Position:										
Governmental Activities	637,959	319,689	600,277	427,528	12,039	880,963	1,051,576	(30,416)	(595,388)	(464,119)
Business-Type Activities	11,908	4,898	(63,747)	(10,592)	(504)	5,066	4,842	16,189	(17,062)	(15,895)
Total District	\$ 649,867	\$ 324,587	\$ 536,530	\$ 416,936	\$ 11,535	\$ 886,029	\$ 1,056,418	\$ (14,227)	\$ (612,450)	\$ (480,014)

Source: School District Financial Reports

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

	June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund:										
Reserved/Restricted	\$ 2,129,043	\$ 1,347,025	\$ 626,675	\$ 249,484	\$ 249,484	\$ 1,843,243	\$ 924,703	\$ 1,464,961	\$ 1,520,192	\$ 2,146,833
Assigned	168,142	389,664	962,093	883,278	22,200	15,320	33,710	158,089	456,746	11,906
Unreserved/Unassigned		250,013	105,621	54,909	249,145	176,718	313,385	241,830	241,562	228,404
Total General Fund	\$ 2,297,185	\$ 1,986,702	\$ 1,694,389	\$ 1,187,671	\$ 520,829	\$ 2,035,281	\$ 1,271,798	\$ 1,864,880	\$ 2,218,500	\$ 2,387,143
All Other Governmental Funds:										
Unreserved/Unassigned, Reported In:										
Capital Projects Fund/(Deficit)						\$ (225,054)				
Committed							\$ 1,285,089		\$ 291,171	
Total All Other Governmental Funds	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ (225,054)	\$ 1,285,089	\$ -0-	\$ 291,171	\$ -0-
Total All Governmental Funds:										
Reserved/Restricted	\$ 2,129,043	\$ 1,347,025	\$ 626,675	\$ 249,484	\$ 249,484	\$ 1,843,243	\$ 924,703	\$ 1,464,961	\$ 1,520,192	\$ 2,146,833
Assigned	168,142	389,664	962,093	883,278	22,200	15,320	33,710	158,089	456,746	11,906
Committed							1,285,089		291,171	
Unreserved/Unassigned/(Deficit)		250,013	105,621	54,909	249,145	(48,336)	313,385	241,830	241,562	228,404
Total All Governmental Funds	\$ 2,297,185	\$ 1,986,702	\$ 1,694,389	\$ 1,187,671	\$ 520,829	\$ 1,810,227	\$ 2,556,887	\$ 1,864,880	\$ 2,509,671	\$ 2,387,143

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

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues:										
County Tax Levy	\$ 3,995,172	\$ 3,995,172	\$ 3,995,172	\$ 3,995,172	\$ 3,995,172	\$ 3,995,172	\$ 3,995,172	\$ 3,995,172	\$ 3,995,172	\$ 3,995,172
Tuition from LEA's	1,179,067	1,130,881	1,162,151	1,110,668	1,167,077	2,044,114	1,960,512	1,961,776	1,987,840	1,600,062
Other Tuition	407,633	403,151	388,041	374,142	320,687	404,046	476,170	333,782	228,932	281,575
Transportation Fees from Other LEA's								109,000	192,000	232,000
GED Testing Center Fees	9,100	8,750	9,620	7,840	8,033	8,447	8,584	7,992	3,986	
Services Provided to Other LEAs					84,000					
Interest Earned on Capital Reserve Funds	3,285	5,090	2,890	383						
Unrestricted Miscellaneous Revenue	100,170	63,408	104,623	46,646	45,310	150,302	76,769	27,271	53,780	25,982
State Sources	2,624,762	3,270,100	3,494,753	3,795,064	3,773,637	3,879,823	4,587,814	4,786,736	4,287,956	4,765,926
Federal Sources	990,112	399,108	511,197	554,890	420,578	387,496	436,091	461,540	406,757	415,473
Total Revenue	9,309,301	9,275,660	9,668,447	9,884,805	9,814,494	10,869,400	11,541,112	11,683,269	11,156,423	11,316,190
Expenditures:										
Instruction:										
Regular Instruction	1,407,087	1,599,392	1,592,921	1,597,428	1,559,162	1,472,725	1,442,954	1,547,993	1,559,497	1,777,778
Special Education Instruction				137,956	187,069	291,832	156,683	64,800	428,569	116,585
Other Special Instruction	1,454,671	1,356,221	1,340,277	1,225,572	1,238,308	1,300,154	1,400,249	1,601,678	1,344,658	1,094,033
Vocational Education Instruction	132,898	147,551	147,068	141,205	153,123	156,576	176,421	177,328	190,847	212,740
School-Sponsored/Other Instruction										
Support Services:										
Student and Instruction Related Services	675,798	504,806	546,932	594,669	564,705	567,737	593,042	510,849	301,391	347,853
General Administrative Services	407,486	358,485	396,168	371,945	385,279	396,277	421,683	433,812	504,067	449,738
School Administrative Services	287,612	287,058	306,068	212,793	237,257	264,094	387,009	399,034	420,025	441,223
Central Services	228,333	225,911	213,385	212,658	296,203	299,715	330,023	333,354	317,366	220,479
Administrative Information Technology	281,226	205,623	209,169	225,278	186,422	161,103	154,870	207,204	265,001	215,934
Plant Operations and Maintenance	975,333	912,418	833,317	853,356	887,836	904,773	1,033,000	1,031,002	1,045,089	1,116,913
Pupil Transportation	507,188	573,642	540,480	562,347	544,717	534,040	543,889	520,556	613,468	628,792
Unallocated Benefits	1,527,717	1,711,950	1,919,154	2,173,589	2,141,600	2,384,175	2,666,879	2,919,995	3,074,055	3,191,953
Capital Outlay	502,591	1,132,830	1,441,913	1,566,390	1,602,191	414,310	1,521,803	1,983,507	257,643	1,055,340
Special Schools	686,584	570,256	570,830	516,337	497,464	432,491	565,947	539,746	422,463	298,913
Total Expenditures	9,074,524	9,586,143	10,057,682	10,391,523	10,481,336	9,580,002	11,394,452	12,270,858	10,744,139	11,438,718
Excess (Deficiency) of Revenues Over (Under) Expenditures	234,777	(310,483)	(389,235)	(506,718)	(666,842)	1,289,398	146,660	(587,589)	412,284	(122,528)

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

UNAUDITED
(Continued)

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Other Financing Sources/(Uses):										
Capital Leases (Non-Budgeted)			\$ 39,565							
Transfers In:									\$ 3,089	
Restaurant Enterprise Fund										
Internet Access			57,357					\$ 150,000	229,418	
County Improvement Authorization								(254,418)		
County Improvement Authorization Receivable Cancelled			57,357				600,000	(104,418)	232,507	
Total Other Financing Sources/(Uses)			\$ (331,878)	\$ (506,718)	\$ (666,842)	\$ 1,289,398	\$ 746,660	\$ (692,007)	\$ 644,791	\$ (122,528)
Net Change in Fund Balances	\$ 234,777	\$ (310,483)	\$ (331,878)	\$ (506,718)	\$ (666,842)	\$ 1,289,398	\$ 746,660	\$ (692,007)	\$ 644,791	\$ (122,528)
Debt Service as a Percentage of Noncapital Expenditures	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

N/A Not Applicable

Source: School District Financial Reports

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

Fiscal Year Ended June 30,	Tuition from LEA's	Transportation Fees from LEA's	Services Provided to Other LEAs	Adult Education Tuition	GED Testing Center Fees	Interest on Investments	Miscellaneous	Total
2010	\$ 1,179,067			\$ 407,633	\$ 9,100	\$ 21,783	\$ 77,772	\$ 1,695,355
2011	1,130,881			403,151	8,750	11,257	53,541	1,607,580
2012	1,162,151			388,041	9,620	9,768	94,445	1,664,025
2013	1,110,668			374,142	7,840	961	42,268	1,535,879
2014	1,167,077		\$ 84,000	320,687	8,033		45,310	1,625,107
2015	2,044,114			404,046	8,447		34,487	2,491,094
2016	1,960,512			476,170	8,584		66,054	2,511,320
2017	1,961,776	\$ 109,000		333,782	7,992		25,271	2,437,821
2018	1,987,840	192,000		228,932	3,986		51,380	2,464,138
2019	1,600,062	232,000		281,575		4,235	21,747	2,139,619

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

Year Ended December 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities *	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate	Estimated Actual (County Equalized Value)
2009	\$ 256,865,167	\$ 7,654,844,051	\$ 615,471,500	\$ 38,747,232	\$ 1,060,704,897	\$ 550,840,850	\$ 176,048,900	\$ 10,353,522,597	\$ 27,217,257	\$ 10,380,739,854	\$ 1,097,260,750	N/A	\$ 13,368,469,742
2010	251,516,967	8,168,300,057	618,799,900	38,129,997	1,251,803,552	644,499,200	223,769,200	11,196,818,873	32,138,774	11,228,957,647	1,255,927,713	N/A	13,469,104,644
2011	226,612,417	8,074,315,307	594,783,500	37,505,720	1,236,692,452	627,479,200	218,177,404	11,015,566,000	30,259,289	11,045,825,289	1,240,646,048	N/A	12,821,727,118
2012	199,368,367	7,893,151,225	601,147,400	37,856,335	1,210,337,553	619,331,100	218,642,404	10,779,834,384	31,055,796	10,810,890,180	1,231,347,161	N/A	12,064,011,840
2013	187,827,887	7,826,483,885	594,520,700	37,656,226	1,204,982,162	609,937,850	223,602,500	10,685,011,210	25,834,841	10,710,846,051	1,246,473,784	N/A	11,312,251,145
2014	173,905,752	7,468,609,785	588,213,200	38,352,949	1,179,627,962	573,813,750	244,622,900	10,267,146,298	22,876,697	10,290,022,995	1,230,066,004	N/A	10,631,545,458
2015	164,482,052	7,486,498,434	585,906,750	43,106,922	1,153,798,402	564,186,450	246,351,800	10,244,330,810	15,008,677	10,259,339,487	1,234,520,704	N/A	10,687,356,135
2016	165,589,136	7,463,992,051	579,415,150	39,147,732	1,161,877,202	559,270,950	243,923,800	10,213,218,021	15,343,800	10,228,561,821	1,235,750,989	N/A	10,757,846,707
2017	158,552,732	7,474,779,822	580,014,750	37,861,432	1,158,234,070	556,573,650	248,560,300	10,214,376,756	15,259,690	10,229,636,446	1,322,584,929	N/A	10,749,777,260
2018	151,008,922	7,456,282,722	576,274,750	37,153,209	1,160,299,170	560,725,230	252,859,200	10,194,603,203	14,747,818	10,209,351,021	1,318,612,429	N/A	10,209,352,021

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

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

N/A Not Applicable

Source: Warren County Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2010	\$ 3,995,172	\$ 3,995,172	100.00%	\$ -0-
2011	3,995,172	3,995,172	100.00%	-0-
2012	3,995,172	3,995,172	100.00%	-0-
2013	3,995,172	3,995,172	100.00%	-0-
2014	3,995,172	3,995,172	100.00%	-0-
2015	3,995,172	3,995,172	100.00%	-0-
2016	3,995,172	3,995,172	100.00%	-0-
2017	3,995,172	3,995,172	100.00%	-0-
2018	3,995,172	3,995,172	100.00%	-0-
2019	3,995,172	3,995,172	100.00%	-0-

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

Source: School District records

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

Fiscal Year Ended June 30,	Governmental Activities						Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Business-Type Activities				
					Capital Leases	Capital Leases			
2010	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	0.0000%	\$ -0-	
2011	-0-	-0-	-0-	-0-	-0-	-0-	0.0000%	-0-	
2012	-0-	-0-	37,376	-0-	-0-	37,376	0.0007%	0.35	
2013	-0-	-0-	31,108	-0-	-0-	31,108	0.0006%	0.29	
2014	-0-	-0-	24,076	-0-	-0-	24,076	0.0005%	0.23	
2015	-0-	-0-	16,187	-0-	-0-	16,187	0.0003%	0.15	
2016	-0-	-0-	7,337	-0-	-0-	7,337	0.0001%	0.07	
2017	-0-	-0-	-0-	-0-	-0-	-0-	0.0000%	-0-	
2018	-0-	-0-	-0-	-0-	-0-	-0-	0.0000%	-0-	
2019	-0-	-0-	-0-	-0-	-0-	-0-	0.0000%	-0-	

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

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

Source: School District Financial Reports

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

Year	Population ^a	Warren County Per Capita Personal Income ^b	Total County Personal Income ^c	Unemployment Rate ^d
2010	108,691	\$ 44,023	\$ 4,784,903,893	9.10%
2011	108,145	45,657	4,937,576,265	8.40%
2012	107,538	46,829	5,035,897,002	8.20%
2013	106,721	47,264	5,044,061,344	7.20%
2014	106,855	48,598	5,192,939,290	6.10%
2015	106,869	50,376	5,383,632,744	5.20%
2016	106,617	51,454	5,485,871,118	4.60%
2017	106,798	53,531	5,717,003,738	4.20%
2018	105,779	53,531 *	5,662,455,649 ***	3.80%
2019	105,779 **	53,531 *	5,662,455,649 ***	N/A

* - Latest Warren County per capita personal income available (2017) was used for calculation purposes.

** - Latest population data available (2018) was used for calculation purposes.

*** - Latest available population data (2018) and latest available Warren County per capita personal income (2017) was used for calculation purposes

N/A - Information unavailable.

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

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

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

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

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

	2018		
Employer	Employees	Rank (Optional)	Percentage of Total Employment

Not available

	2009		
Employer	Employees	Rank (Optional)	Percentage of Total Employment
Masterfoods USA	1,600	1	2.93%
Warren Hospital	1,000	2	1.83%
Hackettstown Medical Center	900	3	1.65%
Mallinckrodt/ Baker, Inc.	500	4	0.92%
Abilities of Northwest Jersey, Inc.	440	5	0.81%
Genesis Health Center	425	6	0.78%
Shop Rite of Greenwich	407	7	0.75%
Centenary College	350	8	0.64%
DSM Nutritional Products	265	9	0.49%
Alcan Packaging	235	10	0.43%
	6,122		11.21%
Total Employment	54,592		

Source: County of Warren

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

<u>Function/Program</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Instruction:										
Regular	25.0	29.0	34.0	34.0	34.0	34.0	33.0	33.0	32.0	28.0
Vocational	17.0	22.0	17.0	17.0	18.0	18.0	17.0	18.0	18.0	15.0
Adult/Continuing Education Programs	3.0	3.0	6.0	6.0	5.0	5.0	5.0	3.0	2.0	2.0
Support Services:										
Student and Instruction Related Services	7.0	7.0	7.0	7.0	7.0	7.0	7.0	5.0	5.0	5.0
School Administrative Services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	3.0	3.0
General Administrative Services	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	3.0	3.0
Central Services	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Plant Operations and Maintenance	8.0	7.0	7.0	5.0	8.0	8.0	8.0	9.0	9.0	9.0
Special Schools	1.0	1.0	1.0	1.0	1.0	1.0	1.0			
Total	73.0	81.0	84.0	82.0	85.0	85.0	83.0	80.0	76.0	69.0

Source: District Personnel Records

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

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						High School	School				
2010	456.0	\$ 7,885,349	\$ 17,292	-677.82%	47	1:10.9	441.2	415.2	2.80%	94.11%	
2011	469.0	7,883,057	16,808	-2.80%	47	1:10.0	454.7	429.7	3.06%	94.50%	
2012	456.0	8,044,939	17,642	4.96%	44	1:10.4	443.1	420.6	-2.55%	94.92%	
2013	481.0	8,308,796	17,274	-2.09%	45	1:10.7	438.3	416.3	-1.08%	94.98%	
2014	498.0	8,381,681	16,831	-2.57%	46	1:10.8	459.5	442.5	4.84%	96.30%	
2015	482.0	8,733,201	18,119	7.65%	47	1:10.0	480.0	452.1	4.46%	94.19%	
2016	477.0	9,306,702	19,511	7.68%	47	1:10.0	473.9	446.0	-1.27%	94.11%	
2017	453.5	9,747,605	21,494	10.16%	52	1:11.6	448.5	423.1	-5.36%	94.34%	
2018	460.5	10,064,033	21,855	1.68%	52	1:8.8	461.5	433.9	2.90%	94.02%	
2019	460.0	10,084,465	21,923	0.31%	53	1:8.7	464.5	437.2	0.65%	94.12%	

Note: Enrollment based on annual October district count.

^a Operating expenditures equal total expenditures less debt service, capital outlay and special schools.

^b Teaching staff includes only full-time equivalents of certificated staff.

^c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

^d Cost per pupil represents operating expenditures divided by enrollment. This cost per pupil may be different from other cost per pupil calculations.

Sources: School District records

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<u>District Buildings</u>										
High School										
Square Feet	151,926	151,926	151,926	151,926	179,000	179,000	179,000	179,000	179,000	179,000
Capacity (students)	484	484	484	484	550	550	550	550	550	550
Enrollment	456	469	456	481	498	482	477	453	460	460
Board Office										
Square Feet	5,046	5,046	5,046	5,046	5,046	5,046	5,046	5,046	5,046	5,046

Number of Schools at June 30, 2019
 High School = 1

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

Source: School District Facilities Office

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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>High</u> <u>School</u>
2010	\$ 393,619
2011	362,773
2012	402,626
2013	468,162
2014	491,797
2015	489,581
2016	692,240
2017	681,068
2018	663,340
2019	716,995

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

Source: School District records.

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2019
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - New Jersey Schools		
Insurance Group		
Property Section:		
Blanket Building and Contents	\$ 38,115,433	\$ 5,000
Flood Coverage	10,000,000	10,000
Liability Section:		
Comprehensive General Liability	11,000,000	
Automobile Liability	11,000,000	
Employee Benefit Liability	11,000,000	1,000
Workers' Compensation:		
Statutory Benefits	As Required by the State of New Jersey	
School Leaders Professional Liability/Employment		
Practices Liability		
Per Claim/Aggregate Per Member	11,000,000	5,000
Per Occurrence	11,000,000	5,000
Employers' Liability:		
Per Occurrence/Aggregate	2,000,000	
Crime:		
Employee Dishonesty	250,000	1,000
Forgery or Alteration	250,000	500
Money and Securities:		
Inside	100,000	500
Outside	100,000	500
Public Official Bond - Selective Insurance:		
Treasurer of School Monies	200,000	
Business Administrator	200,000	
NJ CAP Excess Liability	50,000,000	11,000,000

Source: District's Insurance Agent

SINGLE AUDIT SECTION



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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Warren County Vocational-Technical School (the "District"), a component unit of the County of Warren as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 8, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

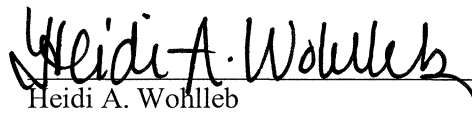
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

Purpose of this Report

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

November 8, 2019
Mount Arlington, New Jersey

NISIVOCCIA LLP


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



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

Independent Auditors' Report

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

Report on Compliance for Each Major State Program

We have audited the Board of Education of the Warren County Vocational-Technical School's (the "District's"), a component unit of the County of Warren, compliance with the types of compliance requirements described in the *New Jersey State Aid/ Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the fiscal year ended June 30, 2019. The District's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinions on Each Major State Program

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

Report on Internal Control Over Compliance

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

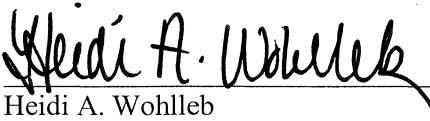
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

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

November 8, 2019
Mount Arlington, New Jersey

NISIVOCCIA LLP


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

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

Federal Grantor/Pass Through Grantor/ Program/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2018			Cash Received	Budgetary Expenditures	Cancellation of Prior Year Encumbrances	Balance at June 30, 2019	
					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor				Budgetary Accounts Receivable	Budgetary Unearned Revenue
U.S. Department of Agriculture												
Passed-through State Department of Agriculture:												
Child Nutrition Cluster:												
Food Distribution Program	10.555	N/A	7/1/18-6/30/19	\$ 14,900	\$	\$ 14,900	\$	(14,357)			\$ 543	
Food Distribution Program	10.555	N/A	7/1/17-6/30/18	8,580	\$	979		(979)				
National School Lunch Program	10.555	N/A	7/1/18-6/30/19	46,390		45,316		(46,390)		\$ (1,074)		
National School Lunch Program	10.555	N/A	7/1/17-6/30/18	52,623	\$	(2,253)						
School Breakfast Program	10.553	N/A	7/1/18-6/30/19	9,449		9,068		(9,449)		(381)		
School Breakfast Program	10.553	N/A	7/1/17-6/30/18	11,091	(749)	749		(71,175)		(1,455)	543	
Total Child Nutrition Cluster					(3,002)	979		(71,175)		(1,455)	543	
Total U.S. Department of Agriculture					(3,002)	979		(71,175)		(1,455)	543	
U.S. Department of Education												
Special Revenue Fund:												
Rural Education Achievement Program	84.358A	S358A107754	7/1/18-6/30/19	40,956		40,857		(40,857)				
Total Rural Education Achievement Program						40,857		(40,857)				
Elementary and Secondary Education Act:												
Title I	84.010A	ESEA546019C	7/1/18-6/30/19	106,696		40,288		(85,968)		(45,680)		
Title I	84.010A	ESEA546018C	7/1/17-6/30/18	92,262	(45,921)	45,485		\$ 436				
Total Title I					(45,921)	85,773		(85,968)		436		
Title IIA	84.367A	ESEA546019C	7/1/18-6/30/19	20,376	(368)	15,510		(15,600)		(90)		
Title IIA	84.367A	ESEA546018C	7/1/17-6/30/18	16,317	(368)	368				(90)		
Total Title IIA						15,878		(15,600)		(90)		
Title IV	84.424	ESEA546019C	7/1/18-6/30/19	11,008	(46,289)	11,008		(11,008)		(45,770)		
Total Elementary and Secondary Education Act						112,659		(112,576)		436		
Carl D. Perkins Secondary	84.048	PERK546019	7/1/18-6/30/19	50,124		50,124		(49,493)			\$ 631	
Carl D. Perkins Secondary	84.048	PERK546018	7/1/17-6/30/18	47,993	(12,958)	15,098			22		2,162	
Carl D. Perkins Secondary	84.048	PERK546017	7/1/16-6/30/17	46,991			\$ 400				400	
Carl D. Perkins Secondary	84.048	PERK546016	7/1/15-6/30/16	43,141			428				428	
Carl D. Perkins Post Secondary	84.048	PERK546019	7/1/18-6/30/19	78,924	(825)	78,924		(78,924)				
Carl D. Perkins Post Secondary	84.048	PERK546018	7/1/17-6/30/18	80,800	(13,783)	825			22		3,621	
Total Carl D. Perkins						144,971		(128,417)				
Special Education Cluster:												
I.D.E.A. Part B, Basic	84.027	IDEA546019	7/1/18-6/30/19	116,585	(46,151)	116,585		(116,585)				
I.D.E.A. Part B, Basic	84.027	IDEA546018	7/1/17-6/30/18	109,608	(46,151)	14,775			\$ 9,247			
Total Special Education Cluster						131,360		(116,585)		9,247		
Passed Through Morris County Technical School:												
Adult Basic Skills Education	84.002	ABS-14-18-37	7/1/17-6/30/18	92,463	(46,151)	36,904			\$ 9,247			
Total U.S. Department of Education						36,904						
Total Federal Awards						466,751		(398,435)		9,705		3,621
N/A - Not Available/Applicable						\$ (124,000)		\$ (469,610)		\$ 9,705		\$ 3,621
						\$ 979		\$ 539,037		\$ 9,705		\$ 543
												\$ -0-

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

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2018		Cash Received	Budgetary Expenditures	Balance at June 30, 2019		MEMO Cumulative Total Expenditures
				Budgetary Accounts Receivable	Due to Grantor			GAAP Accounts Receivable	Budgetary Due to Grantor	
NJ Department of Education:										
General Fund State Aid:										
Equalization Aid	19-495-034-5120-078	7/1/18-6/30/19	\$ 2,793,754			\$ 2,517,213	\$ (2,793,754)		\$ (276,541)	\$ 2,793,754
Transportation Aid	19-495-034-5120-014	7/1/18-6/30/19	212,027			191,039	(212,027)		(20,988)	212,027
Special Education Categorical Aid	19-495-034-5120-089	7/1/18-6/30/19	273,356			246,299	(273,356)		(27,057)	273,356
Categorical Security Aid	19-495-034-5120-084	7/1/18-6/30/19	27,869			25,110	(27,869)		(2,759)	27,869
Reimbursed TPAF Social Security Contributions	19-495-034-5094-003	7/1/18-6/30/19	242,255			230,366	(242,255)		(11,889)	242,255
On-Behalf TPAF Post Retirement Contributions	19-495-034-5094-001	7/1/18-6/30/19	321,088			321,088	(321,088)			321,088
On-Behalf TPAF Pension Contributions	19-495-034-5094-002	7/1/18-6/30/19	693,356			693,356	(693,356)			693,356
On-Behalf TPAF Non-Contributory Insurance	19-495-034-5120-004	7/1/18-6/30/19	14,514			14,514	(14,514)			14,514
On-Behalf TPAF Long-Term Disability Insurance	19-495-034-5094-004	7/1/18-6/30/19	986			986	(986)			986
Equalization Aid	18-495-034-5120-078	7/1/17-6/30/18	2,793,754	\$ (276,452)		276,452				2,793,754
Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	57,828	(5,722)		5,722				57,828
Special Education Categorical Aid	18-495-034-5120-089	7/1/17-6/30/18	273,356	(27,050)		27,050				273,356
Categorical Security Aid	18-495-034-5120-084	7/1/17-6/30/18	27,869	(2,758)		2,758				27,869
PARCC Readiness	18-495-034-5120-098	7/1/17-6/30/18	4,450	(440)		440				4,450
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	4,450	(440)		440				4,450
Professional Learning Community Aid	18-495-034-5120-101	7/1/17-6/30/18	4,770	(472)		472				4,770
Adult Education Programs Aid	18-100-034-5120-510	7/1/17-6/30/18	33,697	(3,335)		3,335				33,697
Total General Fund State Aid				(316,669)		4,556,640	(4,579,205)		(339,234)	7,779,379
Food Service Fund:										
State School Lunch Program	19-100-010-3350-023	7/1/18-6/30/19	1,465			1,433	(1,465)		(32)	1,465
State School Lunch Program	18-100-010-3350-023	7/1/17-6/30/18	1,570	(65)		65				1,570
Total Enterprise Fund				(65)		1,498	(1,465)		(32)	3,035
Special Revenue Fund:										
NJ Department of Labor and Workforce Development:										
Apprenticeship Coordinator	N/A	7/1/18-6/30/19	10,600			3,642	(5,397)		(1,755)	5,397
Apprenticeship Coordinator	N/A	7/1/17-6/30/18	10,000	(4,328)		4,328				9,603
Apprenticeship Coordinator	N/A	7/1/14-6/30/16	27,000		\$ 5,453			\$ 5,453		21,547
Apprenticeship Coordinator	N/A	7/1/13-6/30/14	10,000		661			661		9,339
Total Department of Labor and Workforce Development				(4,328)	6,114	7,970	(5,397)	(1,755)	(1,755)	45,886
Total Special Revenue Fund				(4,328)	6,114	7,970	(5,397)	(1,755)	(1,755)	45,886

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2018		Cash Received	Budgetary Expenditures	Balance at June 30, 2019		MEMO Cumulative Total Expenditures	
				Budgetary Accounts Receivable	Due to Grantor			GAAP Accounts Receivable	Budgetary Due to Grantor		
NJ Schools Development Authority: Capital Projects Fund: Educational Facilities Construction and Financing Act: Toilet Project	5460-050-13-2002	6/2/2016 - 6/30/19	\$ 192,000	\$ (192,000)			\$ (192,000)	\$ (192,000)	\$ (192,000)	\$ 192,000	
Total NJ Schools Development Authority				(192,000)			(192,000)	(192,000)	(192,000)	192,000	
Total State Awards			\$ 4,566,108	\$ (513,062)	\$ 6,114	\$ 4,566,108	\$ (4,778,067)	\$ (205,676)	\$ 6,114	\$ (533,021)	\$ 8,020,300
On-Behalf TPAF Post Retirement Contributions	19-495-034-5094-001	7/1/18-6/30/19					\$ 321,088				
On-Behalf TPAF Pension Contributions	19-495-034-5094-002	7/1/18-6/30/19					693,356				
On-Behalf TPAF Non-Contributory Insurance	19-495-034-5094-004	7/1/18-6/30/19					14,514				
On-Behalf TPAF Long-Term Disability Insurance	19-495-034-5094-004	7/1/18-6/30/19					986				
Subtotal - On-Behalf TPAF Pension System Contributions							1,029,944				
Total State Awards Subject to Single Audit Major Program Determination							\$ (3,748,123)				

N/A - Not Available/Applicable

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

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Warren County Vocational-Technical School under programs of the federal and state governments for the fiscal year ended June 30, 2019. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$10,676) for the General Fund, \$17,038 for the Special Revenue Fund and \$192,000 for the Capital Projects Fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General, Special Revenue and Capital Projects Funds. Awards and revenue are reported on the Board's basic financial statements on a GAAP basis as presented in the table on the following page.

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

	Federal	State	Total
General Fund		\$ 4,568,529	\$ 4,568,529
Special Revenue Fund	\$ 415,473	5,397	420,870
Capital Projects Fund		192,000	192,000
Enterprise Fund - Food Service Fund	71,175	1,465	72,640
Total Federal and State Awards	\$ 486,648	\$ 4,767,391	\$ 5,254,039

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. OTHER

Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2019.

NOTE 7. NJ SCHOOLS DEVELOPMENT AUTHORITY (NJSDA GRANTS)

The District has been awarded \$192,000 of grants which are recorded in the Capital Projects Fund from the New Jersey Schools Development Authority (NJSDA) under the Educational Facilities Construction and Financing Act. As of June 30, 2019, \$192,000 of the grant funds have been expended and drawn down on a GAAP basis. In the Capital Projects Fund, the District realizes the full amount of the grant revenue on a budgetary basis in the year awarded and realizes the grant revenue on a GAAP basis as it is expended and submitted for reimbursement. Expenditures reported under the NJSDA grant on the Schedule of Expenditures of State Awards represent reimbursement requests submitted to the NJSDA.

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for its major state award programs for the District expresses an unmodified opinion on all major state programs.
- The District was not subject to the single audit provisions of the Uniform Guidance for fiscal year end June 30, 2019 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Circular.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District's programs tested as major state programs for the current fiscal year consisted of the following:

<u>State:</u>	<u>Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
Equalization Aid	19-495-034-5120-078	7/1/18-6/30/19	\$ 2,793,754	\$ 2,793,754
Special Education Categorical Aid	19-495-034-5120-089	7/1/18-6/30/19	273,356	273,356
Categorical Security Aid	19-495-034-5120-084	7/1/18-6/30/19	27,869	27,869

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

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

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

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

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

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Status of Prior Year Findings:

The District had no prior year audit findings.