

# **Comprehensive Annual Financial Report**

**of the**

**Salem County  
Vocational Technical  
School District**

**Woodstown, New Jersey**

**For The Fiscal Year Ended  
June 30, 2010**

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT  
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## INTRODUCTORY SECTION

# *Vocational Technical Schools*

**www.scvts.org**  
**(856) 769-0101 ext. 310**  
**Fax. (856) 769-3602**

**Office of the Business Administrator**  
**880 Route 45**  
**Box 350 Woodstown, NJ 08098-0350**

November 4, 2010

Honorable President and  
Members of the Board of Education of the  
Special Services School District and Vocational  
Technical School District of the County of Salem  
Woodstown, New Jersey 08098

Dear Board Members:

The comprehensive annual financial report of the Salem County Vocational Technical School District (District) for the fiscal year ended June 30, 2010 is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the District. To the best of our knowledge and belief, the data presented in this report are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups 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, Management's Discussion and Analysis (MD&A), the District's organizational chart, and a list of principal officials. The financial section includes the general-purpose financial statements and schedules, as well as the auditor's report thereon. 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 OMB Circular A-133 Audits of States, Local Governments, and Non Profit Organizations; and State of New Jersey OMB's Circular 04-04 "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid Payments." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

## **1. Report Entity and Its Services**

The Salem County Vocational Technical School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds and account groups of the District are included in this report. The Salem County Vocational Technical School District and all its schools constitute the District's reporting entity.

The Salem County Vocational Technical School District is one of 21 county vocational-technical schools in New Jersey. A list of services provided follows:

A. Full/Shared-time Career and Technical Education

- Air Force Junior ROTC (Military Science)
- Allied Health Professionals
- Auto Collision Technology
- Automotive Technology
- Child Care and Early Childhood Education
- Computer Assisted Design and Drafting
- Construction Technology
- Cosmetology
- Culinary Arts
- Electrical Technology
- Graphics Technology
- Information Technology: Computer Hardware and Software
- Law Enforcement and Public Safety
- Welding

B. Salem County Arts, Science and Technology Academies

- Academy of Biological and Medical Science at the Salem County Career and Technical High School

- Academy for Energy Applications at the Salem County Career and Technical High School

- Academy of Creative and Performing Arts

- Vocal Music - Hosted at Pennsville High School

- Dance - Hosted at Schalick High School

- Drama - Hosted at Schalick High School

- Instrumental Music - Hosted at Pennsville High School

- Visual Arts - Hosted at Schalick High School

- Academy of Culinary Arts and Hospitality at the Career and Technical High School

- Academy of Engineering and Technology - Hosted at Penns Grove High School

- Academy of Communications and Information Technology - Hosted at Woodstown High School

- Academy of Graphic Design in Multimedia Technology - Hosted at Pennsville High School

C. Special Needs Programs

- Career Orientation

- New Jersey Regional Day School at Mannington

## 2. Economic Condition and Outlook

Employment in the Salem County Area has experienced modest growth with the expansion of the Pureland Industrial Complex. Lack of transportation for individuals seeking employment continues to be a barrier.

With the relatively high cost of homes in New Jersey, the county's inventory of undeveloped land has become more attractive for housing development, which could lead to an increase in construction employment. The county has experienced a population growth of 3.59% since 2000.

### **3. Major Initiatives and Accomplishments**

The 2009-2010 school year saw major changes in the organization and structure in the SCVTS District. Just as the 2009-2009 fiscal year was coming to an end, the Salem County Freeholders by resolution dissolved the SCVTS Board of Education as well as the Salem County Special Services School District Board of Education and created one new board to oversee both districts. Beginning on July 1, 2009 both districts are under the auspices of "The Board of Education for the Special Services School District and the Vocational School District of the County of Salem." The new Board appointed one superintendent to manage both districts. These appointments led, in turn to the beginning of a process of sharing services, merging vision, sharing staff and developing joint programs that began during the 2009-2010 school year and will continue for years to come.

As a direct result of the Board merger, the SCVTS had, for the first time, its own Child Study Team. One programmatic development during the 2009-2010 school year was the inclusion of more special needs students into full-time programs at SCVTS. The CST was able to provide support to both the individual students and to the staff of the Career and Technical High School. The CTHS served students with special needs in its Career Orientation program as well as integrated into many of its CTE programs.

The Academy for Energy Applications was strengthened by a complete revision of its curriculum. During the 2009-2010 academic year, The SCVTS and Salem County Community College entered into a dual-credit arrangement for courses in this academy program. PSEG Nuclear was awarded the districts Business Partner of the Year for its continuing support of the district's Energy Academy.

The Child Care Program also underwent a complete curriculum revision. Additionally a new staff member was hired to provide leadership to this program. The program is now aligned with NAYEC standards, the teacher is appropriately certified both in Early Childhood Education and as a high school teacher. SCVTS students began regular involvement with preschool children. As the district looks to the future, the plan is to incorporate a preschool that will operate in accordance with developmentally appropriate practices that will both serve the needs of the community and be a "lab school" for students in the Child Care program.

During the year, the district continued to provide Adult Basic Education (ABE) and GED training and testing both on the SCVTS campus and in the county correctional facility. Toward the end of the fiscal year, the district agreed to take leadership for the ABE grant for Salem and Cumberland Counties. This program will continue and SCVTS will have a larger role in its continuance in the future.

Perhaps the most significant accomplishment of the year was the dramatic growth of the CTHS. The incoming full-time freshman class was 100, the largest class by far in the history of the district. The CTHS grew by 18% in the 2009-2010 school year. We anticipate continued growth as well look to the future. With 46 seniors who could graduate in 2010 and an incoming class anticipated to be about 100 students, the outlook for growth is very positive.

Other CTE Programs continued as they were. The district is pleased with the results of many of the more traditional shop-type classes. For example, 100% of welding graduates left SCVTS into full time employment. Several students from the welding program competed nationally in the SKILLS USA competition. The Electrical and Building Trades CTE programs have started exploring including more green technology and green building techniques into the programs.

A major initiative regarding the physical plant was begun during the 2009-2010 fiscal year. The district has contracted with Johnson Controls to do a major Energy Savings Improvement Project. Utilizing a relatively new law that allows for such project to be funded by a 15 year lease purchase, the district is making significant changes to the HVAC system, the boilers, and other energy savings measures. The total cost of the project is \$3.2 million. And, the anticipated savings in energy costs over the life of the lease exceeds that by over \$500,000.

#### **4. Internal Accounting Controls**

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

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

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

#### **5. 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 voters of the District's board of school estimate. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service fund. Project budgets are approved for the capital improvements accounted for in the capital projects funds. 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 re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2010.

#### **6. Accounting System and Reports**

The District's accounting records reflect Generally Accepted Accounting Principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note 1.

#### **7. Cash Management**

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. 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 required governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

## 8. Risk Management

The Board participated in Gloucester, Cumberland and Salem School Districts Joint Insurance Fund and carries various forms of insurance, including, but not limited to, commercial general liability, commercial catastrophic liability, business automobile liability and comprehensive/collision, commercial property on all property and contents, commercial inland marine, school board legal liability, worker's compensation and fidelity bonds.

## 9. Independent Audit

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Bowman and Company, LLP, 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 the Single Audit Act of 1984 as amended in 1996 and the related OMB Circular A-133 and state Treasury Circular Letter 04-04. The auditor's report on the financial statements is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

## 10. Acknowledgements

We would like to express our appreciation to the members of the Board of Education of the Special Services School District and Vocational School District of the County of Salem 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 our financial and accounting staff.

Respectfully submitted



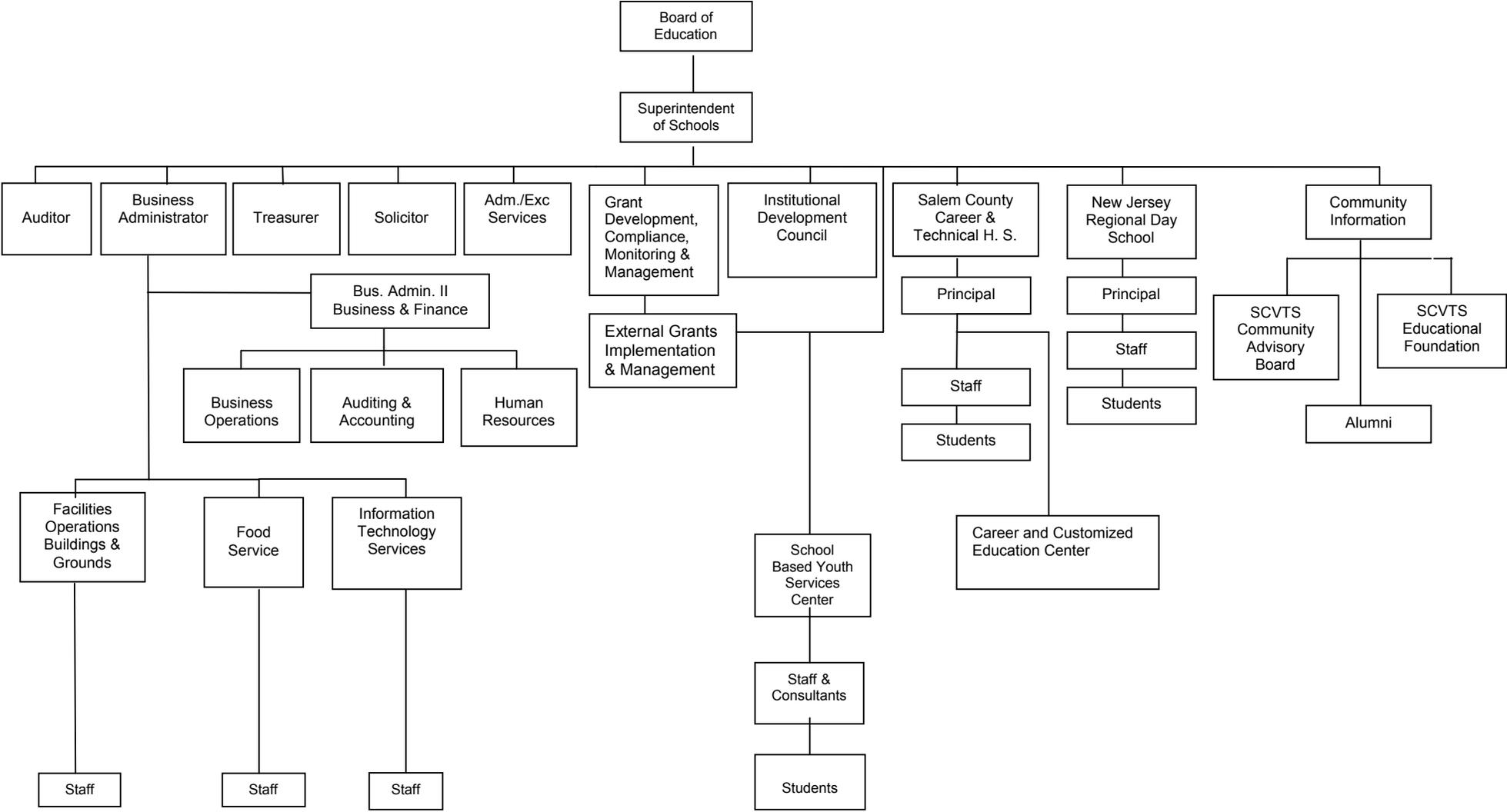
Loren Thomas  
Superintendent of Schools



William M. Gerson  
Business Administrator

SCVTS  
 Administrative and Organizational Design  
 Overall Organizational Structure

Chart A



**SALEM COUNTY VOCATIONAL TECHNICAL  
SCHOOL DISTRICT  
WOODSTOWN, NEW JERSEY**

ROSTER OF OFFICIALS  
JUNE 30, 2010

**Members of the Board of Education**

Dr. James Field, President  
David Moffett, Vice President  
Robert L. Bumpus, Executive County Superintendent  
Patricia Bomba  
Mary Cummings  
James S. Davis  
Earl Ransome  
Nicole Stemberger

**Other Officials**

Loren Thomas Superintendent  
Melanie Allen, Board Secretary  
William M. Gerson, School Business Administrator  
Shay Richardson, Business Administrator II/Treasurer

**SALEM COUNTY VOCATIONAL TECHNICAL  
SCHOOL DISTRICT  
WOODSTOWN, NEW JERSEY**

CONSULTANTS AND ADVISORS  
JUNE 30, 2010

***Audit Firm***

Bowman & Company, LLP  
6 North Broad Street, Suite 201  
Woodbury, NJ 08096

***Broker of Record***

Gloucester, Cumberland, Salem School Districts  
Joint Insurance Fund

***Medical Inspector***

Allen Auerbach, D.O., P.A.  
Cooper Primary Care Center  
390 North Broadway  
Pennsville, New Jersey 08070

***Official Depository***

The Bank  
1 South Main Street  
Woodstown, New Jersey 08098

***Solicitor***

Joseph F. Betley  
Capehart & Scatchard, P.A.  
Laurel Corporate Center  
8000 Midlantic Drive, Suite 300  
Mount Laurel, New Jersey 08054

FINANCIAL SECTION

## **INDEPENDENT AUDITOR'S REPORT**

The Honorable President and  
Members of the Board of Education of the  
Special Services School District and Vocational  
Technical School District of the County of Salem  
Woodstown, New Jersey 08098

We have audited the accompanying financial statements of the governmental activities, the business type activities, and each major fund of the Salem County Vocational Technical School District, in the County of Salem, State of New Jersey, as of and for the fiscal year ended June 30, 2010, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Salem County Vocational Technical School District's management. 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 in compliance with audit requirements as prescribed by the Division of 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

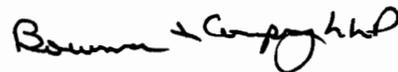
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Salem County Vocational Technical School District in the County of Salem, State of New Jersey as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 4, 2010 on our consideration of the Salem County Vocational Technical School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in assessing the results of our audit.

The accompanying management's discussion and analysis and budgetary comparison information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Salem County Vocational Technical School District's basic financial statements. The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and State of New Jersey Circular 04-04-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and are not a required part of the financial statements. In addition, the introductory section, combining statements and related major fund supporting statements and schedules, and statistical section listed in the table of contents are also presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedules of Expenditures of Federal Awards and State Financial Assistance, combining statements and related major fund supporting statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants



Henry J. Ludwigsen  
Certified Public Accountant  
Public School Accountant No. CS 001112

Woodbury, New Jersey  
November 4, 2010

**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**

The Honorable President and  
Members of the Board of Education of the  
Special Services School District and Vocational  
Technical School District of the County of Salem  
Woodstown, New Jersey 08098

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Salem County Vocational Technical School District, in the County of Salem, State of New Jersey, as of and for the fiscal year ended June 30, 2010, and have issued our report thereon dated November 4, 2010. 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 in compliance with audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Salem County Vocational Technical School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over financial reporting.

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 school district's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

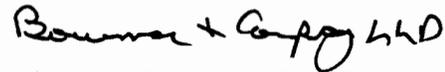
**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Salem County Vocational Technical School 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 an instance of noncompliance or other matter that is required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey which is described in the accompanying Schedule of Findings and Questioned Costs and Independent Auditor's Management Report on Administrative Findings-- Financial, Compliance and Performance as finding no. 2010-01.

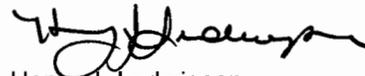
The Salem County Vocational Technical School District's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the School District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the school board, management of the School District, the Division of Finance of the New Jersey Department of Education, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants



Henry J. Ludwigsen  
Certified Public Accountant  
Public School Accountant No. CS 001112

Woodbury, New Jersey  
November 4, 2010

REQUIRED SUPPLEMENTARY INFORMATION  
PART I

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

The Management's Discussion and Analysis (MD&A) of Salem County Vocational Technical School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to look at the School District's financial performances as a whole; readers should also review the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

**Financial Highlights**

Key highlights for the fiscal year ended June 30, 2010 are as follows:

- The School District had \$11,067,012.55 in expenses; \$4,197,842.12 of these expenses were offset by program specific charges for services, and operating grants and contributions.
- The total assets of the School District exceeded its total liabilities by \$11,275,719.75 (net assets).
- Among major funds, the General Fund had \$6,587,522.58 in revenues and \$7,163,398.04 in expenditures.

**Overview of the Financial Statements**

The financial section of this annual report consists of two parts: Part I, management's discussion and analysis (this section), the basic financial statements with the accompanying note disclosures; and Part II, budgetary comparison schedules, notes to the required supplementary information and other supplementary information. The basic financial statements include two kinds of statements that present different views of the School District:

- The first two statements, Exhibit A-1 and A-2, are government-wide financial statements that provide both long-term and short-term information about the School District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the School District's operations in more detail than the government-wide statements.

The governmental fund statements tell how general government services were financed in the short-term as well as what remains for future spending.

Proprietary fund statements offer short-term and long-term financial information about those types of activities that operate like a business.

Fiduciary fund statements provide information about the financial relationships in which the School District acts as a trustee or agent for the benefit of others, to whom the resources belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

The statements are followed by another section, Part II that contains required supplementary information that further explains and supports the information in the financial statements including: budget schedules, reconciliations and individual fund statements.

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Cont'd)**

**Reporting the School District as a Whole**

**Statement of Net Assets and the Statement of Activities**

The Statement of Net Assets and the Statement of Activities include all assets and liabilities of the School District using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the School District's facility condition, required educational programs and other factors.

In the Statement of Net Assets and the Statement of Activities, the School District reports governmental and business – type activities. Governmental activities are the activities where most of the School District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant, pupil transportation and special schools.

**Reporting the School District's Most Significant Funds**

**Fund Financial Statements**

The Fund financial reports provide detailed information about the School District's major funds. The School District uses several funds to account for a variety of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, the Special Revenue Fund and the Capital Projects Fund; the School District has no Debt Service Fund or Permanent Fund.

**Governmental Funds**

Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future periods. These funds are reported using an accounting method called modified accrual basis of accounting; which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Cont'd)**

**The School District as a Whole**

The Statement of Net Assets provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net assets for the fiscal years ended June 30, 2010 and 2009.

**Table 1  
Net Assets**

<b>Assets</b>	<b>6/30/10</b>	<b>6/30/09</b>
Current and Other Assets	\$4,603,896.59	\$3,175,647.66
Capital Assets	10,215,798.13	9,664,500.52
	<hr/>	<hr/>
Total Assets	\$14,819,694.72	\$12,840,148.18
	<hr/>	<hr/>
<b>Liabilities</b>		
Long-Term Liabilities	\$3,212,678.65	\$93,980.05
Other Liabilities	331,296.32	449,527.57
	<hr/>	<hr/>
Total Liabilities	\$3,543,974.97	\$543,507.62
	<hr/>	<hr/>
<b>Net Assets</b>		
Invested in Capital Assets Net of related Debt	\$9,258,588.13	\$9,664,500.52
Restricted	1,753,134.79	2,286,287.12
Unrestricted	263,996.83	345,852.92
	<hr/>	<hr/>
Total Net Assets	\$11,275,719.75	\$12,296,640.56
	<hr/>	<hr/>

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Cont'd)**

Table 2 shows a summary of changes in net assets for fiscal years ended June 30, 2010 and 2009.

**Table 2  
Changes in Net Assets**

<b>Revenues</b>	<b>6/30/10</b>	<b>6/30/09</b>
Program Revenues		
Charges for Services	\$2,324,925.78	\$2,348,783.81
Operating Grants & Contributions	1,872,916.34	1,764,582.13
General revenues		
County of Salem Budget Appropriation	1,660,000.00	1,660,000.00
Federal and State Grants Unrestricted	3,993,785.00	4,086,043.00
Federal and State Grants Restricted	82,469.90	103,024.86
Miscellaneous Income	111,994.72	133,935.33
	<hr/>	<hr/>
Total Revenues	<b>\$10,046,091.74</b>	<b>\$10,096,369.13</b>
	<hr/>	<hr/>
<b>Expenses</b>		
Instruction		
Regular	\$1,167,137.54	\$1,108,780.72
Vocational	2,524,598.45	2,377,718.01
School Sponsored Co curricular	33,710.92	28,392.57
Student Services		
Attendance & Social Work	108,598.14	
Health Services	42,905.37	39,339.42
Students – Regular	1,209,420.66	1,095,181.25
Improvement of Instruction Services	103,738.71	99,931.79
Educational Media/School Library	213,094.59	261,741.46
General Administration	299,230.82	320,379.13
School Administration	203,002.29	218,016.41
Central Services	396,298.63	466,583.76
Operation and Maintenance of Plant	1,135,173.86	1,223,044.04
Student Transportation Services	27,063.56	16,529.34
Unallocated Benefits	1,245,674.23	1,121,058.11
Unallocated Depreciation	280,616.87	280,607.28
	<hr/>	<hr/>
Total Governmental Activities	<b>\$8,990,264.64</b>	<b>\$8,657,303.29</b>
	<hr/>	<hr/>

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Cont'd)**

**Table 2  
Changes in Net Assets Continued**

	<b>6/30/10</b>	<b>6/30/09</b>
Food Service	\$185,570.24	\$193,587.60
Regional Day School	1,497,453.00	1,478,486.99
Summer Enrichment Program	105,019.00	123,095.50
BCCEC/ETTC	38,626.26	23,577.35
Air Force Junior ROTC	--	--
Transitional Production Workshop	1,023.58	276.00
Consolidated Services	248,410.41	172,551.00
School Based Youth Services	645.42	--
	<hr/>	<hr/>
Total Expense Business-Type	<u>\$2,076,747.91</u>	<u>\$1,991,574.44</u>
Total Expenses	11,067,012.55	10,648,877.73
Special Items	--	(34,673.58)
Increase (decrease) in net assets	(1,020,920.81)	(587,182.18)
Beginning Net Assets	12,296,640.56	12,883,822.74
Ending Net Assets	<u>\$11,275,719.75</u>	<u>\$12,296,640.56</u>

**Governmental Activities**

In 2009-2010 Governmental-Type Activities revenues were \$8,046,151.81 or 80.09% of total revenues. In 2008-2009 Governmental-Type Activities revenues were \$8,018,244.23 or 79.42% of total revenues.

In 2009-2010 the County of Salem Budget Appropriation made up 20.63% of Governmental-Type Activities revenue. In 2008-2009 the County of Salem Budget Appropriation made up 20.70% of Governmental-Type Activities revenue.

In 2009-2010 Federal and State Aid unrestricted revenue made up 49.64% of Governmental-Type Activities revenue. In 2008-2009 Federal and State Aid unrestricted revenue made 50.96% of Governmental-Type Activities revenue.

Governmental-Type Activities expenditures increased by \$332,961.35 from 08-09 to 09-10, a 3.85% increase.

On-behalf pension contributions from the state increased by \$587.49 from 08-09 to 09-10.

The Governmental-Type Activities expenditures increase from 08-09 to 09-10 not including the On-behalf pension contributions from the state was \$332,373.86 or 4.04%.

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Cont'd)**

**Business-Type Activities**

In 2009-2010 Business-Type Activities revenues were \$1,999,939.93 or 19.91% of total revenues. In 2008-2009 Business-Type Activities revenues were \$2,078,124.90 or 20.58% of total revenues.

Charges for Services for Business-Type Activities were \$1,929,581.78 in 2009-2010 compared to \$2,017,225.87 in 2008-2009, a 4.34% decrease.

Expenses for Business-Type Activities were \$2,076,747.91 in 2009-2010 compared to \$1,991,574.44 in 2008-2009, a 4.28% increase.

**The School District's Funds**

The School District's major funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$8,046,151.81, expenditures of \$9,579,237.27. The net change in fund balance for the year in the General Fund, Special Revenue Fund, and Capital Projects Fund resulted in a decrease of \$575,875.46, which can mostly be attributable to increases in salaries, pension bill liability, academy host site payments, and the reduction of state aid revenue from the original budgeted amount.

**General Fund Budgeting Highlights**

The School District's budget is prepared in accordance with New Jersey law. The most significant budgeted fund is the General Fund.

During the course of the 2009-2010 year, the School District modified its General Fund budget line items numerous times. The net change in the total budget modification was the rollover of the prior year's encumbrances.

For the General Fund, the final and original budget basis revenue was \$6,400,015.00, not including budgeted fund balance of \$1,079,997.00. The actual revenue received was \$6,616,566.58.

During the 2009-2010 year, the School District budgeted \$1,660,000.00 and \$4,590,159.00 for county appropriations and state aid revenues, respectively. The School District also received \$426,498.24 in reimbursed TPAF Social Security Aid and TPAF Pension Contributions.

The final budget basis expenditure appropriation estimate was \$7,609,063.62 compared to the original estimate of \$7,480,012.00.

The School District's expenditures also include the reimbursed TPAF Social Security Aid and TPAF Pension Contributions of \$426,498.24, which contributes to an unfavorable expenditure variance for the fiscal year.

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Cont'd)**

**Capital Assets**

At the end of the fiscal year 2010, the School District had \$10,215,798.13 (Net of Depreciation) invested in buildings, furniture and equipment.

Table 3 shows a summary of the fiscal years ended June 30, 2010 and 2009.

	<b>6/30/10</b>	<b>6/30/09</b>
Land Improvements	\$167,436.69	\$184,410.45
Construction in Progress	957,210.00	--
Buildings & Improvements	7,941,153.05	8,215,924.24
Equipment & Furniture	1,149,998.39	1,264,165.83
<b>Total</b>	<b>\$10,215,798.13</b>	<b>\$9,664,500.52</b>

**Debt Administration**

The County of Salem provides for most debt administration of the School District.

During the 09-10 the district approved an Energy Savings Lease Purchase in the amount of \$3,190,699.00. Principal and Interest is payable until 04/15/25.

**Current Financial Issues and Concerns**

The School District has a long record of financial stability. Despite unpredictable funding from the State of New Jersey, the Salem County Vocational Technical School District provides a full range of educational services for the residents of Salem County. These services include career orientation, career and technical education, specialized arts, science and technology programs, and special education programs. A complete array of post-secondary, community and continuing education courses and programs are offered.

The School District continues to be successful in generating revenues through services and/or enterprises that are offered by the School District. Some of these revenues were generated through numerous enterprise activities that included the operation of a Business, a Corporate, and Customized Education Center. However, it has often been very difficult to operate within the parameter (box) that has been created under the CEIFA funding formula for school districts. The most restrictive aspect of this formula is the limitation of unreserved fund balance or surplus to a maximum of 6%. Because of the nature of the School District's budget; services, programs, and the business-like manner in which the School District is operated, the unreserved balance is key to fiscal flexibility and to the School District's ability to front-load funds for student services and programs prior to conventional revenue sources being available. This also has an impact on the School District's ability to apply for and receive grants. Budget issues and budget constraints will continue to be a concern, especially as enrollments fluctuate.

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Cont'd)**

**Current Financial Issues and Concerns Cont'd**

The School District's budget has moderately increased over the past eight years. The 2001-02 budget reflected a spending plan of \$6,581,393; the 2010-11 budget contemplates spending \$6,998,527, an increase of 6.34% over nine years. The increases are the result of salary increases, addition to staff resulting from high enrollments, and significant cost increases for health benefits and property insurance.

Enrollments have been increasing steadily at the School District. In October of 2005, the CTHS population included 165 special education students and 478 regular education students. In October of 2006, the CTHS population included 157 special education students and 476 regular education students. In October of 2007, the CTHS population included 127 special education students and 544 regular education students. In October of 2008, the CTHS population includes 148 special education students and 532 regular education students. In October of 2009, the CTHS population includes 173 special education students and 608 regular education students.

The Salem County Vocational Technical School District expects continued enrollment growth and is committed to providing an excellent career and technical education opportunities to every student in Salem County who chooses to attend the School District. The School District is committed to providing excellent facilities and equipment. The Board believes that the schools have an excellent teaching staff and support personnel and that Salem County Vocational Technical School District is in a position to be a leading provider of a career and technical education in the 21<sup>st</sup> Century. Finally, the board is committed to financial excellence and stability.

**Contacting the School District's Financial Management**

These financial reports are designed to provide our citizens, taxpayers and creditors with a general overview of the School District's finances and to show the accountability for money received from the state and local government. If you have questions about this report or need additional information, contact William M. Gerson, School Business Administrator at Salem County Vocational Technical Schools, 880 Route 45, Box 350, Woodstown, New Jersey 08098.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
Statement of Net Assets  
June 30, 2010

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 416,819.27	\$ 462,367.63	\$ 879,186.90
Receivables, net	2,810,424.83	12,333.53	2,822,758.36
Inventories		8,133.41	8,133.41
Capital Assets, net (Note 6):	9,232,402.64	983,395.49	10,215,798.13
Restricted Assets:			
Capital Reserve Account - Cash	893,817.92		893,817.92
<b>Total Assets</b>	<u>13,353,464.66</u>	<u>1,466,230.06</u>	<u>14,819,694.72</u>
<b>LIABILITIES:</b>			
Accounts Payable	123,786.06	37,067.95	160,854.01
Deferred Revenue	82,180.77	2,602.54	84,783.31
Noncurrent Liabilities (Note 7):			
Due within One Year	85,659.00		85,659.00
Due beyond One Year	3,170,407.95	42,270.70	3,212,678.65
<b>Total Liabilities</b>	<u>3,462,033.78</u>	<u>81,941.19</u>	<u>3,543,974.97</u>
<b>NET ASSETS:</b>			
Invested in Capital Assets, Net of Related Debt	8,275,192.64	983,395.49	9,258,588.13
Restricted for:			
Capital Projects	893,817.92		893,817.92
Other Purposes	842,589.28	16,727.59	859,316.87
Unrestricted (Deficit)	(120,168.96)	384,165.79	263,996.83
<b>Total Net Assets</b>	<u>\$ 9,891,430.88</u>	<u>\$ 1,384,288.87</u>	<u>\$ 11,275,719.75</u>

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

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
Statement of Activities  
For the Fiscal Year Ended June 30, 2010

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular Instruction	\$ 1,167,137.54		\$ 418,236.95		\$ (748,900.59)		\$ (748,900.59)
Regular Vocational	2,524,598.45	\$ 395,344.00			(2,129,254.45)		(2,129,254.45)
School Sponsored Co/Extracurricular Activities	33,710.92				(33,710.92)		(33,710.92)
Undistributed Expenditures and Support Services:							
Attendance & Social Work	108,598.14				(108,598.14)		(108,598.14)
Health Services	42,905.37				(42,905.37)		(42,905.37)
Students - Regular	1,209,420.66		957,922.38		(251,498.28)		(251,498.28)
Improvement of Instruction Services	103,738.71				(103,738.71)		(103,738.71)
Educational Media/School Library	213,094.59				(213,094.59)		(213,094.59)
General Administration	299,230.82				(299,230.82)		(299,230.82)
School Administration	203,002.29				(203,002.29)		(203,002.29)
Central Services	396,298.63				(396,298.63)		(396,298.63)
Operation and Maintenance of Plant Services	1,135,173.86				(1,135,173.86)		(1,135,173.86)
Student Transportation Services	27,063.56				(27,063.56)		(27,063.56)
Unallocated Benefits	1,245,674.23		426,498.24		(819,175.99)		(819,175.99)
Unallocated Depreciation	280,616.87				(280,616.87)		(280,616.87)
<b>Total Governmental Activities</b>	<b>8,990,264.64</b>	<b>395,344.00</b>	<b>1,802,657.57</b>	<b>-</b>	<b>(6,792,263.07)</b>	<b>-</b>	<b>(6,792,263.07)</b>
Business-Type Activities:							
Food Service	185,570.24	143,393.48	70,258.77			\$ 28,082.01	28,082.01
Regional Day School	1,497,453.00	1,389,762.47				(107,690.53)	(107,690.53)
Summer Enrichment Program	105,019.00	105,019.00				0.00	0.00
BCCEC/ETTC	38,626.26	37,119.00				(1,507.26)	(1,507.26)
Transitional Production Workshop	1,023.58	5,877.42				4,853.84	4,853.84
Consolidated Services	248,410.41	248,410.41				-	-
School Based Youth Services	645.42					(645.42)	(645.42)
<b>Total Business-Type Activities</b>	<b>2,076,747.91</b>	<b>1,929,581.78</b>	<b>70,258.77</b>	<b>-</b>	<b>-</b>	<b>(76,907.36)</b>	<b>(76,907.36)</b>
<b>Total Primary Government</b>	<b>\$ 11,067,012.55</b>	<b>\$ 2,324,925.78</b>	<b>\$ 1,872,916.34</b>	<b>\$ -</b>	<b>(6,792,263.07)</b>	<b>(76,907.36)</b>	<b>(6,869,170.43)</b>
General Revenues:							
County of Salem Budget Appropriation					1,660,000.00		1,660,000.00
Federal and State Aid Unrestricted					3,993,785.00		3,993,785.00
Federal and State Aid Restricted					82,469.90		82,469.90
Miscellaneous Income					111,895.34	99.38	111,994.72
<b>Total General Revenues</b>					<b>5,848,150.24</b>	<b>99.38</b>	<b>5,848,249.62</b>
<b>Change in Net Assets</b>					<b>(944,112.83)</b>	<b>(76,807.98)</b>	<b>(1,020,920.81)</b>
<b>Net Assets -- July 1</b>					<b>10,835,543.71</b>	<b>1,461,096.85</b>	<b>12,296,640.56</b>
<b>Net Assets -- June 30</b>					<b>\$ 9,891,430.88</b>	<b>\$ 1,384,288.87</b>	<b>\$ 11,275,719.75</b>

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

FUND FINANCIAL STATEMENTS

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
Balance Sheet  
Governmental Funds  
June 30, 2010

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 416,819.27			\$ 416,819.27
Accounts Receivable:				
County of Salem Budget Appropriation	170,833.35			170,833.35
Federal and State Governments	59,866.28	\$ 328,562.20		388,428.48
Other	17,674.00		\$ 2,233,489.00	2,251,163.00
Interfunds Receivable	208,538.83			208,538.83
Restricted Cash and Cash Equivalents	893,817.92			893,817.92
<b>Total Assets</b>	<u>\$ 1,767,549.65</u>	<u>\$ 328,562.20</u>	<u>\$ 2,233,489.00</u>	<u>\$ 4,329,600.85</u>
<b>LIABILITIES AND FUND BALANCES:</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 76,030.16	\$ 47,755.90		\$ 123,786.06
Interfunds Payable		208,538.83		208,538.83
Deferred Revenue	9,913.30	72,267.47		82,180.77
<b>Total Liabilities</b>	<u>85,943.46</u>	<u>328,562.20</u>	<u>\$ -</u>	<u>414,505.66</u>
<b>Fund Balances:</b>				
<b>Reserved for:</b>				
Encumbrances	306,913.69			306,913.69
Capital Reserve Account	893,817.92			893,817.92
Excess Surplus	135,655.59			135,655.59
Excess Surplus - Designated for Subsequent Year's Expenditures	400,019.68			400,019.68
Unreserved - Designated for Subsequent Year's Expenditures	0.32			0.32
<b>Unreserved, Reported In:</b>				
General Fund	(54,801.01)			(54,801.01)
Capital Projects Fund			2,233,489.00	2,233,489.00
<b>Total Fund Balances</b>	<u>1,681,606.19</u>	<u>-</u>	<u>2,233,489.00</u>	<u>3,915,095.19</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 1,767,549.65</u>	<u>\$ 328,562.20</u>	<u>\$ 2,233,489.00</u>	<u>\$ 4,329,600.85</u>

Amounts reported for *governmental activities* in the statement of net assets (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 \$15,732,829.77 and the accumulated depreciation is \$6,500,427.13.

9,232,402.64

Noncurrent liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.

(3,256,066.95)

Net assets of governmental activities

\$ 9,891,430.88

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

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Fiscal Year Ended June 30, 2010

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES:</b>				
County of Salem Budget Appropriation	\$ 1,660,000.00			\$ 1,660,000.00
Tuition Charges	395,344.00			395,344.00
Unrestricted Miscellaneous Revenue	111,895.34			111,895.34
State Sources	3,648,831.24	\$ 501,515.16		4,150,346.40
Federal Sources	771,452.00	956,306.07		1,727,758.07
Other Sources		808.00		808.00
<b>Total Revenues</b>	<u>6,587,522.58</u>	<u>1,458,629.23</u>	<u>\$ -</u>	<u>8,046,151.81</u>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
Regular Instruction	700,097.66	418,236.95		1,118,334.61
Regular Vocational	2,426,992.58			2,426,992.58
School Sponsored Co/Extracurricular Activities	33,710.92			33,710.92
<b>Undistributed Expenditures and Support Services:</b>				
Attendance & Social Work	108,598.14			108,598.14
Health Services	42,905.37			42,905.37
Students - Regular	251,498.28	957,922.38		1,209,420.66
Improvement of Instruction Services	103,738.71			103,738.71
Educational Media/School Library	213,094.59			213,094.59
General Administration	274,829.35			274,829.35
School Administration	203,002.29			203,002.29
Central Services	396,298.63			396,298.63
Operation and Maintenance of Plant Services	1,098,571.66			1,098,571.66
Student Transportation Services	27,063.56			27,063.56
Unallocated Benefits	808,138.06			808,138.06
On Behalf Contributions	426,498.24			426,498.24
Capital Outlay	48,360.00	82,469.90	957,210.00	1,088,039.90
<b>Total Expenditures</b>	<u>7,163,398.04</u>	<u>1,458,629.23</u>	<u>957,210.00</u>	<u>9,579,237.27</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<u>(575,875.46)</u>	<u>-</u>	<u>(957,210.00)</u>	<u>(1,533,085.46)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Capital Lease Proceeds			3,190,699.00	3,190,699.00
<b>Total Other Financing Sources and Uses</b>	<u>-</u>	<u>-</u>	<u>3,190,699.00</u>	<u>3,190,699.00</u>
<b>Net Change in Fund Balances</b>	<u>(575,875.46)</u>	<u>-</u>	<u>2,233,489.00</u>	<u>1,657,613.54</u>
Fund Balance (Deficit) -- July 1	<u>2,257,481.65</u>	<u>-</u>	<u>-</u>	<u>2,257,481.65</u>
<b>Fund Balance (Deficit) -- June 30</b>	<u>\$ 1,681,606.19</u>	<u>\$ -</u>	<u>\$ 2,233,489.00</u>	<u>\$ 3,915,095.19</u>

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

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**

Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities

For the Fiscal Year Ended June 30, 2010

Total Net Change in Fund Balances - Governmental Funds \$ 1,657,613.54

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

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

Depreciation Expense	\$ (488,029.34)	
Capital Outlays	<u>1,088,039.90</u>	600,010.56

Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets.

Capital Lease Proceeds		(3,190,699.00)
------------------------	--	----------------

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year.

In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

(11,037.93)

Change in Net Assets of Governmental Activities

\$ (944,112.83)

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

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
Statement of Net Assets  
Proprietary Funds  
June 30, 2010

	Business Type Activities- Enterprise Funds							Total
	Food Service	Regional Day School	Summer Enrichment Program	BCCEC/ ETTC Program	Transitional Production Workshop	Consolidated Services	School Based Youth Services	
<b>ASSETS:</b>								
<b>Current Assets:</b>								
Cash and Cash Equivalents	\$ 45,338.81	\$ 157,936.06	\$ 122,727.26	\$ 111,234.22	\$ 8,028.33	\$ -	\$ 17,102.95	\$ 462,367.63
Accounts Receivable:								
State	234.18			1,400.00				1,634.18
Federal	4,673.29							4,673.29
Other	1,025.00	4,681.46		300.00	19.60			6,026.06
Inventories	8,133.41							8,133.41
<b>Total Current Assets</b>	<b>59,404.69</b>	<b>162,617.52</b>	<b>122,727.26</b>	<b>112,934.22</b>	<b>8,047.93</b>	<b>-</b>	<b>17,102.95</b>	<b>482,834.57</b>
<b>Noncurrent Assets:</b>								
Site Improvements		77,600.00						77,600.00
Building		2,123,900.00						2,123,900.00
Equipment		175,001.13						175,001.13
Accumulated Depreciation		(1,393,105.64)						(1,393,105.64)
<b>Total Noncurrent Assets</b>	<b>-</b>	<b>983,395.49</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>983,395.49</b>
<b>Total Assets</b>	<b>59,404.69</b>	<b>1,146,013.01</b>	<b>122,727.26</b>	<b>112,934.22</b>	<b>8,047.93</b>	<b>-</b>	<b>17,102.95</b>	<b>1,466,230.06</b>
<b>LIABILITIES:</b>								
<b>Current Liabilities:</b>								
Accounts Payable	1,961.07	33,986.69		1,120.19				37,067.95
Deferred Revenue	588.54			2,014.00				2,602.54
Compensated Absences Payable		42,270.70						42,270.70
<b>Total Current Liabilities</b>	<b>2,549.61</b>	<b>76,257.39</b>	<b>-</b>	<b>3,134.19</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>81,941.19</b>
<b>NET ASSETS:</b>								
Invested in Capital Assets								
Net of Related Debt		983,395.49						983,395.49
Restricted - Encumbrances		14,049.63	820.57	1,857.39				16,727.59
Unrestricted	56,855.08	72,310.50	121,906.69	107,942.64	8,047.93		17,102.95	384,165.79
<b>Total Net Assets</b>	<b>\$ 56,855.08</b>	<b>\$ 1,069,755.62</b>	<b>\$ 122,727.26</b>	<b>\$ 109,800.03</b>	<b>\$ 8,047.93</b>	<b>\$ -</b>	<b>\$ 17,102.95</b>	<b>\$ 1,384,288.87</b>

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

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
 Proprietary Funds  
 Statement of Revenues, Expenses and Changes in Fund Net Assets  
 For the Fiscal Year Ended June 30, 2010

	Business Type Activities- Enterprise Funds							Total
	Food Service	Regional Day School	Summer Enrichment Program	BCCEC/ ETTC Program	Transitional Production Workshop	Consolidated Services	School Based Youth Services	
OPERATING REVENUES:								
Charges for Services:								
Daily Sales - Reimbursable Programs	\$ 50,432.88							\$ 50,432.88
Daily Sales - Non-Reimbursable Programs	36,187.84							36,187.84
Other Sales	47,227.04							47,227.04
Tuition		\$ 1,176,164.83	\$ 105,019.00					1,281,183.83
Other Revenue	9,545.72	213,597.64		\$ 37,119.00	\$ 5,877.42	\$ 248,410.41		514,550.19
<b>Total Operating Revenues</b>	<b>143,393.48</b>	<b>1,389,762.47</b>	<b>105,019.00</b>	<b>37,119.00</b>	<b>5,877.42</b>	<b>248,410.41</b>	<b>\$ -</b>	<b>1,929,581.78</b>
OPERATING EXPENSES:								
Salaries	73,059.41	880,263.05	37,381.77	13,991.94				1,004,696.17
Employee Benefits		165,477.76	3,569.56	3,498.86				172,546.18
Cost of Sales	103,194.96							103,194.96
Purchased Educational Services		190,673.75	61,455.50	9,990.50		248,410.41		510,530.16
Other Purchased Professional Services		13,745.76						13,745.76
Purchased Technical Services		53,846.31		848.91				54,695.22
Cleaning, Repair & Maintenance		10,114.98						10,114.98
Insurance		11,017.12						11,017.12
Communications		9,841.69						9,841.69
Travel	192.55	5,557.18		882.23				6,631.96
Other Purchased Services		527.58						527.58
General Supplies		34,888.56		308.67	1,023.58		645.42	36,866.23
Utilities		69,417.08						69,417.08
Textbooks				994.11				994.11
Miscellaneous	9,123.32	3,369.23	2,612.17	8,111.04				23,215.76
Depreciation		48,712.95						48,712.95
<b>Total Operating Expenses</b>	<b>185,570.24</b>	<b>1,497,453.00</b>	<b>105,019.00</b>	<b>38,626.26</b>	<b>1,023.58</b>	<b>248,410.41</b>	<b>645.42</b>	<b>2,076,747.91</b>
Operating Income / (Loss)	(42,176.76)	(107,690.53)	-	(1,507.26)	4,853.84	-	(645.42)	(147,166.13)
NONOPERATING REVENUES (EXPENSES):								
State Sources:								
State School Lunch Program	2,231.40							2,231.40
State School Breakfast Program	520.00							520.00
Federal Sources:								
National School Lunch Program	44,465.21							44,465.21
National School Breakfast Program	8,686.84							8,686.84
Food Distribution Program	14,355.32							14,355.32
Interest and Investment Revenue	99.38							99.38
<b>Total Nonoperating Revenues (Expenses)</b>	<b>70,358.15</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>70,358.15</b>
Change in Net Assets	28,181.39	(107,690.53)	-	(1,507.26)	4,853.84	-	(645.42)	(76,807.98)
Net Assets -- July 1	28,673.69	1,177,446.15	122,727.26	111,307.29	3,194.09	-	17,748.37	1,461,096.85
Net Assets -- June 30	<u>\$ 56,855.08</u>	<u>\$ 1,069,755.62</u>	<u>\$ 122,727.26</u>	<u>\$ 109,800.03</u>	<u>\$ 8,047.93</u>	<u>\$ -</u>	<u>\$ 17,102.95</u>	<u>\$ 1,384,288.87</u>

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

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
 Proprietary Funds  
 Statement of Cash Flows  
 For the Fiscal Year Ended June 30, 2010

	Business Type Activities- Enterprise Funds							Totals
	Food Service	Regional Day School	Summer Enrichment Program	BCCEC/ ETTC Program	Transitional Production Workshop	Consolidated Services	School Based Youth Services	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>								
Receipts from Customers	\$ 143,486.20	\$ 1,453,553.40	\$ 105,019.00	\$ 35,419.00	\$ 5,857.82	\$ 248,410.41		\$ 1,991,745.83
Payments to Employees	(73,059.41)	(880,263.05)	(37,381.77)	(13,991.94)				(1,004,696.17)
Payments for Employee Benefits		(165,477.76)	(3,569.56)	(3,498.86)				(172,546.18)
Payments to Suppliers	(97,796.06)	(396,202.41)	(64,067.67)	(18,313.40)	(1,023.58)	(248,410.41)	\$ (645.42)	(826,458.95)
Net Cash Provided by (used for) Operating Activities	(27,369.27)	11,610.18	-	(385.20)	4,834.24	-	(645.42)	(11,955.47)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>								
State Sources	2,691.42							2,691.42
Federal Sources	51,660.44							51,660.44
Net Cash Provided by (used for) Non-Capital Financing Activities	54,351.86	-	-	-	-	-	-	54,351.86
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>								
Interest and Dividends	99.38							99.38
Net Cash Provided by (used for) Investing Activities	99.38	-	-	-	-	-	-	99.38
Net Increase (Decrease) in Cash and Cash Equivalents	27,081.97	11,610.18	-	(385.20)	4,834.24	-	(645.42)	42,495.77
Cash and Cash Equivalents -- July 1	18,256.84	146,325.88	122,727.26	111,619.42	3,194.09		17,748.37	419,871.86
Cash and Equivalents -- June 30	\$ 45,338.81	\$ 157,936.06	\$ 122,727.26	\$ 111,234.22	\$ 8,028.33	\$ -	\$ 17,102.95	\$ 462,367.63
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>								
Operating Income (Loss)	\$ (42,176.76)	\$ (107,690.53)	\$ -	\$ (1,507.26)	\$ 4,853.84	\$ -	\$ (645.42)	\$ (147,166.13)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:								
Depreciation Expense		48,712.95						48,712.95
Food Distribution Program	14,355.32							14,355.32
Changes in Assets and Liabilities:								
Accounts Receivable (Increase)/Decrease	(195.83)	63,790.93		(1,700.00)	(19.60)			61,875.50
Inventory (Increase)/Decrease	(404.31)							(404.31)
Accounts Payable Increase/(Decrease)	763.76	4,176.16		808.06				5,747.98
Deferred Revenue Increase/(Decrease)	288.55			2,014.00				2,302.55
Compensated Absences Payable Increase/(Decrease)		2,620.67						2,620.67
Net Cash Provided by (used for) Operating Activities	\$ (27,369.27)	\$ 11,610.18	\$ -	\$ (385.20)	\$ 4,834.24	\$ -	\$ (645.42)	\$ (11,955.47)

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

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2010

	Agency Funds	
	Student Activity	Payroll
ASSETS:		
Cash and Cash Equivalents	\$ 9,444.19	\$ 2,789.66
Total Assets	\$ 9,444.19	\$ 2,789.66
LIABILITIES:		
Payable to Student Groups	\$ 9,444.19	
Payroll Deductions and Withholdings		\$ 2,789.66
Total Liabilities	\$ 9,444.19	\$ 2,789.66

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

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**For the Fiscal Year Ended June 30, 2010**

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**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Description of the Reporting Entity** - The Salem County Vocational Technical School District (hereafter referred to as the "School District") is a Type I district located in the County of Salem, State of New Jersey. The Board is comprised of eight members; seven of them are appointed to four-year terms by the Salem County Board of Chosen Freeholders and one is a statutory appointment. The terms are staggered so that at least one member's term expires each year. The purpose of the School District is to provide a full range of educational services for the residents of Salem County. The School District had an approximate enrollment at June 30, 2010 of 789.

The primary criterion for including activities within the School District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the School District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the School District over which the Board exercises operating control. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the School District is not includable in any other reporting entity on the basis of such criteria.

**Component Units** - GASB Statement No. 14, *The Financial Reporting Entity*, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity, but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. The School District is a component unit of the County of Salem. These financial statements would be either blended or discreetly presented as part of the County's financial statements if the County reported using generally accepted accounting principles applicable to governmental entities. The following organization is considered a component unit of the School District; however, the School District has determined that it is not significant and, therefore, has not been included in the basic financial statements:

Salem County Vocational Technical School Foundation  
880 Route 45  
Woodstown, New Jersey 08098

Requests for financial information should be addressed to the organization listed above.

**Basis of Presentation** - The financial statements of the School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental and business-type activities, and to its proprietary funds, provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described in this Note.

The School District's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Basis of Presentation (Cont'd)**

**District-wide Financial Statements** - The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities. The statement of net assets presents the financial condition of the governmental and business-type activities of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities and for the business-type activities of the School District. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. The policy of the School District is to not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School 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. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a single column. The fiduciary fund is reported by type. The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary.

**Governmental Funds** - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the School District's major governmental funds:

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

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

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

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Governmental Funds (Cont'd)**

**General Fund (Cont'd)** - In addition to the capital outlay sub-fund, the School District is accountable for two additional sub-funds resulting from federal legislation signed into law on February 17, 2009. This federal law requires the tracking and separate reporting of American Recovery and Reinvestment Act (ARRA) funds. ARRA State Fiscal Stabilization Funds were provided to districts to be used for general fund expenses. The New Jersey State Department of Education requires that the ARRA - Education Stabilization Fund (ESF) and the ARRA – Governmental Services Fund (GSF) are to be recorded as separate sub-funds.

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

**Capital Projects Fund** - The capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds. The financial resources are derived from New Jersey Economic Development Authority grants, temporary notes, or serial bonds which are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

**Debt Service Fund** - The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

**Permanent Fund** - The permanent fund is used to account for resources that are legally restricted to the extent that only earnings and not principal may be used for purposes that support the School District's programs, that is, for the benefit of the School District or its students. The School District does not have a permanent fund.

**Proprietary Funds** - Proprietary funds are used to account for the School District's ongoing activities, which are similar to those found in the private sector.

**Enterprise Funds** - The enterprise funds are used to account for operations:

1. that are financed and operated in a manner similar to private business enterprises -- where the intent of the School District is that the costs (expenses, including depreciation) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or
2. where the School District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The School District's enterprise funds are:

**Food Service Fund** - This fund accounts for the financial transactions related to the food service operations of the School District.

**Regional Day School Fund** - This fund accounts for the financial activity under a contract with the New Jersey Department of Education. The educational program is designed to serve up to 100 multiple and or low incident disabled students from the Cumberland, Gloucester and Salem Counties.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Enterprise Funds (Cont'd)**

**Business Corporate and Customized Education Center Fund / Educational Technology Training Center (BCCEC/ETTC)** - This fund accounts for the financial activity related to the professional development and technology training to school districts and employers in the greater Cumberland, Gloucester and Salem County communities.

**Summer Enrichment Program Fund** - This fund accounts for financial activity related to providing a six week summer program at the districts Regional Day School.

**Transitional Productions Workshop Fund** - This fund accounts for the financial activity related to the printing of brochures, newsletters and invitations. These services are provided to schools, businesses, and civic organizations. The workshop is offered through the Regional Day School to prepare students for entry careers in the duplicating and printing industries.

**Consolidated Services Fund** - This fund accounts for the financial activity related to the Consolidated Services Counsel of Salem County which provides collected coordinated services to county school districts. The fund bills and collects revenue from each of the member districts and disburses them in accordance with the Counsel's agreed to appropriation and budget.

**School Based Youth Services Center Fund** - This fund accounts for the financial activity related to services provided to at-risk in and out of school youth through programs at a teen center. Fees are provided by local K-12 school districts to support the program.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net assets) is segregated into investment in capital assets, net of related debt, and unrestricted net assets, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Equipment	12 Years
Light Trucks and Vehicles	4 Years
Heavy Trucks and Vehicles	6 Years

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Fiduciary Funds** - Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Agency funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governments, and / or other funds (i.e., payroll and student activities). They are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District has two fiduciary funds; a student activity fund, and payroll fund.

**Measurement Focus**

**District-wide Financial Statements** - The district-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the statement of net assets.

**Fund Financial Statements** - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities. Fiduciary funds are reported using the economic resources measurement focus.

**Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

**Revenues -- Exchange and Non-Exchange 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 a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that 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 School District, available means expected to be received within thirty days of fiscal year-end.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Basis of Accounting (Cont'd)**

**Revenues -- Exchange and Non-Exchange Transactions (Cont'd)** - Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include Ad Valorem (property) taxes, grants, entitlements, and donations. Ad Valorem (property) taxes are susceptible to accrual, as under New Jersey State Statute, a municipality is required to remit to its School District the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The School District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year since the revenue is both measurable and available. The School District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". With the exception of the restricted formula aids recorded in the special revenue fund, 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 fiscal year when the resources are required to be used or the 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. Restricted formula aids, which include *Demonstrably Effective Program Aid, and Instructional Supplement Program Aid* are recorded in the special revenue fund in accordance with *The Audit Program* promulgated by the New Jersey Department of Education which requires that these grants be realized in an amount equal to program expenditures.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: tuition, grants, fees, and rentals.

**Expenses / Expenditures** - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense. Unused donated commodities are reported as deferred revenue. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

**Budgets / Budgetary Control** - Annual appropriated budgets are prepared in the spring of each fiscal year for the general, special revenue, and debt service funds. The budgets are submitted to the county office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23A-16.2(f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23A-2.13.3.

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

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Budgets / Budgetary Control (Cont'd)** - The accounting records of the special revenue fund are maintained on the budgetary basis. The budgetary basis differs from GAAP in that the budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

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

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounting as presented in the general fund budgetary comparison schedule and the special revenue fund budgetary comparison schedule to the GAAP basis of accounting as presented in the statement of revenues, expenditures and changes in fund balances – governmental funds. Note that the School District does not report encumbrances outstanding at fiscal year-end as expenditures in the general fund since the general fund budget follows modified accrual basis, with the exception of the revenue recognition policy for the one or more June state aid payments.

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

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

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

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

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. N.J.S.A. 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

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

**Tuition Receivable** - Tuition charges were established by the School District based on estimated costs. The charges are subject to adjustment when the final costs are determined.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Tuition Payable** - Tuition charges for the fiscal years ended June 30, 2010 and 2009 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

**Inventories** - Inventories are valued at cost, which approximates market. The costs are determined on a first-in, first-out method.

The cost of inventories in governmental fund types is recorded as expenditures when purchased rather than when consumed.

Inventories recorded on the government-wide financial statements and in the proprietary fund types are recorded as expenditures when consumed rather than when purchased.

**Prepaid Expenses** - Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2010.

In the governmental fund types, however, payments for prepaid items are fully recognized as an expenditure in the fiscal year of payment. No asset for the prepayment is created, and no expenditure allocation to future accounting periods is required. This is consistent with the basic governmental concept that only expendable financial resources are reported by a specific fund.

**Deferred Expenditures** - Deferred expenditures are disbursements that are made in one period, but are more accurately reflected as an expenditure / expense in the next fiscal period. Unlike prepaid expenses, deferred expenditures are not regularly recurring costs of operations.

**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 School District and that are due within one year. These amounts are eliminated in the governmental and business-type columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as interfunds receivable and / or interfunds payable.

**Capital Assets** - General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and the proprietary fund statement of net assets.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated fixed assets are recorded at their fair market value as of the date received. The School District maintains a capitalization threshold of \$2,000.00. The School District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Capital Assets (Cont'd)** - Depreciation is computed using the straight-line method over the following useful lives:

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

**Accrued Salaries and Wages** - Certain School District employees, who provide services to the School District over the ten-month academic year, have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account.

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

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental funds, the current portion of unpaid compensated absences is the amount that is normally expected to be paid with expendable available financial resources. In proprietary funds, the entire amount of compensated absences is recorded as a fund liability.

**Deferred Revenue** - Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

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

**Net Assets** - Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

It is the School District's policy to apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Fund Balance Reserves** - The School District reserves portions of fund balance which are legally segregated for specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation for expenditures. Unreserved fund balance indicates that portion of fund balance that is available for appropriation in future periods. Fund balance reserves are established for encumbrances, legally restricted appropriations, tuition, excess surplus, capital reserve accounts, maintenance reserve accounts, emergency reserves, and debt service reserves.

**Operating and Non-Operating Revenues and Expenses** - Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are sales for the food service program, tuition for the Regional Day School and Summer Enrichment Programs, fees for training and educational programs for the BCCEC/ETTC Program and the School Based Youth Services Program, and fees collected from other Districts regarding coordinated services for the Consolidated Services Fund. Non-operating revenues principally consist of interest income earned on various interest-bearing accounts.

Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund. Non-operating expenses principally include expenses attributable to the School District's proprietary funds.

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

**Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**Note 2: CASH AND CASH EQUIVALENTS**

**Custodial Credit Risk Related to Deposits** – Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act. Of the School District's bank balance of \$2,361,930.67 as of June 30, 2010, \$2,349,494.55 was insured or collateralized.

**Note 3: CAPITAL RESERVE ACCOUNT**

A capital reserve account was established by the Board of Education of the Salem County Vocational and Technical School District by inclusion of \$456,605.00 on in the original 1996-97 annual capital budget for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the School District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department, a school district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at fiscal year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A school district may also appropriate additional amounts when the excess approval of the voters has been obtained by either a separate proposal at budget time or by 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. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2009 to June 30, 2010 fiscal years is a follows:

Beginning Balance July 1, 2009			\$	669,238.92
Increased by:				
Budgeted Increase	\$	218,579.00		
Interest Earnings		<u>6,000.00</u>		
				<u>224,579.00</u>
Ending Balance June 30, 2010			\$	<u><u>893,817.92</u></u>

The LRFP balance of local support costs of uncompleted projects at June 30, 2010 is \$1,594,328.00.

**Note 4: ACCOUNTS RECEIVABLES**

Accounts Receivable at June 30, 2010 consisted of accounts (fees) and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds.

Accounts Receivables as of year-end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

	General Fund	Special Revenue Fund	Capital Projects Fund	Proprietary Funds	Total
Receivables:					
Intergovernmental	\$ 230,669.63	\$ 328,562.20		\$ 6,307.47	\$ 565,539.30
Other	<u>17,674.00</u>		<u>\$ 2,233,489.00</u>	<u>6,026.06</u>	<u>2,257,189.06</u>
Total	<u><u>\$ 248,343.63</u></u>	<u><u>\$ 328,562.20</u></u>	<u><u>\$ 2,233,489.00</u></u>	<u><u>\$ 12,333.53</u></u>	<u><u>\$ 2,822,728.36</u></u>

**Note 5: INVENTORY**

Inventory in the Food Service Fund at June 30, 2010 consisted of the following:

Food	\$ 5,056.93
Supplies	<u>3,076.48</u>
	<u>\$ 8,133.41</u>

**Note 6: CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2010 was as follows:

	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2010</u>
<b>Governmental Activities:</b>				
Land Improvements	\$ 391,927.41			\$ 391,927.41
Building and Improvements	11,316,524.73			11,316,524.73
Construction in Progress		\$ 957,210.00		957,210.00
Equipment	<u>2,951,193.42</u>	<u>130,829.90</u>	<u>\$ (14,855.69)</u>	<u>3,067,167.63</u>
Total Historical Cost	<u>14,659,645.56</u>	<u>1,088,039.90</u>	<u>(14,855.69)</u>	<u>15,732,829.77</u>
Less Accumulated Depreciation:				
Land Improvements	(225,374.56)	(13,853.66)		(239,228.22)
Building and Improvements	(4,053,075.25)	(235,691.43)		(4,288,766.68)
Equipment	<u>(1,748,803.67)</u>	<u>(238,484.25)</u>	<u>14,855.69</u>	<u>(1,972,432.23)</u>
Total Accumulated Depreciation	<u>(6,027,253.48)</u>	<u>(488,029.34) *</u>	<u>14,855.69</u>	<u>(6,500,427.13)</u>
Governmental Activities Capital Assets, Net	<u>\$ 8,632,392.08</u>	<u>\$ 600,010.56</u>	<u>\$ -</u>	<u>\$ 9,232,402.64</u>
<b>Business-Type Activities:</b>				
Building	\$ 2,123,900.00			\$ 2,123,900.00
Site Improvements	77,600.00			77,600.00
Equipment	175,001.13			175,001.13
Less Accumulated Depreciation	<u>(1,344,392.69)</u>	<u>\$ (48,712.95)</u>		<u>(1,393,105.64)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 1,032,108.44</u>	<u>\$ (48,712.95)</u>	<u>\$ -</u>	<u>\$ 983,395.49</u>

\*Depreciation expense was charged to governmental functions as follows:

Instruction - Regular	\$ 48,802.93
Instruction - Vocational	97,605.87
Plant Operations and Maintenance	36,602.20
General Administration	24,401.47
Unallocated	<u>280,616.87</u>
Total Depreciation Expense	<u>\$ 488,029.34</u>

**Note 7: LONG-TERM OBLIGATIONS**

During the fiscal year ended June 30, 2010, the following changes occurred in long-term obligations:

	<u>Principal Outstanding July 1, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Principal Outstanding June 30, 2010</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
Capital Lease Payable		\$ 3,190,699.00		\$ 3,190,699.00	\$ 85,659.00
Compensated Absences	\$ 54,330.02	11,037.93		65,367.95	
Governmental Activity Long-term Liabilities	\$ 54,330.02	\$ 3,201,736.93	-	\$ 3,256,066.95	\$ 85,659.00
<b>Business-Type Activities:</b>					
Compensated Absences	\$ 39,650.03	\$ 2,620.67		\$ 42,270.70	-

**Bonds Payable** – Bonds and Loans are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the School District are general obligation bonds. The District is organized as a Type 1 School District under New Jersey Statutes; therefore long-term debt is accounted for and financed by the County of Salem. The following is presented for “Memorandum Only” purposes.

Principal and interest due on bonds outstanding is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 105,000.00	\$ 49,412.50	\$ 154,412.50
2012	110,000.00	45,212.50	155,212.50
2013	105,000.00	41,187.50	146,187.50
2014	105,000.00	37,162.50	142,162.50
2015	115,000.00	32,906.25	147,906.25
2016-2020	615,000.00	80,125.00	695,125.00
	<u>\$ 1,155,000.00</u>	<u>\$ 286,006.25</u>	<u>\$ 1,441,006.25</u>

**Bonds Authorized But Not Issued** - As of June 30, 2010, the School District had no authorizations to issue additional bonded debt.

**Compensated Absences** - Compensated absences will be paid from the fund from which the employees' salaries are paid.

**Note 7: LONG-TERM OBLIGATIONS (CONT'D)**

**Capital Leases Payable** - The School District is financing Energy Saving upgrades with a 15 year capital lease totaling \$3,190,699.00. The following is a schedule of the future minimum lease payments under this capital lease, and the present value of the net minimum lease payments at June 30, 2010.

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2011	\$ 85,659.00	\$ 146,197.83	\$ 231,856.83
2012	98,820.00	147,178.90	245,998.90
2013	112,936.00	142,494.82	255,430.82
2014	128,065.00	137,141.66	265,206.66
2015	144,267.00	131,071.38	275,338.38
2016-2020	1,006,666.00	535,465.72	1,542,131.72
2021-2025	<u>1,614,286.00</u>	<u>242,999.50</u>	<u>1,857,285.50</u>
	<u>\$ 3,190,699.00</u>	<u>\$ 1,482,549.81</u>	<u>\$ 4,673,248.81</u>

**Note 8: PENSION PLANS**

A substantial number of the School District's employees participate in one of the following defined benefit pension plans: the Teachers' Pension and Annuity Fund and the Public Employees' Retirement System, which are administered by the New Jersey Division of Pensions and Benefits. In addition, several School District employees participate in the Defined Contribution Retirement Program, which is a defined contribution pension plan. This too is administered by the New Jersey Division of Pensions and Benefits. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

State of New Jersey  
Division of Pensions and Benefits  
P.O. Box 295  
Trenton, New Jersey 08625-0295

**Teachers' Pension and Annuity Fund** - The Teachers' Pension and Annuity Fund (TPAF) is a cost-sharing contributory defined benefit pension plan which was established on January 1, 1955, under the provisions of N.J.S.A. 18A:66. The TPAF provides retirement, death, and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 18A:66.

The contribution requirements of plan members are determined by State statute. In accordance with Chapters 113, 114 and 115, P.L. 1997, plan members enrolled in the TPAF are required to contribute 5% of their annual covered salary. Effective July 1, 2007, however, in accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members were required to contribute 5.5% of their annual covered salary. For employees who were enrolled in the retirement system prior to July 1, 2007, the increase was effective with the payroll period that began immediately after July 1, 2007. The State Treasurer has the right under the current law to make temporary reductions in members rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the School District and all other related non-contributing employers. No normal or accrued liability contribution has been required over several preceding fiscal years.

**Note 8: PENSION PLANS (CONT'D)**

**Public Employees' Retirement System** - The Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955. The PERS provides retirement, death, and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the Public Employees' Retirement System were required to contribute 5% of their annual covered salary. Effective July 1, 2007, however, in accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members were required to contribute 5.5% of their annual covered salary. For employees who were enrolled in the retirement system prior to July 1, 2007, the increase was effective with the payroll period that began immediately after July 1, 2007. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such pension assets no longer exist.

The School District is billed annually for its normal contribution plus any accrued liability.

The School District's contributions, equal to the required contribution for each fiscal year, were as follows:

**Public Employees' Retirement System**

<u>Fiscal Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Total Liability</u>	<u>Funded by Excess Pension Asset Credit</u>	<u>Paid by School District</u>
2010	\$ 58,107.00	\$ 56,696.00	\$ 114,803.00		\$ 114,803.00
2009	47,847.00	43,642.00	91,489.00		91,489.00
2008	45,702.00	35,220.00	80,922.00	\$ 16,184.40	64,737.60

**Defined Contribution Retirement Program** - The Defined Contribution Retirement Program (DCRP) is a cost-sharing multiple-employer defined contribution pension fund which was established on July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.) and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The Defined Contribution Retirement Program Board oversees the DCRP, which is administered for the Division of Pensions and Benefits by Prudential Financial. The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit. Vesting provisions are established by N.J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist. In addition to the employee contributions, the School District's contribution amounts for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period. The School District had no participants in this program as of June 30, 2010.

**Note 9: POST-EMPLOYMENT BENEFITS**

P.L. 1987, c.384 of P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of postemployment medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of postemployment medical benefits for retired State employees and retired educational employees. As of June 30, 2009, there were 84,590 retirees eligible for postemployment medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a school district or county college with 25 years of service. The State paid \$116.9 million toward Chapter 126 benefits for 13,320 eligible retired members in Fiscal Year 2009.

**Note 10: ON-BEHALF PAYMENTS**

For the fiscal year ended June 30, 2010, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and post-retirement costs related to TPAF. The amount recognized as revenues and expenditures for normal costs and post-retirement costs was \$196,294.00.

**Note 11: RISK MANAGEMENT**

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

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

**Joint Insurance Pool** - The School District is a member of the Gloucester, Cumberland, Salem School Districts Joint Insurance Fund.

The Fund provides the School District with the following coverage:

- Property (Including Crime and Auto Physical Damage)
- General Liability
- Automobile Liability
- Workers' Compensation
- Educator's Legal Liability
- Boiler and Machinery
- Pollution Legal Liability

Annual contributions to the Fund are determined by the Fund's Board of Trustees. The School District is jointly and personally liable for claims insured by the Fund and its members during the period of its membership, including liability for supplemental assessments, if necessary. The Fund's Board of Trustees may authorize refunds to its members in any fund year for which contributions exceed the amount necessary to fund all obligations for that year.

**Note 11: RISK MANAGEMENT (CONT'D)**

The Fund publishes its own financial report for the year ended June 30, 2010, which can be obtained from the following address:

GCSSDJIF  
P.O. Box 449  
Marlton, New Jersey 08053

**Note 12: DEFERRED COMPENSATION**

The School District offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Sections 403(b) and 457. 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. The plan administrators are as follows:

Prudential Securities  
Equitable  
Lincoln Investments  
Travelers

**Note 13: COMPENSATED ABSENCES**

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

School District employees who are employed for ten months are entitled to ten paid sick leave days per fiscal school year. School District employees who are employed for twelve months are entitled to twelve paid sick leave days per fiscal school year. Unused sick leave may be accumulated and carried forward to the subsequent years. School District employees are entitled to two personal days which may be carried forward to subsequent years. Vacation days not used during the year may not be accumulated and carried forward. Benefits paid in any future year will be calculated according to formulas outlined in the School District's agreements with employees and employee unions and included in the current years' budget.

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. As of June 30, 2010, the liability for compensated absences in the governmental and proprietary fund types was \$65,367.95 and \$42,270.70, respectively.

**Note 14: INTERFUND BALANCES**

The following interfund balances were recorded on the various balance sheets as June 30, 2010:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General	\$ 208,538.83	
Special Revenue		\$ 208,538.83
	<u>\$ 208,538.83</u>	<u>\$ 208,538.83</u>

**Note 15: DEFICIT FUND BALANCES**

The School District has a deficit fund balance of \$54,801.01 in the General Fund as of June 30, 2010 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The statute 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 June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the general fund balance deficit does not alone indicate that the School District is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unreserved, undesignated general fund balance that is reported as a direct result from a delay in the June payments of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The School District deficit in the GAAP funds statements of \$54,801.01 is less than the June state aid payments.

**Note 16 DEFICIT UNRESTRICTED NET ASSETS**

The governmental funds had a deficit in unrestricted net assets of \$120,168.96 as of June 30, 2010. This deficit is attributable to the allocation of compensated absences balances payable to unrestricted net assets as well as result from a delay in the June payments of state aid until the following fiscal year.

**Note 17: FUND BALANCES****RESERVED**

Reservations of fund balances of governmental funds are established to either (1) satisfy legal covenants that require that a portion of the fund balance be segregated or (2) identify the portion of the fund balance that is not appropriate for future expenditures. Specific reservations of the fund balance are summarized below:

**For Encumbrances** - The reserve for encumbrances was created to represent encumbrances outstanding at the end of the fiscal year based on purchase orders and contracts signed by the School District but not completed as of the close of the fiscal year. As of June 30, 2010, \$306,913.69 has been reserved for this purpose.

**Note 17: FUND BALANCES (CONT'D)**

**For Excess Surplus** - In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of reserved fund balance - excess surplus is the result of a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve general fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance on a budgetary basis at June 30, 2010 is \$135,655.59. Additionally, \$400,019.68 of excess fund balance generated during 2008-2009 has been restricted and designated for utilization in the 2010-2011 budget.

**Reserved for Capital Reserve Account** - As of June 30, 2010, the balance in the capital reserve account is \$893,817.92. These funds are restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan (LRFP).

**UNRESERVED**

**General Fund** - Of the \$ 404,214.31 budgetary basis unreserved general fund balance at June 30, 2010, \$.32 has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2011 and \$ 404,213.99 is undesignated.

**Note 18: LITIGATION**

The solicitor revealed that there is no ongoing litigation that could have an adverse impact regarding the School District's financial condition.

REQUIRED SUPPLEMENTARY INFORMATION  
PART II

BUDGETARY COMPARISON SCHEDULES

## SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT

Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>REVENUES:</b>					
Local Sources:					
County of Salem Budget Appropriation	\$ 1,660,000.00		\$ 1,660,000.00	\$ 1,660,000.00	
Tuition Charges	52,120.00		52,120.00	395,344.00	\$ 343,224.00
Interest Earned on Capital Reserve Funds	6,000.00		6,000.00	6,000.00	
Unrestricted Miscellaneous Revenue	91,736.00		91,736.00	105,895.34	14,159.34
<b>Total - Local Sources</b>	<b>1,809,856.00</b>	<b>-</b>	<b>1,809,856.00</b>	<b>2,167,239.34</b>	<b>357,383.34</b>
State Sources:					
Categorical Special Education Aid	293,212.00		293,212.00	293,212.00	
Equalization Aid	4,251,686.00	\$ (771,452.00)	3,480,234.00	2,928,745.00	(551,489.00)
Categorical Security Aid	45,261.00		45,261.00	29,420.00	(15,841.00)
Reimbursed TPAF Social Security Contributions (non-budgeted)				230,204.24	230,204.24
On-behalf TPAF pension contributions (non-budgeted)				196,294.00	196,294.00
<b>Total - State Sources</b>	<b>4,590,159.00</b>	<b>(771,452.00)</b>	<b>3,818,707.00</b>	<b>3,677,875.24</b>	<b>(140,831.76)</b>
Federal Sources:					
Equalization Aid - ARRA Stabilization Funds					
ESF		742,701.00	742,701.00	742,701.00	
GSF		28,751.00	28,751.00	28,751.00	
<b>Total - Federal Sources</b>	<b>-</b>	<b>771,452.00</b>	<b>771,452.00</b>	<b>771,452.00</b>	<b>-</b>
<b>Total Revenues</b>	<b>6,400,015.00</b>	<b>-</b>	<b>6,400,015.00</b>	<b>6,616,566.58</b>	<b>216,551.58</b>
<b>EXPENDITURES:</b>					
Current Expense:					
Regular Programs - Grade 9-12 - Instruction:					
Salaries of Teachers	711,860.00	(48,235.70)	663,624.30	662,405.30	1,219.00
Purchased Professional-Educational Services	79,500.00	(15,874.62)	63,625.38	28,879.42	34,745.96
General Supplies	7,888.00	(3,278.31)	4,609.69	3,030.40	1,579.29
Textbooks	4,180.00	1,813.73	5,993.73	5,782.54	211.19
Other Objects	5,450.00	(3,858.75)	1,591.25		1,591.25
<b>Total Regular Programs - Instruction</b>	<b>808,878.00</b>	<b>(69,433.65)</b>	<b>739,444.35</b>	<b>700,097.66</b>	<b>39,346.69</b>
Regular Vocational Programs - Instruction:					
Salaries of Teachers	949,746.00	(31,008.29)	918,737.71	855,399.05	63,338.66
Purchased Professional-Educational Services	1,252,600.00	232,911.60	1,485,511.60	1,483,789.84	1,721.76
Purchased Technical Services	440.00		440.00		440.00
Other Purchased Services (400-500 series)	1,000.00		1,000.00	1,000.00	
General Supplies	63,800.00	25,644.51	89,444.51	78,959.46	10,485.05
Textbooks	7,465.00	3,995.17	11,460.17	7,403.13	4,057.04
Other Objects	7,674.00	(4,061.76)	3,612.24	441.10	3,171.14
<b>Total - Regular Vocational Programs - Instruction</b>	<b>2,282,725.00</b>	<b>227,481.23</b>	<b>2,510,206.23</b>	<b>2,426,992.58</b>	<b>83,213.65</b>
School-Sponsored Co/Extra-Curr. Activities-Instruction					
Salaries	4,950.00	3,931.25	8,881.25	8,881.25	
Purchased Services (300-500 series)	400.00	84.32	484.32	483.20	1.12
Supplies and Materials	19,004.00	3,643.71	22,647.71	22,599.52	48.19
Other Objects		1,780.96	1,780.96	1,746.95	34.01
<b>Total School-Spon. Co/Extra Curr. Actvts. - Inst</b>	<b>24,354.00</b>	<b>9,440.24</b>	<b>33,794.24</b>	<b>33,710.92</b>	<b>83.32</b>
Undistributed Expenditures - Attendance & Social Work					
Salaries	21,724.00	30,288.25	52,012.25	50,567.48	1,444.77
Salaries of Drop-Out Prevention Officer/Coordina	76,029.00	(6,335.74)	69,693.26	57,021.66	12,671.60
Other Purchased Services (400-500 series)	200.00		200.00		200.00
Supplies and Materials	500.00		500.00		500.00
Other Objects	200.00	890.00	1,090.00	1,009.00	81.00
<b>Total Undistributed Expenditures - Attendance &amp; Social Work</b>	<b>98,653.00</b>	<b>24,842.51</b>	<b>123,495.51</b>	<b>108,598.14</b>	<b>14,897.37</b>

(Continued)

## SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT

Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>EXPENDITURES (CONT'D):</b>					
Current Expense (Cont'd):					
Undistributed Expenditures - Health Services:					
Salaries	\$ 48,800.00	\$ (2,286.29)	\$ 46,513.71	\$ 42,500.00	\$ 4,013.71
Purchased Professional and Technical Services	100.00		100.00		100.00
Other Purchased Services (400-500 series)	548.00		548.00	309.02	238.98
Supplies and Materials	1,166.00	19.29	1,185.29	96.35	1,088.94
Other Objects	30.00		30.00		30.00
<b>Total Undistributed Expenditures - Health Services</b>	<b>50,644.00</b>	<b>(2,267.00)</b>	<b>48,377.00</b>	<b>42,905.37</b>	<b>5,471.63</b>
Undistributed Expenditures - Guidance					
Salaries of Other Professional Staff	220,787.00	994.68	221,781.68	221,781.68	
Salaries of Secretarial and Clerical Assistants	23,248.00	193.58	23,441.58	23,247.84	193.74
Other Purchased Services (400-500 series)	4,650.00	(875.11)	3,774.89	3,772.05	2.84
Supplies and Materials	1,701.00	995.71	2,696.71	2,696.71	
<b>Total Undist. Expend. - Guidance</b>	<b>250,386.00</b>	<b>1,308.86</b>	<b>251,694.86</b>	<b>251,498.28</b>	<b>196.58</b>
Undistributed Expenditures - Child Study Teams					
Salaries of Other Professional Staff	43,500.00	(43,500.00)			
Purchased Professional - Educational Services	45,000.00	(44,900.00)	100.00		100.00
<b>Total Undist. Expend. - Child Study Teams</b>	<b>88,500.00</b>	<b>(88,400.00)</b>	<b>100.00</b>	<b>-</b>	<b>100.00</b>
Undistributed Expenditures - Improvement of Instruction Services					
Salaries of Supervisor of Instruction	70,372.00		70,372.00	67,632.42	2,739.58
Salaries of Other Professional Staff	49,190.00	(24,236.34)	24,953.66	6,128.17	18,825.49
Salaries of Secretarial and Clerical Assistants	32,617.00		32,617.00	27,424.34	5,192.66
Other Purchased Services (400-500)	900.00	113.88	1,013.88	1,013.88	
Supplies and Materials	300.00	346.50	646.50	445.90	200.60
Other Objects	1,500.00	(406.00)	1,094.00	1,094.00	
<b>Total Undist. Expend. - Improv of Inst. Serv.</b>	<b>154,879.00</b>	<b>(24,181.96)</b>	<b>130,697.04</b>	<b>103,738.71</b>	<b>26,958.33</b>
Undistributed Expenditures - Educational Media Service/Sch Library					
Salaries	107,375.00	(11,953.76)	95,421.24	90,541.04	4,880.20
Purchased Professional and Technical Services	56,528.00	2,564.98	59,092.98	53,178.15	5,914.83
Supplies and Materials	73,549.00	17,263.00	90,812.00	69,375.40	21,436.60
<b>Total Undist Expend-Edu. Media Serv. / Sch. Library</b>	<b>237,452.00</b>	<b>7,874.22</b>	<b>245,326.22</b>	<b>213,094.59</b>	<b>32,231.63</b>
Undistributed Expenditures - Support Services - General Administration:					
Salaries	197,522.00	(116,309.13)	81,212.87	77,610.48	3,602.39
Legal Services	20,000.00	1,304.58	21,304.58	21,304.58	
Audit Fee	27,000.00	32,400.00	59,400.00	32,400.00	27,000.00
Other Purchased Professional Services		87,083.91	87,083.91	75,852.66	11,231.25
Communications/Telephone	40,000.00	7,386.42	47,386.42	43,485.97	3,900.45
Misc. Purch Serv (400-500) (Other than 530 & 585)	36,000.00	2,369.80	38,369.80	7,387.76	30,982.04
General Supplies	15,000.00	(5,781.53)	9,218.47	7,709.91	1,508.56
Miscellaneous Expenditures	45,000.00	(7,359.42)	37,640.58	9,077.99	28,562.59
<b>Total Undist. Expend. -Support Serv. -Gen. Admin.</b>	<b>380,522.00</b>	<b>1,094.63</b>	<b>381,616.63</b>	<b>274,829.35</b>	<b>106,787.28</b>
Undistributed Expenditures - Support Services - School Administration					
Salaries of Principals / Assistant Principals	154,374.00	4,939.82	159,313.82	159,313.82	
Salaries of Secretarial and Clerical Assistants	20,000.00	12,875.98	32,875.98	32,875.98	
Other Purchased Services (400-500 series)	1,500.00	(3.88)	1,496.12	1,467.11	29.01
Supplies and Materials	1,968.00	63.38	2,031.38	2,031.38	
Other Objects	6,060.00	1,254.00	7,314.00	7,314.00	
<b>Total Undist. Expend. -Support Serv. - School Adm.</b>	<b>183,902.00</b>	<b>19,129.30</b>	<b>203,031.30</b>	<b>203,002.29</b>	<b>29.01</b>
Undistributed Expenditures - Central Services:					
Salaries	344,277.00	(42,365.75)	301,911.25	301,048.77	862.48
Purchased Professional Services	19,600.00	14,911.72	34,511.72	24,960.00	9,551.72
Purchased Technical Services	48,000.00	(5,555.42)	42,444.58	38,844.58	3,600.00
Misc. Purchased Services (400-500 Series)	28,500.00	(2,805.52)	25,694.48	9,127.58	16,566.90
Supplies and Materials	23,145.00	(5,103.54)	18,041.46	15,067.89	2,973.57
Other Objects	8,450.00	(885.19)	7,564.81	7,249.81	315.00
<b>Total Undistributed Expenditures - Central Services</b>	<b>471,972.00</b>	<b>(41,803.70)</b>	<b>430,168.30</b>	<b>396,298.63</b>	<b>33,869.67</b>

(Continued)

## SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT

Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>EXPENDITURES (CONT'D):</b>					
Current Expense (Cont'd):					
Undistributed Expenditures - Required Maint for School Facilities					
Salaries	\$ 21,801.00		\$ 21,801.00	\$ 18,617.63	\$ 3,183.37
Cleaning, Repair, and Maintenance Services	349,887.00	\$ (47,685.10)	302,201.90	272,043.06	30,158.84
General Supplies	50,000.00	651.43	50,651.43	46,004.23	4,647.20
Other Objects	5,000.00		5,000.00	500.00	4,500.00
<b>Total Undist. Expend-Required Maint for Sch Fac.</b>	<b>426,688.00</b>	<b>(47,033.67)</b>	<b>379,654.33</b>	<b>337,164.92</b>	<b>42,489.41</b>
Undistributed Expenditures - Other Oper & Maint of Plant					
Salaries	280,547.00	(11,830.16)	268,716.84	265,695.95	3,020.89
Purchased Professional and Technical Services	30,000.00	(29,241.96)	758.04	758.04	758.04
Cleaning, Repair, and Maintenance Services	35,000.00	8,247.94	43,247.94	43,227.01	20.93
Insurance	52,000.00	4,643.54	56,643.54	56,643.54	
General Supplies	35,000.00	(12,589.51)	22,410.49	16,263.46	6,147.03
Energy (Heat and Electricity)	345,000.00	8,744.73	353,744.73	345,503.39	8,241.34
Other Objects	500.00	298.98	798.98	462.98	336.00
<b>Total Undist Expend-Oth. Oper &amp; Maint of Plant</b>	<b>778,047.00</b>	<b>(31,726.44)</b>	<b>746,320.56</b>	<b>727,796.33</b>	<b>18,524.23</b>
Undistributed Expenditures - Care & Upkeep of Grounds					
Cleaning, Repair, and Maintenance Services	50,000.00	(24,500.00)	25,500.00	25,161.29	338.71
<b>Total Care and Upkeep of Grounds</b>	<b>50,000.00</b>	<b>(24,500.00)</b>	<b>25,500.00</b>	<b>25,161.29</b>	<b>338.71</b>
Undistributed Expenditures - Security					
Cleaning, Repair, and Maintenance Services	10,000.00	(759.62)	9,240.38	7,689.50	1,550.88
General Supplies		759.62	759.62	759.62	
<b>Total Security</b>	<b>10,000.00</b>	<b>-</b>	<b>10,000.00</b>	<b>8,449.12</b>	<b>1,550.88</b>
<b>Total Undist. Expend-Oper &amp; Maint of Plant Serv.</b>	<b>1,264,735.00</b>	<b>(103,260.11)</b>	<b>1,161,474.89</b>	<b>1,098,571.66</b>	<b>62,903.23</b>
Undistributed Expenditures - Student Transportation Services:					
Contr Serv (Oth. Than Bet Home & Sch) - Vend	16,250.00	11,184.92	27,434.92	27,063.56	371.36
<b>Total Undist. Expend. -Student Trans. Serv.</b>	<b>16,250.00</b>	<b>11,184.92</b>	<b>27,434.92</b>	<b>27,063.56</b>	<b>371.36</b>
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	125,000.00	8,812.79	133,812.79	91,472.31	42,340.48
Other Retirement Contributions - Regular	85,000.00	12,582.55	97,582.55	97,582.55	
Unemployment Compensation	9,000.00	890.47	9,890.47	9,860.11	30.36
Workmen's Compensation	48,000.00	(2,868.82)	45,131.18	44,749.05	382.13
Health Benefits	444,000.00	109,281.44	553,281.44	553,281.44	
Tuition Reimbursement	20,000.00	(12,680.30)	7,319.70	7,319.70	
Other Employee Benefits	5,000.00		5,000.00	3,872.90	1,127.10
<b>Total Unallocated Benefits - Employee Benefits</b>	<b>736,000.00</b>	<b>116,018.13</b>	<b>852,018.13</b>	<b>808,138.06</b>	<b>43,880.07</b>
Reimbursed TPAF Social Security Contributions (non-budgeted)					
On-behalf TPAF pension contributions (non-budgeted)				230,204.24	(230,204.24)
				196,294.00	(196,294.00)
<b>Total On-behalf Contributions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>426,498.24</b>	<b>(426,498.24)</b>
<b>Total Undistributed Expenditures</b>	<b>3,933,895.00</b>	<b>(78,460.20)</b>	<b>3,855,434.80</b>	<b>3,954,236.88</b>	<b>(98,802.08)</b>
<b>Total Current Expense</b>	<b>7,049,852.00</b>	<b>89,027.62</b>	<b>7,138,879.62</b>	<b>7,115,038.04</b>	<b>23,841.58</b>

(Continued)

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2010

	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
<b>EXPENDITURES (CONT'D):</b>					
Capital Outlay:					
Increase in Capital Reserve	\$ 218,579.00		\$ 218,579.00		\$ 218,579.00
Interest Deposit to Capital Reserve	6,000.00		6,000.00		6,000.00
Undistributed Expenses					
Support Services - Instruc. Staff	164,161.00	\$ (54,156.00)	110,005.00	\$ 42,760.00	67,245.00
Central Services	41,420.00	(35,820.00)	5,600.00	5,600.00	
Special Schools (all programs)		130,000.00	130,000.00		130,000.00
Total Undistributed Expenses	<u>205,581.00</u>	<u>40,024.00</u>	<u>245,605.00</u>	<u>48,360.00</u>	<u>197,245.00</u>
Total Capital Outlay	<u>430,160.00</u>	<u>40,024.00</u>	<u>470,184.00</u>	<u>48,360.00</u>	<u>421,824.00</u>
Total Expenditures	<u>7,480,012.00</u>	<u>129,051.62</u>	<u>7,609,063.62</u>	<u>7,163,398.04</u>	<u>445,665.58</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,079,997.00)</u>	<u>(129,051.62)</u>	<u>(1,209,048.62)</u>	<u>(546,831.46)</u>	<u>662,217.16</u>
Fund Balances, July 1	<u>2,687,452.65</u>		<u>2,687,452.65</u>	<u>2,687,452.65</u>	
Fund Balances, June 30	<u>\$ 1,607,455.65</u>	<u>\$ (129,051.62)</u>	<u>\$ 1,478,404.03</u>	<u>\$ 2,140,621.19</u>	<u>\$ 662,217.16</u>
<b>Recapitulation:</b>					
Reserve for Encumbrances				\$ 306,913.69	
Capital Reserve				893,817.92	
Excess Surplus - Designated For Subsequent Years Expenditures				400,019.68	
Unreserved - Designated For Subsequent Years Expenditures				0.32	
Excess Surplus				135,655.59	
Unrestricted Fund Balance				<u>404,213.99</u>	
				2,140,621.19	
Reconciliation to Governmental Funds Statements (GAAP):					
Last two State Aid Payments 2009-10 Not Recognized on GAAP Basis				<u>(459,015.00)</u>	
				<u>\$ 1,681,606.19</u>	

## SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT

Required Supplementary Information  
 Budgetary Comparison Schedule - ARRA ESF  
 General Fund  
 For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Federal Sources:					
Equalization Aid - ARRA ESF		\$ 742,701.00	\$ 742,701.00	\$ 742,701.00	
Total - Federal Sources	-	742,701.00	742,701.00	742,701.00	-
Total Revenues	-	742,701.00	742,701.00	742,701.00	-
EXPENDITURES:					
Regular Programs - Grade 9-12 - Instruction:					
Salaries of Teachers	\$ -	\$ 510,305.00	\$ 510,305.00	\$ 510,305.00	\$ -
Regular Vocational Programs - Instruction:					
Salaries of Teachers	-	232,396.00	232,396.00	232,396.00	-
Total Regular Programs - Instruction		742,701.00	742,701.00	742,701.00	
Total Current Expense		742,701.00	742,701.00	742,701.00	
Total Expenditures		742,701.00	742,701.00	742,701.00	
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses					
Fund Balances, July 1					
Fund Balances, June 30	\$ -	\$ -	\$ -	\$ -	\$ -

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
 Required Supplementary Information  
 Budgetary Comparison Schedule - ARRA GSF  
 General Fund  
 For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<b>REVENUES:</b>					
Equalization Aid - ARRA GSF		\$ 28,751.00	\$ 28,751.00	\$ 28,751.00	
Total - Federal Sources	-	28,751.00	28,751.00	28,751.00	-
Total Revenues	-	28,751.00	28,751.00	28,751.00	-
<b>EXPENDITURES:</b>					
Current Expense:					
Regular Vocational Programs - Instruction:					
Salaries of Teachers		28,751.00	28,751.00	28,751.00	
Total Regular Vocational Programs - Instruction		28,751.00	28,751.00	28,751.00	
Total Current Expense		28,751.00	28,751.00	28,751.00	
Total Expenditures		28,751.00	28,751.00	28,751.00	
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses					
Fund Balances, July 1					
Fund Balances, June 30	\$ -	\$ -	\$ -	\$ -	\$ -

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**

Required Supplementary Information  
 Budgetary Comparison Schedule  
 Special Revenue Fund  
 For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Amendments / Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>REVENUES:</b>					
State Sources:					
Apprenticeship Coordinator	\$ 15,430.00	\$ -	\$ 15,430.00	\$ 10,318.68	\$ (5,111.32)
School Based Youth Services-- Family Court	16,000.00	-	16,000.00	2,470.99	(13,529.01)
School Based Youth Services	278,182.00	-	278,182.00	274,564.48	(3,617.52)
Perkins Post Secondary	83,454.00	-	83,454.00	83,254.21	(199.79)
Youth Transition to Work	<u>155,000.00</u>	<u>53,911.15</u>	<u>208,911.15</u>	<u>118,833.86</u>	<u>(90,077.29)</u>
Total - State Sources	<u>548,066.00</u>	<u>53,911.15</u>	<u>601,977.15</u>	<u>489,442.22</u>	<u>(112,534.93)</u>
Federal Sources:					
Workforce Investment Act	101,475.00	37,357.09	138,832.09	79,575.40	(59,256.69)
Perkins	69,394.00	-	69,394.00	69,377.38	(16.62)
Adult Basic Skills	61,800.00	11,940.88	73,740.88	73,697.72	(43.16)
I.D.E.I.A.	85,863.00	2,988.45	88,851.45	73,935.51	(14,915.94)
I.D.E.I.A. ARRA	126,314.00	-	126,314.00	64,305.43	(62,008.57)
No Child Left Behind ARRA	10,507.00	-	10,507.00	4,979.74	(5,527.26)
No Child Left Behind I A	38,007.00	5,810.73	43,817.73	42,604.46	(1,213.27)
No Child Left Behind II A	11,781.00	6,707.20	18,488.20	13,127.69	(5,360.51)
No Child Left Behind II D	731.00	-	731.00	731.00	-
No Child Left Behind IV	2,488.00	-	2,488.00	2,486.48	(1.52)
Rural Education Achievement Program	46,192.00	-	46,192.00	46,192.00	-
21st Century Community Learning Center	<u>500,000.00</u>	<u>60,497.56</u>	<u>560,497.56</u>	<u>489,536.73</u>	<u>(70,960.83)</u>
Total - Federal Sources	<u>1,054,552.00</u>	<u>125,301.91</u>	<u>1,179,853.91</u>	<u>960,549.54</u>	<u>(219,304.37)</u>
Other Sources:					
Rebel	<u>1,000.00</u>	<u>-</u>	<u>1,000.00</u>	<u>808.00</u>	<u>(192.00)</u>
Total - Other Sources	<u>1,000.00</u>	<u>-</u>	<u>1,000.00</u>	<u>808.00</u>	<u>(192.00)</u>
Total Revenues	<u>1,603,618.00</u>	<u>179,213.06</u>	<u>1,782,831.06</u>	<u>1,450,799.76</u>	<u>(332,031.30)</u>

(Continued)

## SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT

Required Supplementary Information  
 Budgetary Comparison Schedule  
 Special Revenue Fund  
 For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Amendments / Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	\$ 357,570.00	\$ -	\$ 357,570.00	\$ 309,636.75	\$ 47,933.25
Purchased Professional & Technical Services	12,370.00	-	12,370.00	9,780.00	2,590.00
Other Purchased Services	1,000.00	-	1,000.00	-	1,000.00
General Supplies	150,402.00	22,263.06	172,665.06	104,088.70	68,576.36
Other Objects	5,200.00	1,773.00	6,973.00	4,080.00	2,893.00
<b>Total Instruction</b>	<b>526,542.00</b>	<b>24,036.06</b>	<b>550,578.06</b>	<b>427,585.45</b>	<b>122,992.61</b>
Support Services:					
Salaries of Principals/Assistant Principals	32,640.00	1,085.30	33,725.30	27,534.00	6,191.30
Salaries of Other Professional Staff	323,758.00	53,232.75	376,990.75	338,554.27	38,436.48
Salaries of Secretaries & Clerical Assistants	82,510.00	8,315.32	90,825.32	80,001.81	10,823.51
Personal Services - Employee Benefits	158,907.00	19,494.06	178,401.06	161,258.08	17,142.98
Purchased Professional Educational Services	9,575.00	2,256.00	11,831.00	10,171.00	1,660.00
Other Purchased Professional Services	87,970.00	(249.97)	87,720.03	63,090.63	24,629.40
Purchased Technical Services	400.00	-	400.00	-	400.00
Rentals	16,200.00	-	16,200.00	16,200.00	-
Contracted Services	131,498.00	10,182.79	141,680.79	125,824.48	15,856.31
Utilities	9,200.00	1,361.19	10,561.19	10,430.17	131.02
Travel	8,883.00	1,844.05	10,727.05	4,204.47	6,522.58
Other Purchased Services	49,121.00	13,360.83	62,481.83	40,098.33	22,383.50
Supplies and Materials	38,533.00	28,688.64	67,221.64	40,664.75	26,556.89
Other Objects	41,581.00	19,436.04	61,017.04	22,712.42	38,304.62
<b>Total Support Services</b>	<b>990,776.00</b>	<b>159,007.00</b>	<b>1,149,783.00</b>	<b>940,744.41</b>	<b>209,038.59</b>
Facilities Acquisition and Construction Services:					
Instructional Equipment	86,300.00	(3,830.00)	82,470.00	82,469.90	0.10
<b>Total Facilities Acquisition &amp; Construction Services</b>	<b>86,300.00</b>	<b>(3,830.00)</b>	<b>82,470.00</b>	<b>82,469.90</b>	<b>0.10</b>
<b>Total Expenditures</b>	<b>1,603,618.00</b>	<b>179,213.06</b>	<b>1,782,831.06</b>	<b>1,450,799.76</b>	<b>332,031.30</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 Note to RSI  
 For the Fiscal Year Ended June 30, 2010

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues 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 (C-series)	\$ 6,616,566.58	\$ 1,450,799.76
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Current Year		(22,843.83)
Prior Year		30,673.30
The last two 08-09 State aid payments are recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33)	429,971.00	
The last two 09-10 State aid payments are recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33)	<u>(459,015.00)</u>	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds. (B-2)	<u>\$ 6,587,522.58</u>	<u>\$ 1,458,629.23</u>
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 7,163,398.04	\$ 1,450,799.76
Encumbrances for supplies and equipment ordered but not received is 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		(22,843.83)
Prior Year		<u>30,673.30</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 7,163,398.04</u>	<u>\$ 1,458,629.23</u>

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
**SPECIAL REVENUE FUND**  
 Combining Schedule of Revenues and Expenditures - Budgetary Basis  
 For the Fiscal Year Ended June 30, 2010

	<u>Total</u>	<u>NCLB Title I, Part A 2008-09</u>	<u>NCLB Title I, Part A 2009-10</u>	<u>NCLB Title II, Part A 2008-09</u>	<u>NCLB Title II, Part A 2009-10</u>	<u>NCLB Title II, Part D 2008-09</u>	<u>NCLB Title II, Part D 2009-10</u>	<u>Total Brought Forward</u>
<b>REVENUES:</b>								
Federal Sources	\$ 960,549.54	\$ 5,770.41	\$ 36,834.05	\$ 6,249.02	\$ 6,878.67	\$ 351.00	\$ 380.00	\$ 904,086.39
State Sources	489,442.22							489,442.22
Other Sources	808.00							808.00
<b>Total Revenues</b>	<b>1,450,799.76</b>	<b>5,770.41</b>	<b>36,834.05</b>	<b>6,249.02</b>	<b>6,878.67</b>	<b>351.00</b>	<b>380.00</b>	<b>1,394,336.61</b>
<b>EXPENDITURES:</b>								
<b>Instruction:</b>								
Salaries of Teachers	309,636.75		24,380.00					285,256.75
Purchased Professional & Technical Services	9,780.00							9,780.00
General Supplies	104,088.70	3,653.41	5,719.05					94,716.24
Other Objects	4,080.00							4,080.00
<b>Total Instruction</b>	<b>427,585.45</b>	<b>3,653.41</b>	<b>30,099.05</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>393,832.99</b>
<b>Support Services:</b>								
Salaries of Principals/Assistant Principals	27,534.00							27,534.00
Salaries of Other Professional Staff	338,554.27							338,554.27
Salaries of Secretaries & Clerical Assistants	80,001.81							80,001.81
Personal Services - Employee Benefits	161,258.08		4,876.00					156,382.08
Purchased Professional Educational Services	10,171.00	2,117.00	1,859.00		2,695.00			3,500.00
Other Purchased Professional Services	63,090.63							63,090.63
Rentals	16,200.00							16,200.00
Contracted Services	125,824.48							125,824.48
Utilities	10,430.17							10,430.17
Travel	4,204.47			111.79	245.72			3,846.96
Other Purchased Services	40,098.33			3,713.00	3,937.95	351.00	380.00	31,716.38
Supplies and Materials	40,664.75			2,424.23				38,240.52
Other Objects	22,712.42							22,712.42
<b>Total Support Services</b>	<b>940,744.41</b>	<b>2,117.00</b>	<b>6,735.00</b>	<b>6,249.02</b>	<b>6,878.67</b>	<b>351.00</b>	<b>380.00</b>	<b>918,033.72</b>
<b>Facilities Acquisition &amp; Construction Services:</b>								
Instructional Equipment	82,469.90							82,469.90
<b>Total Facilities Acquisition &amp; Construction Services</b>	<b>82,469.90</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>82,469.90</b>
<b>Total Expenditures</b>	<b>\$ 1,450,799.76</b>	<b>\$ 5,770.41</b>	<b>\$ 36,834.05</b>	<b>\$ 6,249.02</b>	<b>\$ 6,878.67</b>	<b>\$ 351.00</b>	<b>\$ 380.00</b>	<b>\$ 1,394,336.61</b>

(Continued)

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
**SPECIAL REVENUE FUND**  
 Combining Schedule of Revenues and Expenditures - Budgetary Basis  
 For the Fiscal Year Ended June 30, 2010

	Total Carried Forward	NCLB Title IV 2008-09	NCLB Title IV 2009-10	NCLB ARRA Title I, Part A 2009-10	I.D.E.I.A. 2008-09	I.D.E.I.A. 2009-10	I.D.E.I.A. ARRA 2009-10	Total Brought Forward
<b>REVENUES:</b>								
Federal Sources	\$ 904,086.39	\$ 1,320.88	\$ 1,165.60	\$ 4,979.74	\$ 2,977.88	\$ 70,957.63	\$ 64,305.43	\$ 758,379.23
State Sources	489,442.22							489,442.22
Other Sources	808.00							808.00
<b>Total Revenues</b>	<b>1,394,336.61</b>	<b>1,320.88</b>	<b>1,165.60</b>	<b>4,979.74</b>	<b>2,977.88</b>	<b>70,957.63</b>	<b>64,305.43</b>	<b>1,248,629.45</b>
<b>EXPENDITURES:</b>								
Instruction:								
Salaries of Teachers	285,256.75					46,300.00	43,500.00	195,456.75
Purchased Professional & Technical Services	9,780.00					4,000.00		5,780.00
General Supplies	94,716.24	1,320.88	1,165.60	4,979.74	2,977.88	11,397.63	2,359.48	70,515.03
Other Objects	4,080.00							4,080.00
<b>Total Instruction</b>	<b>393,832.99</b>	<b>1,320.88</b>	<b>1,165.60</b>	<b>4,979.74</b>	<b>2,977.88</b>	<b>61,697.63</b>	<b>45,859.48</b>	<b>275,831.78</b>
Support Services:								
Salaries of Principals/Assistant Principals	27,534.00							27,534.00
Salaries of Other Professional Staff	338,554.27							338,554.27
Salaries of Secretaries & Clerical Assistants	80,001.81							80,001.81
Personal Services - Employee Benefits	156,382.08					9,260.00	17,835.00	129,287.08
Purchased Professional Educational Services	3,500.00							3,500.00
Other Purchased Professional Services	63,090.63							63,090.63
Rentals	16,200.00							16,200.00
Contracted Services	125,824.48							125,824.48
Utilities	10,430.17							10,430.17
Travel	3,846.96							3,846.96
Other Purchased Services	31,716.38							31,716.38
Supplies and Materials	38,240.52						610.95	37,629.57
Other Objects	22,712.42							22,712.42
<b>Total Support Services</b>	<b>918,033.72</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,260.00</b>	<b>18,445.95</b>	<b>890,327.77</b>
Facilities Acquisition & Construction Services:								
Instructional Equipment	82,469.90							82,469.90
<b>Total Facilities Acquisition &amp; Construction Services</b>	<b>82,469.90</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>82,469.90</b>
<b>Total Expenditures</b>	<b>\$ 1,394,336.61</b>	<b>\$ 1,320.88</b>	<b>\$ 1,165.60</b>	<b>\$ 4,979.74</b>	<b>\$ 2,977.88</b>	<b>\$ 70,957.63</b>	<b>\$ 64,305.43</b>	<b>\$ 1,248,629.45</b>

(Continued)

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
**SPECIAL REVENUE FUND**  
 Combining Schedule of Revenues and Expenditures - Budgetary Basis  
 For the Fiscal Year Ended June 30, 2010

	Total Carried Forward	Perkins Sec 2009-10	Rural Education Achievement Program 2009-10	21st Century 2008-09	21st Century 2009-10	Adult Basic Skills 2009-10	ABS GED Testing 2008-10	Total Brought Forward
<b>REVENUES:</b>								
Federal Sources	\$ 758,379.23	\$ 69,377.38	\$ 46,192.00	\$ 29,444.41	\$ 460,092.32	\$ 61,773.53	\$ 11,924.19	\$ 79,575.40
State Sources	489,442.22							489,442.22
Other Sources	808.00							808.00
<b>Total Revenues</b>	<b>1,248,629.45</b>	<b>69,377.38</b>	<b>46,192.00</b>	<b>29,444.41</b>	<b>460,092.32</b>	<b>61,773.53</b>	<b>11,924.19</b>	<b>569,825.62</b>
<b>EXPENDITURES:</b>								
Instruction:								
Salaries of Teachers	195,456.75		43,985.00		102,111.75	49,360.00		-
Purchased Professional & Technical Services	5,780.00				5,780.00			-
General Supplies	70,515.03	31,903.38			2,359.81	685.53		35,566.31
Other Objects	4,080.00				4,080.00			-
<b>Total Instruction</b>	<b>275,831.78</b>	<b>31,903.38</b>	<b>43,985.00</b>	<b>-</b>	<b>114,331.56</b>	<b>50,045.53</b>	<b>-</b>	<b>35,566.31</b>
Support Services:								
Salaries of Principals/Assistant Principals	27,534.00				27,534.00			-
Salaries of Other Professional Staff	338,554.27			11,407.51	82,050.40		5,174.00	239,922.36
Salaries of Secretaries & Clerical Assistants	80,001.81			292.86	24,926.50			54,782.45
Personal Services - Employee Benefits	129,287.08		2,207.00	6,279.37	46,158.00	11,728.00	435.38	62,479.33
Purchased Professional Educational Services	3,500.00	3,500.00						-
Other Purchased Professional Services	63,090.63			4,166.66	18,749.97			40,174.00
Rentals	16,200.00							16,200.00
Contracted Services	125,824.48				118,958.06			6,866.42
Utilities	10,430.17							10,430.17
Travel	3,846.96				2,385.11			1,461.85
Other Purchased Services	31,716.38			300.06	24,938.32			6,478.00
Supplies and Materials	37,629.57			6,997.95	60.40		6,314.81	24,256.41
Other Objects	22,712.42							22,712.42
<b>Total Support Services</b>	<b>890,327.77</b>	<b>3,500.00</b>	<b>2,207.00</b>	<b>29,444.41</b>	<b>345,760.76</b>	<b>11,728.00</b>	<b>11,924.19</b>	<b>485,763.41</b>
Facilities Acquisition & Construction Services:								
Instructional Equipment	82,469.90	33,974.00						48,495.90
<b>Total Facilities Acquisition &amp; Construction Services</b>	<b>82,469.90</b>	<b>33,974.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>48,495.90</b>
<b>Total Expenditures</b>	<b>\$ 1,248,629.45</b>	<b>\$ 69,377.38</b>	<b>\$ 46,192.00</b>	<b>\$ 29,444.41</b>	<b>\$ 460,092.32</b>	<b>\$ 61,773.53</b>	<b>\$ 11,924.19</b>	<b>\$ 569,825.62</b>

(Continued)

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
**SPECIAL REVENUE FUND**  
 Combining Schedule of Revenues and Expenditures - Budgetary Basis  
 For the Fiscal Year Ended June 30, 2010

	Total Carried Forward	W.I.A. 2008-09	W.I.A. 2009-10	W.I.A. Out of School 2008-09	W.I.A. Out of School 2009-10	Perkins Post Secondary 2009-10	Apprentice-ship Coordinator 2009-10	Total Brought Forward
<b>REVENUES:</b>								
Federal Sources	\$ 79,575.40	\$ 22,839.82	\$ 24,622.40	\$ 5,306.79	\$ 26,806.39			\$ -
State Sources	489,442.22					\$ 83,254.21	\$ 10,318.68	395,869.33
Other Sources	808.00							808.00
<b>Total Revenues</b>	<b>569,825.62</b>	<b>22,839.82</b>	<b>24,622.40</b>	<b>5,306.79</b>	<b>26,806.39</b>	<b>83,254.21</b>	<b>10,318.68</b>	<b>396,677.33</b>
<b>EXPENDITURES:</b>								
Instruction:								
Salaries of Teachers	-							-
Purchased Professional & Technical Services	-							-
General Supplies	35,566.31					34,758.31		808.00
Other Objects	-							-
<b>Total Instruction</b>	<b>35,566.31</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34,758.31</b>	<b>-</b>	<b>808.00</b>
Support Services:								
Salaries of Principals/Asst Principals	-							-
Salaries of Other Professional Staff	239,922.36	3,869.24	19,346.20	3,869.24	19,346.20		9,000.00	184,491.48
Salaries of Secretaries & Clerical Assistants	54,782.45							54,782.45
Personal Services - Employee Benefits	62,479.33	1,362.64	4,596.70	1,362.64	4,596.70		789.30	49,771.35
Purchased Professional Educational Services	-							-
Other Purchased Professional Services	40,174.00							40,174.00
Rentals	16,200.00							16,200.00
Contracted Services	6,866.42							6,866.42
Utilities	10,430.17							10,430.17
Travel	1,461.85	74.92	109.50	74.91	111.84		529.38	561.30
Other Purchased Services	6,478.00							6,478.00
Supplies and Materials	24,256.41		570.00		2,572.25			21,114.16
Other Objects	22,712.42	17,533.02			179.40			5,000.00
<b>Total Support Services</b>	<b>485,763.41</b>	<b>22,839.82</b>	<b>24,622.40</b>	<b>5,306.79</b>	<b>26,806.39</b>	<b>-</b>	<b>10,318.68</b>	<b>395,869.33</b>
Facilities Acquisition & Construction Services:								
Instructional Equipment	48,495.90					48,495.90		-
<b>Total Facilities Acquisition &amp; Construction Services</b>	<b>48,495.90</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>48,495.90</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures</b>	<b>\$ 569,825.62</b>	<b>\$ 22,839.82</b>	<b>\$ 24,622.40</b>	<b>\$ 5,306.79</b>	<b>\$ 26,806.39</b>	<b>\$ 83,254.21</b>	<b>\$ 10,318.68</b>	<b>\$ 396,677.33</b>

(Continued)

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
**SPECIAL REVENUE FUND**  
 Combining Schedule of Revenues and Expenditures - Budgetary Basis  
 For the Fiscal Year Ended June 30, 2010

	Total Carried Forward	Youth Transition to Work 2008-09	Youth Transition to Work 2009-10	School Based Youth Services 2009-10	School Based Youth Services Family Court 2009-10	Rebel 2009-10
<b>REVENUES:</b>						
Federal Sources	\$ -					
State Sources	395,869.33	\$ 26,898.20	\$ 91,935.66	\$ 274,564.48	\$ 2,470.99	
Other Sources	808.00					\$ 808.00
<b>Total Revenues</b>	<b>396,677.33</b>	<b>26,898.20</b>	<b>91,935.66</b>	<b>274,564.48</b>	<b>2,470.99</b>	<b>808.00</b>
<b>EXPENDITURES:</b>						
Instruction:						
Salaries of Teachers	-					
Purchased Professional & Technical Services	-					
General Supplies	808.00					808.00
Other Objects	-					
<b>Total Instruction</b>	<b>808.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>808.00</b>
Support Services:						
Salaries of Principals/Asst Principals	-					
Salaries of Other Professional Staff	184,491.48	13,638.19	53,029.32	117,823.97		
Salaries of Secretaries & Clerical Assistants	54,782.45	4,597.20	13,817.33	36,367.92		
Personal Services - Employee Benefits	49,771.35	4,170.76	14,834.59	30,766.00		
Purchased Professional Educational Services	-					
Other Purchased Professional Services	40,174.00			37,703.01	2,470.99	
Rentals	16,200.00			16,200.00		
Contracted Services	6,866.42		6,866.42			
Utilities	10,430.17			10,430.17		
Travel	561.30			561.30		
Other Purchased Services	6,478.00	3,090.00	3,388.00			
Supplies and Materials	21,114.16	1,402.05		19,712.11		
Other Objects	5,000.00			5,000.00		
<b>Total Support Services</b>	<b>395,869.33</b>	<b>26,898.20</b>	<b>91,935.66</b>	<b>274,564.48</b>	<b>2,470.99</b>	<b>-</b>
Facilities Acquisition & Construction Services:						
Instructional Equipment	-					
<b>Total Facilities Acquisition &amp; Construction Services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures</b>	<b>\$ 396,677.33</b>	<b>\$ 26,898.20</b>	<b>\$ 91,935.66</b>	<b>\$ 274,564.48</b>	<b>\$ 2,470.99</b>	<b>\$ 808.00</b>

CAPITAL PROJECTS FUND

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**

Capital Projects Fund  
Summary Schedule of Project Expenditures  
For the Fiscal Year Ended June 30, 2010

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<u>Project Title / Issue</u>	<u>Approval Date</u>	<u>Revised Budgetary Appropriations</u>	<u>GAAP Expenditures to Date</u>		<u>Unexpended Balance June 30, 2010</u>
			<u>Prior Years</u>	<u>Current Year</u>	
2010 School Energy Savings	4/27/2010	\$ 3,190,699.00	\$ -	\$ 957,210.00	\$ 2,233,489.00

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
**CAPITAL PROJECTS FUND**

Summary Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis  
 For the Fiscal Year Ended June 30, 2010

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<b>Revenues and Other Financing Sources (Uses)</b>	
State Sources - SCC Grant	
Bond Proceeds and Transfers	
Capital Lease Proceeds	\$ 3,190,699.00
Contributions from Private Source	
Transfer to Capital Reserve	
Transfer from Capital Outlay	
	<hr/>
Total Revenues	<u>3,190,699.00</u>
 <b>Expenditures and Other Financing Uses</b>	
Construction Services	<u>957,210.00</u>
Total Expenditures	<u>957,210.00</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,233,489.00
Fund Balance - July 1	<u>-</u>
Fund Balance - June 30	<u>\$ 2,233,489.00</u>
Unreserved - Designated to Subsequent Year's Expenditures	<u>\$ 2,233,489.00</u>

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
**CAPITAL PROJECTS FUND**  
 Schedule of Project Revenues, Expenditures, Project Balance and Project Status--Budgetary Basis  
 2010 School Energy Savings  
 From Inception and for the Fiscal Year Ended June 30, 2010

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources (Uses)</b>				
State Sources - SCC Grant				
Bond Proceeds and Transfers				
Capital Lease Proceeds	\$ -	\$ 3,190,699.00	\$ 3,190,699.00	\$ 3,190,699.00
Contributions from Private Source				
Transfer to Capital Reserve				
Transfer from Capital Outlay				
Total Revenues	-	3,190,699.00	3,190,699.00	3,190,699.00
<b>Expenditures and Other Financing Uses</b>				
Construction Services		957,210.00	957,210.00	3,190,699.00
Total Expenditures	-	957,210.00	957,210.00	3,190,699.00
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ 2,233,489.00	\$ 2,233,489.00	\$ -
<b>Additional Project Information:</b>				
Project Number		N/A		
Grant Date		N/A		
Bond Authorization Date		N/A		
Bonds Authorized		N/A		
Bonds Issued		N/A		
Original Authorized Cost	3,190,699.00			
Additional Authorized Cost		-		
Revised Authorized Cost	3,190,699.00			
Percentage Increase over Original Authorized Cost		0.00%		
Percentage Completion		30.00%		
Original Target Completion Date		6/30/2011		
Revised Target Completion Date		N/A		

PROPRIETARY FUNDS

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
Enterprise Fund  
Combining Statement of Net Assets  
June 30, 2010

	Business Type Activities- Enterprise Funds							Total
	<u>Food Service</u>	<u>Regional Day School</u>	<u>Summer Enrichment Program</u>	<u>BCCEC/ ETTC Program</u>	<u>Transitional Production Workshop</u>	<u>Consolidated Services</u>	<u>School Based Youth Services</u>	
<b>ASSETS:</b>								
<b>Current Assets:</b>								
Cash and Cash Equivalents	\$ 45,338.81	\$ 157,936.06	\$122,727.26	\$111,234.22	\$ 8,028.33	\$ -	\$ 17,102.95	\$ 462,367.63
Accounts Receivable:								
State	234.18			1,400.00				1,634.18
Federal	4,673.29							4,673.29
Other	1,025.00	4,681.46		300.00	19.60			6,026.06
Inventories	8,133.41							8,133.41
<b>Total Current Assets</b>	<u>59,404.69</u>	<u>162,617.52</u>	<u>122,727.26</u>	<u>112,934.22</u>	<u>8,047.93</u>	<u>-</u>	<u>17,102.95</u>	<u>482,834.57</u>
<b>Noncurrent Assets:</b>								
Site Improvements		77,600.00						77,600.00
Building		2,123,900.00						2,123,900.00
Equipment		175,001.13						175,001.13
Accumulated Depreciation		(1,393,105.64)						(1,393,105.64)
<b>Total Noncurrent Assets</b>	<u>-</u>	<u>983,395.49</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>983,395.49</u>
<b>Total Assets</b>	<u>59,404.69</u>	<u>1,146,013.01</u>	<u>122,727.26</u>	<u>112,934.22</u>	<u>8,047.93</u>	<u>-</u>	<u>17,102.95</u>	<u>1,466,230.06</u>
<b>LIABILITIES:</b>								
<b>Current Liabilities:</b>								
Accounts Payable	1,961.07	33,986.69		1,120.19				37,067.95
Deferred Revenue	588.54			2,014.00				2,602.54
Compensated Absences Payable		42,270.70						42,270.70
<b>Total Current Liabilities</b>	<u>2,549.61</u>	<u>76,257.39</u>	<u>-</u>	<u>3,134.19</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>81,941.19</u>
<b>NET ASSETS:</b>								
Invested in Capital Assets								
Net of Related Debt		983,395.49						983,395.49
Restricted - Encumbrances		14,049.63	820.57	1,857.39				16,727.59
Unrestricted	56,855.08	72,310.50	121,906.69	107,942.64	8,047.93		17,102.95	384,165.79
<b>Total Net Assets</b>	<u>\$ 56,855.08</u>	<u>\$ 1,069,755.62</u>	<u>\$ 122,727.26</u>	<u>\$ 109,800.03</u>	<u>\$ 8,047.93</u>	<u>\$ -</u>	<u>\$ 17,102.95</u>	<u>\$ 1,384,288.87</u>

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
Enterprise Fund  
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets  
For the Fiscal Year Ended June 30, 2010

	Business Type Activities- Enterprise Funds							Total
	Food Service	Regional Day School	Summer Enrichment Program	BCCEC/ ETTC Program	Transitional Production Workshop	Consolidated Services	School Based Youth Services	
OPERATING REVENUES:								
Charges for Services:								
Daily Sales - Reimbursable Programs	\$ 50,432.88							\$ 50,432.88
Daily Sales - Non-Reimbursable Programs	36,187.84							36,187.84
Other Sales	47,227.04							47,227.04
Tuition		\$ 1,176,164.83	\$ 105,019.00					1,281,183.83
Other Revenue	9,545.72	213,597.64		\$ 37,119.00	\$ 5,877.42	\$ 248,410.41		514,550.19
<b>Total Operating Revenues</b>	<b>143,393.48</b>	<b>1,389,762.47</b>	<b>105,019.00</b>	<b>37,119.00</b>	<b>5,877.42</b>	<b>248,410.41</b>	<b>\$ -</b>	<b>1,929,581.78</b>
OPERATING EXPENSES:								
Salaries	73,059.41	880,263.05	37,381.77	13,991.94				1,004,696.17
Employee Benefits		165,477.76	3,569.56	3,498.86				172,546.18
Cost of Sales	103,194.96							103,194.96
Purchased Educational Services		190,673.75	61,455.50	9,990.50		248,410.41		510,530.16
Other Purchased Professional Services		13,745.76						13,745.76
Purchased Technical Services		53,846.31		848.91				54,695.22
Cleaning, Repair & Maintenance		10,114.98						10,114.98
Insurance		11,017.12						11,017.12
Communications		9,841.69						9,841.69
Travel	192.55	5,557.18		882.23				6,631.96
Other Purchased Services		527.58						527.58
General Supplies		34,888.56		308.67	1,023.58		645.42	36,866.23
Utilities		69,417.08						69,417.08
Textbooks				994.11				994.11
Miscellaneous	9,123.32	3,369.23	2,612.17	8,111.04				23,215.76
Depreciation		48,712.95						48,712.95
<b>Total Operating Expenses</b>	<b>185,570.24</b>	<b>1,497,453.00</b>	<b>105,019.00</b>	<b>38,626.26</b>	<b>1,023.58</b>	<b>248,410.41</b>	<b>645.42</b>	<b>2,076,747.91</b>
Operating Income / (Loss)	(42,176.76)	(107,690.53)	-	(1,507.26)	4,853.84	-	(645.42)	(147,166.13)
NONOPERATING REVENUES (EXPENSES):								
State Sources:								
State School Lunch Program	2,231.40							2,231.40
State School Breakfast Program	520.00							520.00
Federal Sources:								
National School Lunch Program	44,465.21							44,465.21
National School Breakfast Program	8,686.84							8,686.84
Food Distribution Program	14,355.32							14,355.32
Interest and Investment Revenue	99.38							99.38
<b>Total Nonoperating Revenues (Expenses)</b>	<b>70,358.15</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>70,358.15</b>
Change in Net Assets	28,181.39	(107,690.53)	-	(1,507.26)	4,853.84	-	(645.42)	(76,807.98)
Net Assets -- July 1	28,673.69	1,177,446.15	122,727.26	111,307.29	3,194.09	-	17,748.37	1,461,096.85
Net Assets -- June 30	<u>\$ 56,855.08</u>	<u>\$ 1,069,755.62</u>	<u>\$ 122,727.26</u>	<u>\$ 109,800.03</u>	<u>\$ 8,047.93</u>	<u>\$ -</u>	<u>\$ 17,102.95</u>	<u>\$ 1,384,288.87</u>

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
Enterprise Fund  
Combining Statement of Cash Flows  
For the Fiscal Year Ended June 30, 2010

	Business Type Activities- Enterprise Funds							Totals
	Food Service	Regional Day School	Summer Enrichment Program	BCCEC/ ETTC Program	Transitional Production Workshop	Consolidated Services	School Based Youth Services	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>								
Receipts from Customers	\$ 143,486.20	\$ 1,453,553.40	\$ 105,019.00	\$ 35,419.00	\$ 5,857.82	\$ 248,410.41		\$ 1,991,745.83
Payments to Employees	(73,059.41)	(880,263.05)	(37,381.77)	(13,991.94)				(1,004,696.17)
Payments for Employee Benefits		(165,477.76)	(3,569.56)	(3,498.86)				(172,546.18)
Payments to Suppliers	(97,796.06)	(396,202.41)	(64,067.67)	(18,313.40)	(1,023.58)	(248,410.41)	\$ (645.42)	(826,458.95)
Net Cash Provided by (used for) Operating Activities	(27,369.27)	11,610.18		(385.20)	4,834.24	-	(645.42)	(11,955.47)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>								
State Sources	2,691.42							2,691.42
Federal Sources	51,660.44							51,660.44
Net Cash Provided by (used for) Non-Capital Financing Activities	54,351.86	-	-	-	-	-	-	54,351.86
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>								
Interest and Dividends	99.38							99.38
Net Cash Provided by (used for ) Investing Activities	99.38	-	-	-	-	-	-	99.38
Net Increase (Decrease) in Cash and Cash Equivalents	27,081.97	11,610.18	-	(385.20)	4,834.24	-	(645.42)	42,495.77
Cash and Cash Equivalents -- July 1	18,256.84	146,325.88	122,727.26	111,619.42	3,194.09	-	17,748.37	419,871.86
Cash and Equivalents -- June 30	\$ 45,338.81	\$ 157,936.06	\$ 122,727.26	\$ 111,234.22	\$ 8,028.33	\$ -	\$ 17,102.95	\$ 462,367.63
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>								
Operating Income (Loss)	\$ (42,176.76)	\$ (107,690.53)	\$ -	\$ (1,507.26)	\$ 4,853.84	\$ -	\$ (645.42)	\$ (147,166.13)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:								
Depreciation Expense		48,712.95						48,712.95
Food Distribution Program	14,355.32							14,355.32
Changes in Assets and Liabilities:								
Accounts Receivable (Increase)/Decrease	(195.83)	63,790.93		(1,700.00)	(19.60)			61,875.50
Inventory (Increase)/Decrease	(404.31)							(404.31)
Accounts Payable Increase/(Decrease)	763.76	4,176.16		808.06				5,747.98
Deferred Revenue Increase/(Decrease)	288.55			2,014.00				2,302.55
Compensated Absences Payable Increase/(Decrease)		2,620.67						2,620.67
Net Cash Provided by (used for) Operating Activities	\$ (27,369.27)	\$ 11,610.18	\$ -	\$ (385.20)	\$ 4,834.24	\$ -	\$ (645.42)	\$ (11,955.47)

FIDUCIARY FUNDS

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
 Fiduciary Funds  
 Combining Statement of Fiduciary Net Assets  
 June 30, 2010

	<u>Agency Funds</u>		<u>Total</u>
	<u>Student Activity</u>	<u>Payroll</u>	
<b>ASSETS:</b>			
Cash and Cash Equivalents	<u>\$ 9,444.19</u>	<u>\$ 2,789.66</u>	<u>\$ 12,233.85</u>
Total Assets	<u><u>\$ 9,444.19</u></u>	<u><u>\$ 2,789.66</u></u>	<u><u>\$ 12,233.85</u></u>
<b>LIABILITIES:</b>			
Payable to Student Groups	\$ 9,444.19		\$ 9,444.19
Payroll Deductions and Withholdings		<u>\$ 2,789.66</u>	<u>2,789.66</u>
Total Liabilities	<u><u>\$ 9,444.19</u></u>	<u><u>\$ 2,789.66</u></u>	<u><u>\$ 12,233.85</u></u>

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
 Fiduciary Funds  
 Student Activity Agency Fund Schedule of Receipts and Disbursements  
 For the Fiscal Year Ended June 30, 2010

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	<u>Balance</u> <u>June 30, 2009</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2010</u>
Vo Tech	<u>\$ 8,557.75</u>	<u>\$ 54,578.24</u>	<u>\$ 53,691.80</u>	<u>\$ 9,444.19</u>



LONG-TERM DEBT

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
 Schedule of Obligations Under Capital Leases  
 For the Fiscal Year Ended June 30, 2010

<u>Series</u>	<u>Date of Lease</u>	<u>Term of Lease</u>	<u>Amount of Original Issue Principal</u>	<u>Interest</u>	<u>Interest Rate Payable</u>	<u>Amount Outstanding June 30, 2009 (a)</u>	<u>Issued Current Year</u>	<u>Retired Current Year</u>	<u>Amount Outstanding June 30, 2010 (a)</u>
2010 School Energy Savings	4/27/2010	15 yrs.	\$ 3,190,699.00	\$ 1,482,549.81	4.740%	<u>\$ -</u>	<u>\$ 3,190,699.00</u>	<u>\$ -</u>	<u>\$ 3,190,699.00</u>

(a) Future Interest Payments Removed from Carrying Value of Leases.

STATISTICAL SECTION

## Financial Trends Information

Financial trends information is intended to assist the user in understanding and assessing how the School District's financial position has changed over time. Please refer to the following exhibits for a historical view of the School District's financial performance. Note that Exhibits J-1 and J-2 are only presented for the last eight fiscal years as the School District's first year of implementation of the Governmental Accounting Standards Board Statement No. 34 was for the fiscal year ended June 30, 2003; thus, ten year comparative financial information is unavailable.

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
 Net Assets by Component,  
 Last Eight Fiscal Years  
*(accrual basis of accounting)*  
*Unaudited*

	Fiscal Year Ending June 30							
	2003	2004	2005	2006	2007	2008	2009	2010
Governmental activities								
Invested in capital assets, net of related debt	\$ 8,371,613.36	\$ 8,339,893.12	\$ 8,260,183.49	\$ 8,352,038.99	\$ 8,592,296.68	\$ 8,456,487.89	\$ 8,632,392.08	\$ 8,275,192.64
Restricted	2,571,530.05	3,255,649.46	3,455,373.74	3,753,289.82	3,352,849.07	2,555,670.03	2,278,308.44	1,736,407.20
Unrestricted	90,132.21	(118,814.12)	(21,563.08)	26,661.24	68,778.87	481,691.50	(75,156.81)	(120,168.96)
Total governmental activities net assets	<u>\$ 11,033,275.62</u>	<u>\$ 11,476,728.46</u>	<u>\$ 11,693,994.15</u>	<u>\$ 12,131,990.05</u>	<u>\$ 12,013,924.62</u>	<u>\$ 11,493,849.42</u>	<u>\$ 10,835,543.71</u>	<u>\$ 9,891,430.88</u>
Business-type activities								
Invested in capital assets, net of related debt	\$ 1,356,520.85	\$ 1,284,531.63	\$ 1,245,375.44	\$ 1,189,140.14	\$ 1,133,611.71	\$ 1,080,169.14	\$ 1,032,108.44	\$ 983,395.49
Restricted							7,978.68	16,727.59
Unrestricted	1,453,017.35	1,195,434.97	796,979.49	513,036.00	402,507.60	297,063.90	421,009.73	384,165.79
Total business-type activities net assets	<u>\$ 2,809,538.20</u>	<u>\$ 2,479,966.60</u>	<u>\$ 2,042,354.93</u>	<u>\$ 1,702,176.14</u>	<u>\$ 1,536,119.31</u>	<u>\$ 1,377,233.04</u>	<u>\$ 1,461,096.85</u>	<u>\$ 1,384,288.87</u>
District-wide								
Invested in capital assets, net of related debt	\$ 9,728,134.21	\$ 9,624,424.75	\$ 9,505,558.93	\$ 9,541,179.13	\$ 9,725,908.39	\$ 9,536,657.03	\$ 9,664,500.52	\$ 9,258,588.13
Restricted	2,566,530.05	3,255,649.46	3,455,373.74	3,753,289.82	3,352,849.07	2,555,670.03	2,286,287.12	1,753,134.79
Unrestricted	1,548,149.56	1,076,620.85	775,416.41	539,697.24	471,286.47	778,755.40	345,852.92	263,996.83
Total district net assets	<u>\$ 13,842,813.82</u>	<u>\$ 13,956,695.06</u>	<u>\$ 13,736,349.08</u>	<u>\$ 13,834,166.19</u>	<u>\$ 13,550,043.93</u>	<u>\$ 12,871,082.46</u>	<u>\$ 12,296,640.56</u>	<u>\$ 11,275,719.75</u>

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
 Changes in Net Assets  
 Last Eight Fiscal Years  
*(accrual basis of accounting)*  
 Unaudited

	Fiscal Year Ending June 30							
	2003	2004	2005	2006	2007	2008	2009	2010
<b>Expenses</b>								
Governmental activities								
Instruction								
Regular	\$ 486,211.98	\$ 908,559.89	\$ 925,732.48	\$ 1,137,224.51	\$ 1,027,439.77	\$ 973,428.05	\$ 1,108,780.72	\$ 1,167,137.54
Special Vocational Programs		3,360.56						
Vocational	1,834,644.00	1,507,560.56	1,717,946.27	1,736,091.51	1,991,461.74	2,150,346.63	2,377,718.01	2,524,598.45
Other instruction	218.50	2,908.93						
School Sponsored Co-Curricular Activities	6,292.48	11,289.37	16,759.80	18,225.07	25,775.02	33,528.13	28,392.57	33,710.92
Support Services:								
Attendance and Social Work	4,885.00							108,598.14
Health Services	13,875.50	18,571.67	31,752.85	32,026.63	36,070.40	38,224.48	39,339.42	42,905.37
Students - Regular	808,336.81	1,140,938.94	1,273,429.91	1,594,416.75	1,482,731.38	1,295,085.70	1,095,181.25	1,209,420.66
Improvement of Instruction Services	139,881.31	157,194.63	127,404.57	152,431.68	103,932.23	72,618.58	99,931.79	103,738.71
Educational Media/School Library		116,687.70	124,711.53	143,228.02	157,393.05	175,708.89	261,741.46	213,094.59
General Administration	398,656.77	313,484.22	364,864.84	347,824.89	387,152.22	442,215.95	320,379.13	299,230.82
School Administrative	402,536.99	244,493.09	269,552.99	251,048.08	188,888.46	237,651.94	218,016.41	203,002.29
Central Services	476,116.32	362,931.53	344,415.16	384,271.01	373,250.52	428,649.89	466,583.76	396,298.63
Operation and Maintenance of Plant Services	833,102.78	824,698.60	832,690.49	816,110.39	1,129,283.56	1,244,915.62	1,223,044.04	1,135,173.86
Student Transportation Services	10,496.40	7,811.51	8,166.00	17,881.37	8,000.00	11,405.41	16,529.34	27,063.56
Unallocated benefits	446,257.59	514,717.89	672,215.69	798,705.67	1,082,834.66	1,171,453.51	1,121,058.11	1,245,674.23
Capital Outlay	189,216.86	122,036.08	2,119.17					
Special Schools	54,681.75	26,109.59						
Unallocated depreciation	15,463.60	221,687.60	235,901.19	277,566.46	253,767.75	259,240.76	280,607.28	280,616.87
Total governmental activities expenses	<u>6,120,874.64</u>	<u>6,505,042.36</u>	<u>6,947,662.94</u>	<u>7,707,052.04</u>	<u>8,247,980.76</u>	<u>8,534,473.54</u>	<u>8,657,303.29</u>	<u>8,990,264.64</u>
Business-type activities:								
Food service	204,433.41	169,153.65	164,925.66	168,115.38	175,929.83	195,153.45	193,587.60	185,570.24
Regional Day School	1,840,703.54	1,960,266.15	1,707,624.42	1,656,083.97	1,637,428.44	1,624,467.89	1,478,486.99	1,497,453.00
Summer Enrichment Program	191,337.26	17,433.88	3,172.00	36,439.75	194,245.80	157,355.69	123,095.50	105,019.00
BCCEC/ETTC	30,719.22	44,490.87		73,984.82	73,391.15	76,434.98	23,577.35	38,626.26
Air Force Junior ROTC	474.25	936.54	1,012.19		2,026.01	578.00		
Transitional Production Workshop	9,999.92	4,745.00	2,738.62	6,892.67	13,150.55	13,275.42	276.00	1,023.58
Consolidated Services	201,152.00	235,181.00	235,214.00	220,788.50	217,902.91	191,414.67	172,551.00	248,410.41
School Based Youth Services	341.43	4,942.55	10,372.40		3,210.75	53.50		645.42
ETTC Program	45,232.15		24,911.87					
Total business-type activities expense	<u>2,524,393.18</u>	<u>2,437,149.64</u>	<u>2,149,971.16</u>	<u>2,162,305.09</u>	<u>2,317,285.44</u>	<u>2,258,733.60</u>	<u>1,991,574.44</u>	<u>2,076,747.91</u>
Total district expenses	<u>\$ 8,645,267.82</u>	<u>\$ 8,942,192.00</u>	<u>\$ 9,097,634.10</u>	<u>\$ 9,869,357.13</u>	<u>\$ 10,565,266.20</u>	<u>\$ 10,793,207.14</u>	<u>\$ 10,648,877.73</u>	<u>\$ 11,067,012.55</u>

Continued

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
 Changes in Net Assets  
 Last Eight Fiscal Years  
*(accrual basis of accounting)*  
 Unaudited

	2003	2004	2005	Fiscal Year 2006	Ending June 30 2007	2008	2009	2010
<b>Program Revenues</b>								
Governmental activities:								
Charges for services:								
Instruction (tuition)	\$ 218,929.88	\$ 88,731.69	\$ 221,000.00	\$ 284,374.58	\$ 250,197.50	\$ 370,898.00	\$ 331,557.94	\$ 395,344.00
Operating grants and contributions	1,111,148.29	1,693,014.00	1,722,627.85	2,349,258.29	2,378,436.12	1,832,367.23	1,703,769.32	1,802,657.57
Capital grants and contributions								
Total governmental activities program revenues	<u>1,330,078.17</u>	<u>1,781,745.69</u>	<u>1,943,627.85</u>	<u>2,633,632.87</u>	<u>2,628,633.62</u>	<u>2,203,265.23</u>	<u>2,035,327.26</u>	<u>2,198,001.57</u>
Business-type activities:								
Charges for services								
Food service	179,622.25	91,595.26	102,553.71	128,489.09	129,887.95	145,663.39	138,788.55	143,393.48
Regional Day School	1,703,579.43	1,559,808.78	1,284,193.03	1,326,219.45	1,584,111.37	1,556,506.90	1,556,901.52	1,389,762.47
Summer Enrichment Program	61,539.94	58,360.00	10,480.86	82,529.58	119,841.16	137,661.20	134,060.00	105,019.00
BCCEC/ETTC	4,918.80	52,125.00		52,350.96	27,533.20	17,000.00	10,770.00	37,119.00
Air Force Junior ROTC	2,843.50	5,074.16	4,717.60	319.50	4,731.92	828.28		
Transitional Production Workshop	8,925.65	6,931.00		10,632.80	7,672.34	2,222.67	4,154.80	5,877.42
Consolidated Services	201,152.00	235,181.00	235,214.00	220,788.50	217,902.91	191,414.67	172,551.00	248,410.41
School Based Youth Services	12,500.00	12,500.00	12,500.00	10,000.00	10,000.00	10,000.00		
ETTC Program	14,538.00		22,857.00					
Operating grants and contributions	39,455.92	32,832.43	39,843.61	40,905.21	49,408.65	50,839.03	60,812.81	70,258.77
Capital grants and contributions								
Total business type activities program revenues	<u>2,229,075.49</u>	<u>2,054,407.63</u>	<u>1,712,359.81</u>	<u>1,872,235.09</u>	<u>2,151,089.50</u>	<u>2,112,136.14</u>	<u>2,078,038.68</u>	<u>1,999,840.55</u>
Total district program revenues	<u>\$ 3,559,153.66</u>	<u>\$ 3,836,153.32</u>	<u>\$ 3,655,987.66</u>	<u>\$ 4,505,867.96</u>	<u>\$ 4,779,723.12</u>	<u>\$ 4,315,401.37</u>	<u>\$ 4,113,365.94</u>	<u>\$ 4,197,842.12</u>
<b>Net (Expense)/Revenue</b>								
Governmental activities	\$ 4,790,796.47	\$ 4,723,296.67	\$ 5,004,035.09	\$ 5,073,419.17	\$ 5,619,347.14	\$ 6,331,208.31	\$ 6,621,976.03	\$ 6,792,263.07
Business-type activities	295,317.69	382,742.01	437,611.35	290,070.00	166,195.94	146,597.46	(86,464.24)	76,907.36
Total district-wide net expense	<u>\$ 5,086,114.16</u>	<u>\$ 5,106,038.68</u>	<u>\$ 5,441,646.44</u>	<u>\$ 5,363,489.17</u>	<u>\$ 5,785,543.08</u>	<u>\$ 6,477,805.77</u>	<u>\$ 6,535,511.79</u>	<u>\$ 6,869,170.43</u>
<b>General Revenues and Other Changes in Net Assets</b>								
Governmental activities:								
County of Salem Budget Appropriation	\$ 1,357,597.00	\$ 1,357,597.00	\$ 1,400,000.00	\$ 1,465,000.00	\$ 1,530,000.00	\$ 1,595,000.00	\$ 1,660,000.00	\$ 1,660,000.00
Federal and State Aid Unrestricted	3,145,668.00	3,366,326.97	3,490,832.03	3,527,529.00	3,505,863.00	3,848,080.00	4,086,043.00	3,993,785.00
Federal and State Aid Restricted	296,982.05	229,374.97	119,810.71	147,568.31	136,453.83	95,515.60	103,024.86	82,469.90
Transferred Locations/ Use of Capital Assets				4,159.00				
Loss on Disposal of Capital Assets						(6,822.58)	(16,859.65)	
Capital Outlay Contributions				43,331.00			(2,387.00)	
Miscellaneous income	62,839.25	186,797.19	173,377.56	323,827.76	328,964.88	279,360.09	133,849.11	111,895.34
Transfers	(111,169.12)	(64,519.70)	(41,695.00)					
Total governmental activities	<u>4,751,917.18</u>	<u>5,075,576.43</u>	<u>5,142,325.30</u>	<u>5,511,415.07</u>	<u>5,501,281.71</u>	<u>5,811,133.11</u>	<u>5,963,670.32</u>	<u>5,848,150.24</u>
Business-type activities:								
Miscellaneous Income				236.78	411.08	451.47	86.22	99.38
PY Revenue Refund to State of NJ				(5,143.32)				
Cancellation of PY Receivables				(20.25)	(381.06)			
Cancellation of PY Purchase Order					109.09			
Transferred Locations/ Use of Capital Assets				(1,851.00)				
Loss on Disposal of Capital Assets							(1,893.19)	
Returned to Grantor							(15,920.74)	
Capital Outlay Contributions				(43,331.00)			2,387.00	
Transfers	528,128.30	53,170.40						
Total business-type activities	<u>528,128.30</u>	<u>53,170.40</u>	<u>-</u>	<u>(50,108.79)</u>	<u>139.11</u>	<u>451.47</u>	<u>(15,340.71)</u>	<u>99.38</u>
Total district-wide	<u>\$ 5,280,045.48</u>	<u>\$ 5,128,746.83</u>	<u>\$ 5,142,325.30</u>	<u>\$ 5,461,306.28</u>	<u>\$ 5,501,420.82</u>	<u>\$ 5,811,584.58</u>	<u>\$ 5,948,329.61</u>	<u>\$ 5,848,249.62</u>
<b>Change in Net Assets</b>								
Governmental activities	\$ (38,879.29)	\$ 352,279.76	\$ 138,290.21	\$ 437,995.90	\$ (118,065.43)	\$ (520,075.20)	\$ (658,305.71)	\$ (944,112.83)
Business-type activities	232,810.61	(329,571.61)	(437,611.35)	(340,178.79)	(166,056.83)	(146,145.99)	71,123.53	(76,807.98)
Total district	<u>\$ 193,931.32</u>	<u>\$ 22,708.15</u>	<u>\$ (299,321.14)</u>	<u>\$ 97,817.11</u>	<u>\$ (284,122.26)</u>	<u>\$ (666,221.19)</u>	<u>\$ (587,182.18)</u>	<u>\$ (1,020,920.81)</u>

## SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT

Fund Balances, Governmental Funds,  
Last Eight Fiscal Years  
(modified accrual basis of accounting)  
Unaudited

	Fiscal Year Ending June 30							
	2003	2004	2005	2006	2007	2008	2009	2010
General Fund								
Reserved	\$ 2,530,611.13	\$ 3,225,337.25	\$ 3,455,373.74	\$ 3,753,289.82	\$ 3,352,849.07	\$ 2,548,755.03	\$ 2,278,308.44	\$ 1,736,407.20
Unreserved	356,595.16	104,250.70	126,008.29	143,613.31	184,948.55	195,893.60	(20,826.79)	(54,801.01)
Total general fund	<u>\$ 2,887,206.29</u>	<u>\$ 3,329,587.95</u>	<u>\$ 3,581,382.03</u>	<u>\$ 3,896,903.13</u>	<u>\$ 3,537,797.62</u>	<u>\$ 2,744,648.63</u>	<u>\$ 2,257,481.65</u>	<u>\$ 1,681,606.19</u>
All Other Governmental Funds								
Reserved	\$ 42,758.70	\$ 13,000.00						
Unreserved, reported in:								
Special revenue fund	(2,605.49)	(1,550.68)	\$ (1,550.70)	\$ (1,550.70)	\$ (1,550.70)	\$ (1,550.70)	\$ -	\$ -
Capital projects fund	4,160.22	72.59						2,233,489.00
Total all other governmental funds	<u>\$ 44,313.43</u>	<u>\$ 11,521.91</u>	<u>\$ (1,550.70)</u>	<u>\$ (1,550.70)</u>	<u>\$ (1,550.70)</u>	<u>\$ (1,550.70)</u>	<u>\$ -</u>	<u>\$ 2,233,489.00</u>

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
 Changes in Fund Balances, Governmental Funds,  
 Last Eight Fiscal Years  
 (modified accrual basis of accounting)  
 Unaudited

	Fiscal Year Ending June 30							
	2003	2004	2005	2006	2007	2008	2009	2010
<b>Revenues</b>								
County of Salem Budget Appropriation	\$ 1,357,597.00	\$ 1,357,597.00	\$ 1,400,000.00	\$ 1,465,000.00	\$ 1,530,000.00	\$ 1,595,000.00	\$ 1,660,000.00	\$ 1,660,000.00
Tuition charges	218,929.88	88,731.69	221,000.00	284,374.58	250,197.50	370,898.00	331,557.94	395,344.00
Unrestricted Miscellaneous Revenue	62,839.25	186,797.19	173,377.56	323,827.76	328,964.88	279,360.09	133,849.11	111,895.34
State sources	3,986,679.01	4,067,615.67	4,300,997.66	4,359,943.69	4,518,117.82	4,693,360.33	4,963,368.67	4,150,346.40
Federal sources	567,119.33	1,221,100.27	1,032,272.93	1,664,411.91	1,495,260.13	1,082,321.73	918,479.36	1,727,758.07
Other sources					7,375.00	280.77	10,989.15	808.00
<b>Total revenue</b>	<b>6,193,164.47</b>	<b>6,921,841.82</b>	<b>7,127,648.15</b>	<b>8,097,557.94</b>	<b>8,129,915.33</b>	<b>8,021,220.92</b>	<b>8,018,244.23</b>	<b>8,046,151.81</b>
<b>Expenditures</b>								
<b>Instruction</b>								
Regular Instruction	486,211.98	764,180.43	780,395.59	1,006,991.94	983,306.25	928,342.70	1,059,979.45	1,118,334.61
Special Vocational Programs		3,360.56						
Vocational education	1,540,432.31	1,507,560.56	1,725,041.17	1,733,829.25	1,903,194.70	2,060,175.93	2,280,115.48	2,426,992.58
Other instruction	6,292.48	1,719.93						
School Sponsored Co/Extra Curricular Activities	218.50	11,289.37	16,759.80	18,225.07	25,775.02	33,528.13	28,392.57	33,710.92
<b>Support Services:</b>								
Attendance & Social Work	4,885.00							108,598.14
Health Services	13,875.50	18,571.67	31,752.85	32,026.63	36,070.40	38,224.48	39,339.42	42,905.37
Students - Regular	808,336.81	1,140,938.94	1,273,429.91	1,594,416.75	1,482,731.38	1,295,085.70	1,095,181.25	1,209,420.66
Improvement of Instruction Services	139,881.31	157,194.63	127,404.57	152,431.68	103,932.23	72,618.58	99,931.79	103,738.71
Educational Media/School Library		116,687.70	124,711.53	143,228.02	157,393.05	175,708.89	261,741.46	213,094.59
General Administration	347,549.07	313,484.22	364,864.84	347,824.89	365,085.46	408,401.94	295,978.50	274,829.35
School Administrative	402,536.99	244,493.09	269,552.99	251,048.08	188,888.46	237,651.94	218,016.41	203,002.29
Central Services	476,116.32	333,067.83	322,650.04	362,158.67	376,903.31	428,649.89	466,583.76	396,298.63
Operation and Maintenance of Plant Services	798,662.71	811,857.64	835,035.75	840,931.89	1,133,275.46	1,222,372.95	1,186,443.09	1,098,571.66
Student Transportation Services	371.40	874.01	2,541.00	880.00	8,000.00	11,405.41	16,529.34	27,063.56
Unallocated Benefits	423,311.72	424,001.75	478,966.40	513,086.81	590,310.03	659,781.51	708,468.74	808,138.06
On Behalf Contributions	229,336.97	243,071.05	251,503.14	316,238.16	493,307.02	558,639.58	425,910.75	426,498.24
Special Schools	54,681.75	26,109.59						
Capital outlay	624,426.41	318,269.01	242,622.10	468,719.00	640,848.07	321,867.28	683,163.50	1,088,039.90
<b>Total expenditures</b>	<b>6,357,127.23</b>	<b>6,436,731.98</b>	<b>6,847,231.68</b>	<b>7,782,036.84</b>	<b>8,489,020.84</b>	<b>8,452,454.91</b>	<b>8,865,775.51</b>	<b>9,579,237.27</b>
Excess (Deficiency) of revenues over (under) expenditures	(163,962.76)	485,109.84	280,416.47	315,521.10	(359,105.51)	(431,233.99)	(847,531.28)	(1,533,085.46)
<b>Other Financing sources (uses)</b>								
Special Rev Fund Return of PY Unexpended Funds		(966.30)						
Special Rev Fund Adjustments/Cancelations	(27,534.05)							
Adjustments for unknown differences	(36,727.87)							
Cancellation of Prior Years Encumbrances	(46,907.20)							
Cancellation of Prior Years Accounts Receivable			(41,695.00)					
Capital Lease Proceeds								3,190,699.00
Transfers in	242,539.12	246,704.89	72.59			400,000.00	122,003.83	
Transfers out	(242,539.12)	(310,258.29)	(72.59)			(400,000.00)	(122,003.83)	
<b>Total other financing sources (uses)</b>	<b>(111,169.12)</b>	<b>(64,519.70)</b>	<b>(41,695.00)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,190,699.00</b>
<b>Net change in fund balances</b>	<b>\$ (275,131.88)</b>	<b>\$ 420,590.14</b>	<b>\$ 238,721.47</b>	<b>\$ 315,521.10</b>	<b>\$ (359,105.51)</b>	<b>\$ (431,233.99)</b>	<b>\$ (847,531.28)</b>	<b>\$ 1,657,613.54</b>
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
 General Fund - Other Local Revenue By Source  
 Last Ten Fiscal Years  
*Unaudited*

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund:										
Tuition	\$ 146,261.79	\$ 103,586.01	\$ 218,929.88	\$ 51,964.53	\$ 221,000.00	\$ 284,374.58	\$ 250,197.50	\$ 370,898.00	\$ 331,557.94	\$ 395,344.00
Interest Earned on Capital Reserve Funds					11,808.89	24,485.63	41,944.29	43,485.00	6,000.00	6,000.00
Interest on Investments	230,205.59	59,820.85	30,190.62	17,332.30	66,852.05	124,093.11	187,854.51	121,036.62	66,337.26	20,672.22
Child Care Revenue					1,625.00					
Post Secondary	8,280.70			36,767.16	3,300.00	18,327.76	4,480.00	14,850.00	25,050.00	10,785.00
Refunds of Prior Year Expenditures	1,397.45	3,892.60		32,435.01	18,172.49			10,988.49		23,897.50
Adult Continuing Education										
Sale of Fixed Assets			3,718.00	9,214.00		5,437.00		10,001.00	6,215.00	
Rentals	13,050.00	5,451.00	2,649.93	8,050.48	10,016.41	10,996.55	1,190.64			
Supplement Services Provider				80,000.00						
NJ Schools Construction Corporation						90,607.62	15,854.34			
NJ Clean Energy Program										21,033.75
PSE&G										10,000.00
Miscellaneous	<u>66,872.87</u>	<u>37,141.61</u>	<u>11,187.17</u>	<u>30,175.94</u>	<u>61,602.72</u>	<u>49,880.09</u>	<u>77,641.10</u>	<u>78,998.98</u>	<u>30,246.85</u>	<u>19,506.87</u>
Total	<u>\$ 466,068.40</u>	<u>\$ 209,892.07</u>	<u>\$ 266,675.60</u>	<u>\$ 265,939.42</u>	<u>\$ 394,377.56</u>	<u>\$ 608,202.34</u>	<u>\$ 579,162.38</u>	<u>\$ 650,258.09</u>	<u>\$ 465,407.05</u>	<u>\$ 507,239.34</u>

## Revenue Capacity Information

Revenue capacity information is intended to assist users in understanding and assessing the factors affecting the School District's ability to generate revenues. Please refer to the following exhibits for a historical view of these factors and how they relate to the School District's ability to generate revenues.

## Debt Capacity Information

Debt capacity information is intended to assist users in understanding and assessing the School District's debt burden and its ability to issue additional debt. Please refer to the following exhibits for a historical view of the School District's outstanding debt and its debt capacity.

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years  
*Unaudited*

Fiscal Year Ended June 30,	Governmental Activities			Bond Anticipation Notes (BANs)	Business- Type Activities	Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds <sup>b</sup>	Early Retirement	Capital Leases		Capital Leases			
2010			\$ 3,190,699.00			\$ 3,190,699.00		not available
2009						-		not available
2008		\$ 15,462.00				15,462.00	0.0006%	\$ 0.23
2007		30,924.00				30,924.00	0.0013%	0.47
2006		46,386.00				46,386.00	0.0020%	0.70
2005		61,848.00	74,663.36			136,511.36	0.0063%	2.09
2004		78,310.00	108,750.41			187,060.41	0.0088%	2.88
2003		93,772.00	140,841.92			234,613.92	0.0117%	3.64
2002			171,055.48			171,055.48	0.0088%	2.65
2001			199,500.62			199,500.62	0.0106%	3.11

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

**a** Personal income has been estimated upon the county population and per capita

**b** Per Capital personal income estimated based upon the 2000 Census published

## Demographic and Economic Information

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

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
 Demographic and Economic Statistics  
 Last Ten Years  
*Unaudited*

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<u>Year</u>	<u>Population (3)</u>	<u>Personal Income (4)</u>	<u>Per Capita Personal Income (1)</u>	<u>Unemployment Rate (2)</u>
2009	66,342	not available	not available	10.70%
2008	66,194	2,522,189,982.00	38,103.00	6.30%
2007	65,981	2,401,774,381.00	36,401.00	4.90%
2006	65,929	2,316,085,770.00	35,130.00	5.00%
2005	65,465	2,178,216,945.00	33,273.00	4.80%
2004	64,914	2,129,373,942.00	32,803.00	5.50%
2003	64,407	2,013,620,448.00	31,264.00	6.90%
2002	64,516	1,946,447,720.00	30,170.00	6.40%
2001	64,133	1,875,377,186.00	29,242.00	5.10%
2000	64,213	1,783,644,501.00	27,777.00	4.40%

(1) Source: New Jersey Department of Labor and Workforce Development

(2) Source: US Bureau of Economic Analysis

(3) Source: US Department of Commerce, Bureau of Census Population Division

(4) Source: Personal income has been estimated based upon the county population and per capita personal income presented

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
 Full-time Equivalent District Employees by Function/Program,  
 Last Eight Fiscal Years  
*Unaudited*

<u>Function/Program</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Instruction								
Regular	10	10	9	9	11	11	12	16
Vocational	15	15	22	22	22	22	23	20
Support Services:								
Student & instruction related services	4	5	6	6	7	7	8	10
Health Services	1	1	1	1	1	1	1	1
General administration	3	3	3	3	3	3	3	2
School administrative services	7	7	5	5	5	5	5	5
Other administrative services	2	3	5	5	5	5	5	5
Central services	10	5	7	7	7	7	7	7
Administrative Information Technology	1	2						
Plant operations and maintenance	12	15	10	10	10	10	10	11
Other:								
Cafeteria					3	3	3	3
Regional Day School					22	22	22	25
Total	<u>65</u>	<u>66</u>	<u>68</u>	<u>68</u>	<u>96</u>	<u>96</u>	<u>99</u>	<u>105</u>

**Source:** District Personnel Records

## Operating Information

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

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
 Operating Statistics,  
 Last Seven Fiscal Years  
*Unaudited*

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2010	789	\$ 8,491,197.37	10,762	-8.72%	35.00	na	na	22.54	666.4	635.5	3.40%	95.36%
2009	694	8,182,612.01	11,791	0.49%	35.00	na	na	19.83	644.5	611.6	13.27%	94.90%
2008	693	8,130,587.63	11,732	-1.78%	33.00	na	na	21.00	569.0	532.0	14.26%	93.50%
2007	657	7,848,172.77	11,945	-1.34%	33.00	na	na	19.91	498.0	466.4	5.73%	93.65%
2006	604	7,313,317.84	12,108	9.63%	31.00	na	na	19.48	471.0	439.9	3.81%	93.40%
2005	598	6,604,609.58	11,044	11.92%	31.00	na	na	19.29	453.7	426.0	0.82%	93.89%
2004	620	6,118,462.97	9,868	na	25.00	na	na	24.80	450.0	420.4	4.41%	93.42%

**Sources:** District records

**Note:** Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
 School Building Information  
 Last Eight Fiscal Years  
*Unaudited*

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b><u>District Building</u></b>								
<b><u>Vocational School</u></b>								
Salem County Vocational (1973)								
Square Feet	126,786	136,356	136,356	136,356	136,356	136,356	136,356	136,356
Capacity (students)	630	630	630	630	630	630	630	630
Enrollment (Full-time equivalent)	482	468	462	501	506	540	560	677 *
Number of Schools at June 30,								
Elementary = 0	-	-	-	-	-	-	-	-
Middle School = 0	-	-	-	-	-	-	-	-
Senior High School = 0	-	-	-	-	-	-	-	-
Vo-Tech = 1	1	1	1	1	1	1	1	1

**Source:** District Facilities Office

\* = includes academy students

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

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
 Schedule of Required Maintenance  
 Last Nine Fiscal Years  
*Unaudited*

Undistributed Expenditures - Required Maintenance  
 for School Facilities

11-000-261-xxx

		<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<u>* School Facilities</u>	<u>Project # (s)</u>									
Salem County Vocational School	N/A	\$ 124,190.29	\$ 194,867.13	\$ 197,378.38	\$ 266,362.86	\$ 271,133.02	\$ 469,446.62	\$ 514,029.81	\$ 424,413.18	\$ 337,164.92
Total School Facilities		<u>124,190.29</u>	<u>194,867.13</u>	<u>197,378.38</u>	<u>266,362.86</u>	<u>271,133.02</u>	<u>469,446.62</u>	<u>514,029.81</u>	<u>424,413.18</u>	<u>337,164.92</u>
Total		<u>\$ 124,190.29</u>	<u>\$ 194,867.13</u>	<u>\$ 197,378.38</u>	<u>\$ 266,362.86</u>	<u>\$ 271,133.02</u>	<u>\$ 469,446.62</u>	<u>\$ 514,029.81</u>	<u>\$ 424,413.18</u>	<u>\$ 337,164.92</u>

\* School facilities as defined under EFCFA.  
 (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6:24-1.3)

## SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT

Insurance Schedule

6/30/2010

Unaudited

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	<u>Coverage</u>	<u>GCSSDJIF SIR Retention</u>	<u>District Deductible</u>
Property Policy	\$ 150,000,000.00	\$ 200,000.00	\$ 500.00
Boiler & Machinery / Equipment Breakdown	100,000,000.00		1,000.00
Crime Policy	500,000.00	200,000.00	500.00
General Liability and Automobile Policy	10,000,000.00	150,000.00	
Workers' Compensation and Employer's Liability Policy	Statutory	250,000.00	
Educator's Legal Liability Insurance Policy	10,000,000.00	100,000.00	
Commercial Pollution and Mold Legal Liability Insurance	3,000,000.00		25,000.00
Bonds			
Board Secretary	50,000.00		
Treasurer of School Funds	183,000.00		

Source: District Records

SINGLE AUDIT SECTION

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND STATE OF NEW JERSEY CIRCULAR 04-04-OMB**

The Honorable President and  
Members of the Board of Education of the  
Special Services School District and Vocational  
Technical School District of the County of Salem  
Woodstown, New Jersey 08098

**Compliance**

We have audited the Salem County Vocational Technical School District's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement and the New Jersey State Grant Compliance Supplement that could have a direct and material effect on each of the School District's major federal and state programs for the fiscal year ended June 30, 2010. The School District's major federal and state programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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; audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and State of New Jersey Circular 04-04-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, OMB Circular A-133, and State of New Jersey Circular 04-04-OMB, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Salem County Vocational Technical School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the School District's compliance with those requirements.

In our opinion, the Salem County Vocational Technical School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2010.

**Internal Control Over Compliance**

Management of the Salem County Vocational Technical School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the School District's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and State of New Jersey Circular 04-04-OMB, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

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

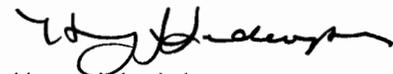
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

This report is intended solely for the information and use of the school board, management of the School District, the Division of Finance of the New Jersey Department of Education, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



BOWMAN & COMPANY LLP  
 Certified Public Accountants  
 & Consultants



Henry J. Ludwigsen  
 Certified Public Accountant  
 Public School Accountant No. CS 001112

Woodbury, New Jersey  
 November 4, 2010

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
 Schedule of Expenditures of Federal Awards, Schedule A  
 For the Fiscal Year Ended June 30, 2010

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant or State Project Number</u>	<u>Program or Award Amount</u>	<u>Grant Period</u>		<u>Balance at June 30, 2009 Deferred Revenue (Accounts Receivable)</u>
				<u>From</u>	<u>To</u>	
<b>General Fund:</b>						
<b>U.S. Department of Education:</b>						
Passed-Through State Department of Education:						
ARRA - Education Stabilization Fund	84.394	N/A	\$ 742,701.00	7/1/2009	6/30/2010	
ARRA - Government Services Fund	84.397	N/A	28,751.00	7/1/2009	6/30/2010	
General Fund - Total U.S. Department of Education						-
<b>Special Revenue Fund:</b>						
<b>U.S. Department of Education:</b>						
Passed-Through State Department of Education:						
Title I	84.010	NCLB464009	42,347.00	9/1/2008	8/31/2009	\$ (11,607.27)
Title I	84.010	NCLB464010	38,007.00	9/1/2009	8/31/2010	
ARRA - Title I Part A	84.389	NCLB464010	10,507.00	9/1/2009	8/31/2011	
Title II Part A	84.281	NCLB464009	12,136.00	9/1/2008	8/31/2009	(124.80)
Title II Part A	84.281	NCLB464010	11,781.00	9/1/2009	8/31/2010	
Title II Part D	84.281	NCLB464009	351.00	9/1/2008	8/31/2009	
Title II Part D	84.281	NCLB464010	380.00	9/1/2009	8/31/2010	
Title IV	84.168	NCLB464009	1,321.00	9/1/2008	8/31/2009	
Title IV	84.168	NCLB464010	1,167.00	9/1/2009	8/31/2010	
IDEIA	84.027	IDEA464009	84,855.00	9/1/2008	8/31/2009	(18,330.12)
IDEIA	84.027	IDEA464010	85,863.00	9/1/2009	8/31/2010	
ARRA - IDEIA	84.391	IDEA464010	126,314.00	9/1/2009	8/31/2011	
Carl D. Perkins - Post Secondary	84.048	PSFS464009	83,454.00	7/1/2008	6/30/2009	(71,227.07)
Perkins - Secondary	84.048	PERK464009	70,424.00	7/1/2008	6/30/2009	(56,524.64)
Perkins - Secondary	84.048	PERK464010	69,394.00	7/1/2009	6/30/2010	
21st Century	84.287	8000026	500,000.00	7/1/2008	6/30/2009	(90,789.59)
21st Century	84.287	8000026	500,000.00	7/1/2009	6/30/2010	
Passed-Through State Department of Labor and Workforce Development:						
Adult Basic Skills	84.002	Sub grantee	59,400.00	7/1/2008	6/30/2009	(6,131.37)
Adult Basic Skills	84.002	Sub grantee	61,800.00	7/1/2009	6/30/2010	
Passed-Through Cumberland County Office of Employment and Training:						
Adult Basic Skills - GED	84.002	08-121A	12,000.00	7/1/2008	6/30/2010	(1,774.68)
Direct Funding:						
Rural Education Achievement Program	84.358	S358A064834	46,192.00	7/1/2009	6/30/2010	
Special Revenue Fund - Total U.S. Department of Education						(256,509.54)
Total U.S. Department of Education						(256,509.54)
<b>U.S. Department of Labor:</b>						
Passed-Through Salem County One-Stop Management Team:						
Workforce Investment Act	17.250	WIA YOUTH 2008-02	52,500.00	9/1/2008	8/31/2009	(8,198.93)
Workforce Investment Act	17.250	WIA YOUTH 2009-02	62,475.00	9/1/2009	8/31/2010	
Workforce Investment Act Out of School	17.250	WIA YOUTH 2008-01	39,000.00	9/1/2008	8/31/2009	(8,378.34)
Workforce Investment Act Out of School	17.250	WIA YOUTH 2007-01	39,000.00	9/1/2009	8/31/2010	
Total U.S. Department of Labor						(16,577.27)
Total Special Revenue Fund						(273,086.81)
<b>Enterprise Fund:</b>						
<b>U.S. Department of Agriculture:</b>						
Passed Through State Department of Education:						
Non-Cash Assistance (Food Distribution):						
Food Distribution Program	10.555	N/A	13,310.32	7/1/2009	6/30/2010	
Cash Assistance:						
National School Breakfast Program	10.553	N/A	9,441.39	7/1/2008	6/30/2009	(639.97)
National School Lunch Program	10.555	N/A	38,066.28	7/1/2008	6/30/2009	(2,541.71)
National School Breakfast Program	10.553	N/A	8,686.84	7/1/2009	6/30/2010	
National School Lunch Program	10.555	N/A	44,465.21	7/1/2009	6/30/2010	
Total U.S. Department of Agriculture and Enterprise Funds						(3,181.68)
Total Federal Financial Assistance						\$ (276,268.49)

(A) Canceled / Adjustment

(B) Prior Year Encumbrance Canceled

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

(Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance June 30, 2010		
					(Accounts Receivable)	Deferred Revenue	Due to Grantor at June 30, 2010
	\$ 701,440.00	\$ (742,701.00)			\$ (41,261.00)		
	27,154.00	(28,751.00)			(1,597.00)		
-	728,594.00	(771,452.00)	-	-	(42,858.00)	-	-
	17,418.00	(5,770.41)				\$ 40.32	
	26,179.00	(36,834.05)			\$ (10,655.05)		
	2,230.00	(4,979.74)			(2,749.74)		
	6,374.00	(6,249.02)				0.18	
	555.00	(6,878.67)			(6,323.67)		
	351.00	(351.00)					
		(380.00)			(380.00)		
	1,321.00	(1,320.88)				0.12	
		(1,165.60)			(1,165.60)		
	21,308.00	(2,977.88)					
	46,300.00	(70,957.63)			(24,657.63)		
	55,311.00	(64,305.43)			(8,994.43)		
	71,227.07						
	56,524.64						
	13,256.00	(69,377.38)			(56,121.38)		
	120,234.00	(29,444.41)	\$ 5,590.34 (B)	\$ (3,506.97)		2,083.37	
	357,516.00	(460,092.32)			(102,576.32)		
	6,131.37						
	42,761.60	(61,773.53)			(19,011.93)		
	8,963.14	(11,924.19)			(4,735.73)		
	43,877.00	(46,192.00)			(2,315.00)		
-	897,837.82	(880,974.14)	5,590.34	(3,506.97)	(239,686.48)	2,123.99	-
-	1,626,431.82	(1,652,426.14)	5,590.34	(3,506.97)	(282,544.48)	2,123.99	-
	31,038.75	(22,839.82)					
	17,337.06	(24,622.40)			(7,285.34)		
	13,685.13	(5,306.79)					
	18,669.43	(26,806.39)			(8,136.96)		
-	80,730.37	(79,575.40)	-	-	(15,422.30)	-	-
-	978,568.19	(960,549.54)	5,590.34	(3,506.97)	(255,108.78)	2,123.99	-
	14,355.32	(14,355.32)					
	639.97						
	2,541.71						
	7,870.10	(8,686.84)			(816.74)		
	40,608.66	(44,465.21)			(3,856.55)		
-	66,015.76	(67,507.37)	-	-	(4,673.29)	-	-
\$ -	\$ 1,773,177.95	\$ (1,799,508.91)	\$ 5,590.34	\$ (3,506.97)	\$ (302,640.07)	\$ 2,123.99	\$ -

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
 Schedule of Expenditures of State Financial Assistance, Schedule B  
 For the Fiscal Year Ended June 30, 2010

<u>State Grantor/ Program Title</u>	<u>Grant or State Project Number</u>	<u>Program or Award Amount</u>	<u>Grant Period</u>		<u>Balance June 30, 2009 Deferred Revenue (Accounts Receivable)</u>	<u>Carryover/ (Walkover) Amount</u>
			<u>From</u>	<u>To</u>		
<u>State Department of Education (State Aid):</u>						
<u>General Fund:</u>						
Special Education Aid	09-495-034-5120-089	\$ 274,596.00	7/1/2008	6/30/2009	\$ (27,232.00)	
Special Education Aid	10-495-034-5120-089	293,212.00	7/1/2009	6/30/2010		
Equalization Aid	09-495-034-5120-078	4,012,138.00	7/1/2008	6/30/2009	(397,888.00)	
Equalization Aid	10-495-034-5120-078	2,928,745.00	7/1/2009	6/30/2010		
Security Aid	09-495-034-5120-084	48,919.00	7/1/2008	6/30/2009	(4,851.00)	
Security Aid	10-495-034-5120-084	29,420.00	7/1/2009	6/30/2010		
TPAF Social Security Contributions	09-100-034-5095-051	204,827.75	7/1/2008	6/30/2009	(10,300.89)	
TPAF Social Security Contributions	10-100-034-5095-051	230,204.24	7/1/2009	6/30/2010		
Total General Fund					<u>(440,271.89)</u>	<u>-</u>
<u>Special Revenue Fund:</u>						
State Department of Education:						
Carl D. Perkins - Post Secondary	PSFS464010	83,454.00	7/1/2009	6/30/2010		
Total State Department of Education					<u>-</u>	<u>-</u>
State Department of Labor & Workforce Development:						
Apprentice Coordinator	01-09-0117	14,926.00	7/1/2008	6/30/2009	(8,868.89)	
Apprentice Coordinator	01-09-0117	15,430.00	7/1/2009	6/30/2010		
Youth Transition to Work	WDP 05-09-005	155,000.00	10/1/2008	9/30/2009	(36,240.79)	
Youth Transition to Work	WDP 05-09-005	155,000.00	10/1/2009	9/30/2010		
Total State Department of Labor & Workforce Development					<u>(45,109.68)</u>	<u>-</u>
State Department of Human Services:						
School Based Youth Services	SB05035	263,454.00	7/1/2004	6/30/2005	(0.58)	
School Based Youth Services	SB05035	277,782.00	7/1/2008	6/30/2009	15,447.30	
School Based Youth Services	SB05035	278,182.00	7/1/2009	6/30/2010		
School Based Youth Services-- Family Court	Not Available	16,000.00	1/1/2009	12/31/2009		
Total State Department of Human Services					<u>15,446.72</u>	<u>-</u>
Total Special Revenue Fund					<u>(29,662.96)</u>	<u>-</u>
<u>Enterprise Fund:</u>						
State School Breakfast Program	09-100-010-3360-096	585.90	7/1/2008	6/30/2009	(39.70)	
State School Lunch Program	09-100-034-5120-122	2,066.56	7/1/2008	6/30/2009	(134.50)	
State School Breakfast Program	10-100-010-3360-096	520.00	7/1/2009	6/30/2010		
State School Lunch Program	10-100-034-5120-122	2,231.40	7/1/2009	6/30/2010		
Total Enterprise Funds					<u>(174.20)</u>	<u>-</u>
Total State Financial Assistance					<u>\$ (470,109.05)</u>	<u>\$ -</u>

(A) Canceled / Adjustment  
 (B) Prior Year Encumbrance Canceled

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

Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance June 30, 2010			Memo	
				(Accounts Receivable)	Deferred Revenue	Due to Grantor at June 30, 2010	Budgetary Receivable June 30, 2010	Cumulative Total Expenditures
\$ 27,232.00								
251,818.00	\$ (293,212.00)			\$ (41,394.00)			\$ (41,394.00)	\$ (293,212.00)
397,888.00								
2,515,278.00	(2,928,745.00)			(413,467.00)			(413,467.00)	(2,928,745.00)
4,851.00								
25,267.00	(29,420.00)			(4,153.00)			(4,153.00)	(29,420.00)
10,300.89								
219,235.00	(230,204.24)			(10,969.24)				(230,204.24)
<u>3,451,869.89</u>	<u>(3,481,581.24)</u>	<u>-</u>	<u>-</u>	<u>(469,983.24)</u>	<u>-</u>	<u>-</u>	<u>(459,014.00)</u>	<u>(3,481,581.24)</u>
33,640.00	(83,254.21)			(49,614.21)				(83,254.21)
<u>33,640.00</u>	<u>(83,254.21)</u>	<u>-</u>	<u>-</u>	<u>(49,614.21)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(83,254.21)</u>
8,837.03		\$ 31.86 (A)		(0.00)				
10,234.36	(10,318.68)			(84.32)				(10,318.68)
63,157.87	(26,898.20)				\$ 18.88			(127,987.05)
68,180.77	(91,935.66)			(23,754.89)				(91,935.66)
<u>150,410.03</u>	<u>(129,152.54)</u>	<u>31.86</u>	<u>-</u>	<u>(23,839.21)</u>	<u>18.88</u>	<u>-</u>	<u>-</u>	<u>(230,241.39)</u>
		0.58 (A)						
278,182.00	(274,564.48)	13,424.05 (B)			28,871.35			(248,910.65)
16,000.00	(2,470.99)				3,617.52			(274,564.48)
					13,529.01			(2,470.99)
<u>294,182.00</u>	<u>(277,035.47)</u>	<u>13,424.63</u>	<u>-</u>	<u>-</u>	<u>46,017.88</u>	<u>-</u>	<u>-</u>	<u>(525,946.12)</u>
478,232.03	(489,442.22)	13,456.49		(73,453.42)	46,036.76			(839,441.72)
39.70								
134.50								
471.70	(520.00)			(48.30)				(520.00)
2,045.52	(2,231.40)			(185.88)				(2,231.40)
<u>2,691.42</u>	<u>(2,751.40)</u>	<u>-</u>	<u>-</u>	<u>(234.18)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,751.40)</u>
<u>\$ 3,932,793.34</u>	<u>\$ (3,973,774.86)</u>	<u>\$ 13,456.49</u>	<u>\$ -</u>	<u>\$ (543,670.84)</u>	<u>\$ 46,036.76</u>	<u>\$ -</u>	<u>\$ (459,014.00)</u>	<u>\$ (4,323,774.36)</u>

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance  
For the Fiscal Year Ended June 30, 2010

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Note 1: **GENERAL**

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Salem County Vocational Technical School District (hereafter referred to as the "School District"). The School District is defined in Note 1 to the School District's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the schedules of expenditures of federal awards and state financial assistance.

Note 2: **BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the School District's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 3: **RELATIONSHIP TO FINANCIAL STATEMENTS**

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

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

The net adjustment to reconcile revenue from the budgetary basis to the GAAP basis is (\$29,044.00) for the general fund and \$7,829.47 for the special revenue fund. See Exhibit C-3, Notes to Required Supplementary Information, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

Note 3: **RELATIONSHIP TO FINANCIAL STATEMENTS (CONT'D)**

Awards and financial assistance revenues are reported in the School District's basic financial statements on a GAAP basis as presented on the following page:

<b><u>Fund</u></b>	<b><u>Federal</u></b>	<b><u>State</u></b>	<b><u>Total</u></b>
General Fund	\$ 771,452.00	\$ 3,648,831.24	\$ 4,420,283.24
Special Revenue Fund	956,306.07	501,515.16	1,457,821.23
Food Service Fund	<u>67,507.37</u>	<u>2,751.40</u>	<u>70,258.77</u>
 Total Expenditures	 <u>\$ 1,795,265.44</u>	 <u>\$ 4,153,097.80</u>	 <u>\$ 5,948,363.24</u>

Note 4: **RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

Note 5: **ADJUSTMENTS**

Amounts reported in the column entitled "Adjustments" represent favorable differences incurred in the liquidation of encumbrances charged as budgetary basis expenditures in fiscal year 2008-2009, and cancellations.

Note 6: **OTHER**

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distribution, respectively. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2010.

Note 7: **MAJOR PROGRAMS**

Major programs are identified in the Summary of Auditor's Results section of the Schedule of Findings and Questioned Costs.

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2010**

**Section 1- Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued Unqualified

Internal control over financial reporting:

Material weaknesses identified?      yes   X   no

Were significant deficiencies identified that were not considered to be a material weakness?      yes   X   none reported

Noncompliance material to financial statements noted?      yes   X   no

**Federal Awards**

Internal control over compliance:

Material weaknesses identified?      yes   X   no

Were significant deficiencies identified that were not considered to be a material weakness?      yes   X   none reported

Type of auditor's report on compliance for major programs Unqualified

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (section .510(a))?      yes   X   no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.287	21st Century Community Learning Centers Program
84.394	ARRA - Education Stabilization Fund
84.397	ARRA - Government Services Fund

Dollar threshold used to determine Type A programs \$300,000.00

Auditee qualified as low-risk auditee?   X   yes      no



**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2010

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***Section 2- Schedule of Financial Statement Findings***

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

**Finding No. 2010-1**

**Criteria**

All funds collected by the Student Activity Fund should be deposited within a reasonable timeframe.

**Condition**

All funds collected by the Student Activity Fund were not deposited within a reasonable timeframe.

**Effect**

Non-compliance with the 09-10 Audit Program issued by the State of New Jersey Department of Education Division of Finance and Regulatory Compliance.

**Cause**

Client Oversight.

**Recommendation**

That all funds collected by the Student Activity Fund are deposited within a reasonable timeframe.

**View of Responsible Officials and Planned Corrective Action**

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2010

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***Section 3- Schedule of Federal Award Findings and Questioned Costs***

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major Federal programs, as required by OMB Circular A-133.

**No Current Year Findings.**

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2010

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***Section 4- Schedule of State Financial Assistance Findings and Questioned Costs***

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major State programs, as required by OMB Circular A-133 and State of New Jersey Circular 04-04-OMB.

**No Current Year Findings.**

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
Summary Schedule of Prior Year Audit Findings  
and Questioned Costs as Prepared by Management

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This section identifies the status of prior year findings related to the financial statements and Federal Awards and State Financial Assistance that are required to be reported in accordance with Government Auditing Standards, OMB Circular A-133 and State of New Jersey Circular 04-04-OMB.

**FINANCIAL STATEMENT FINDINGS**

No Prior Year Findings

**FEDERAL AWARDS**

No Prior Year Findings

**STATE FINANCIAL ASSISTANCE PROGRAMS**

No Prior Year Findings

