

**Comprehensive Annual  
Financial Report**

**of the**

**Somerset County Vocational and Technical Schools**

**County of Somerset**

**Bridgewater, New Jersey**

**For the Fiscal Year Ended June 30, 2013**

**Prepared by**

**Somerset County Vocational and Technical Schools, Board of Education  
Finance Department**



## TABLE OF CONTENTS

	<b>Page</b>
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal	1-3
Roster of Officials	4
Consultants and Advisors	5
Organizational Chart	6
<b>FINANCIAL SECTION</b>	
Independent Auditor's Report	7-9
<b>REQUIRED SUPPLEMENTARY INFORMATION – Part I</b>	10
Management's Discussion and Analysis (Unaudited)	11-20
<b>BASIC FINANCIAL STATEMENTS</b>	21
A. District-Wide Financial Statements:	22
A-1 Statement of Net Position	23
A-2 Statement of Activities	24
B. Major Fund Financial Statements:	25
Governmental Funds:	
B-1 Balance Sheet	26
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balance	27
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	28
Other Funds:	29
Proprietary Funds:	
B-4 Statement of Net Position	30
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position	31
B-6 Statement of Cash Flows	32
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	33
B-8 Statement of Changes in Fiduciary Net Position	34
<b>Notes to the Financial Statements</b>	35-58

**TABLE OF CONTENTS (Continued)**

	<b>Page</b>
<b>REQUIRED SUPPLEMENTARY INFORMATION – Part II</b>	<b>59</b>
C. Budgetary Comparison Schedules:	60
C-1 General Fund	61-67
C-2 Special Revenue Fund	68
C-3 Budget to GAAP Reconciliation	69
<b>OTHER SUPPLEMENTARY INFORMATION</b>	<b>70</b>
D. School Level Schedules	N/A
E. Special Revenue Fund:	71
E-1 Combining Schedule of Revenues and Expenditures Special Revenue Fund - Budgetary Basis	72-73
E-2 Schedule of Preschool Education Aid - Budgetary Basis	N/A
F. Capital Projects Fund	74
F-1 Summary Statement of Project Expenditures – Budgetary Basis	75
F-2 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budgetary Basis	76
F-2A Schedule of Project Revenues, Expenditures, Project Balance, and Project Status – Budgetary Basis – Various FY 2013	77
F-2B Schedule of Project Revenues, Expenditures, Project Balance, and Project Status – Budgetary Basis – Various FY 2013	78
G. Proprietary Funds	79
Enterprise Fund:	
G-1 Combining Statement of Net Position	80
G-2 Combining Statement of Revenues, Expenses and Changes in Fund Net Position	81
G-3 Combining Statement of Cash Flows	82
H. Fiduciary Fund	83
H-1 Combining Statement of Fiduciary Net Position	84
H-2 Combining Statement of Changes in Fiduciary Net Position	85
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	86
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	87
H-5 Other Agency Funds Schedule of Receipt and Disbursements	N/A

## TABLE OF CONTENTS (Continued)

Page

### I. Long Term Debt

I-1	Schedule of Serial Bonds	N/A
I-2	Schedule of Obligations Under Capital Leases	N/A
I-3	Debt Service Fund Budgetary Comparison Schedule	N/A

### STATISTICAL SECTION (UNAUDITED)

J-1	Net Position by Component	88
J-2	Changes in Net Position	89-90
J-3	Fund Balances – Governmental Funds	91
J-4	Changes in Fund Balances – Governmental Funds	92
J-5	General Fund Other Local Revenue by Source	93
J-6	Assessed Value and Actual Value of Taxable Property	N/A
J-7	Direct and Overlapping Property Tax Rates	N/A
J-8	Principal Property Tax Payers – Current and Nine Years Ago	N/A
J-9	Property Tax Levies and Collections	94
J-10	Ratios of Outstanding Debt by Type	N/A
J-11	Ratio of Net Bonded Debt Outstanding	N/A
J-12	Direct and Overlapping Governmental Activities Debt	N/A
J-13	Legal Debt Margin Information	N/A
J-14	Demographic and Economic Statistics	N/A
J-15	Principal Employers - Current Year and Nine Years Ago	N/A
J-16	Full –Time Equivalent District Employees by Function/Program	95
J-17	Operating Statistics	96
J-18	School Building Information	97
J-19	Schedule of Required Maintenance	98
J-20	Insurance Schedule	99

### SINGLE AUDIT SECTION

K-1	Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance with Government Auditing Standards	100-101
K-2	Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal and State Financial Assistance Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04	102-104
K-3	Schedule of Expenditures of Federal Awards, Schedule A	105
K-4	Schedule of Expenditures of State Financial Assistance, Schedule B	106
K-5	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	107-108
K-6	Schedule of Findings and Questioned Costs	109-111
K-7	Schedule of Prior Audit Findings	112



**INTRODUCTORY SECTION**



**Chrys Harttraft, Ed.D.**  
Superintendent of Schools

**Diane B. Strober**  
Assistant Superintendent for Business

November 15, 2013

Honorable President and Members of the Board of Education  
Somerset County Vocational & Technical Schools  
14 Vogt Drive  
Bridgewater, New Jersey 08807

Dear Mr. Hyncik and Board Members:

The comprehensive annual financial report of the Somerset County Vocational & Technical Schools (District) for the fiscal year ended June 30, 2013 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the 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, 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 the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations," and the State Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". 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. Reporting Entity and its Services: Somerset County Vocational & Technical Schools 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 Somerset County Vocational Board of Education and its' schools constitute the District's reporting entity.

The District provides a full range of career and technical educational services appropriate to grade level 9 through 12. The District completed the 2012-13 fiscal year with an average daily enrollment of 725 which is an increase of 46 students from the previous year's enrollment. Interest in Somerset County's Vocational and Technical school and middle level skill development has increased beyond what the current enrollment numbers indicate. The following details the changes in the student enrollment of the District over the last three years.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2010-11	686	(15.7%)
2011-12	679	(1.0%)
2012-13	725	6.8%

2. Economic Condition and Outlook: Somerset County is experiencing a period of reduction as opposed to development and expansion, which is expected to continue until the county's economic condition improves. Somerset County Vocational & Technical Schools draws students from all 21 municipalities and 19 school districts throughout the County, as well as, from Hunterdon and other counties. As businesses and corporations move to Somerset County, the Vocational School will continue to meet the challenge of providing a high quality education to area residents as well as meeting the needs of the business community. The Vocational & Technical School is a member of the Somerset County Business Partnership and the Somerset County Smart Growth Committee.

3. Major Initiatives: The Academy of Health and Medical Sciences opened in September 2006 and is in its seventh year. This is a specialized program for those students interested in medical, pharmaceutical and overall health careers. The Academy is operated in conjunction with Raritan Valley Community College as a full partner. Students access the facilities and resources of both Somerset County Vocational & Technical Schools and Raritan Valley Community College. One of the notable aspects of the program is that upon successful completion of this program, the seniors earn both a high school diploma and an Associate of Science degree from Raritan Valley Community College. This program is the only program of its kind, statewide and continues to serve as a model for successful partnerships with Institutions of Higher Education (IHEs). Additional IHE partnerships are being pursued to offer in an increasing number of students college course opportunities.

In the spirit of shared services, Somerset County Vocational & Technical Schools and Somerset County Educational Services Commission are in the beginning stage of developing a career magnet program for select special needs students. The program will be housed in the Somerset County Educational Services Commission's new building in Finderne and staff from both institutions would provide instruction in academics and career and technical programs. Approval for this project was gained this year and is anticipated to open in September of 2014.

The overall curriculum has been enhanced for all students with the development and implementation of select academic and technical electives. A new career track program dedicated to advancing the educational development of college prep students has been offered in addition to the traditional vo-tech program. A Career/College Information Center has been established for student use and is part of the services provided by the Pupil Personnel Services Department. The TOPS Alternative program continues to operate on the campus, for those students in need of a non-traditional high school program. The vocational component augments an accelerated, individualized academic completion program for these students considered to be at risk of academic failure.

The school operating as a community resource, houses the Linkages and Twilight social service programs. These programs utilize state and county grant funds to provide direct counseling and career services to Somerset County youth. Local community agencies devote professional staff to meet the social and emotional needs of youth referred to these programs.

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

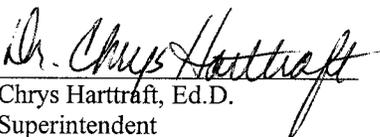
As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs as well as to determine that the District has complied with applicable laws and regulations.

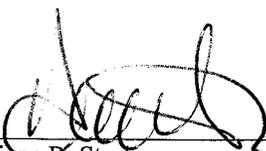
5. Budgetary Controls: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Education and the Board of School Estimate. Annual appropriated budgets are adopted for the general fund and the special revenue fund. All District debt is the responsibility of the Board of Chosen Freeholders of Somerset County. Project-length budgets are accounted for in the Capital projects fund. However, these projects are funded through the County of Somerset and are paid to the District on a reimbursement draw down basis for the approved projects. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2013.

- 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) Financial Information at Fiscal Year-End: As demonstrated by the various statements and schedules included in the financial section of this report, the District continues meeting its responsibility for sound financial management. You should review in detail the management's discussion and analysis for the fiscal year ended June 30, 2013 for financial summaries.
  
- 8) 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 requires governmental units to deposit public funds only in public depositories located in New Jersey, where funds are secured in accordance with the Act.
  
- 9) Risk Management: The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance and contents, and fidelity bonds.
  
- 10) Other Information: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Suplee, Clooney and Company, CPAs was selected by the Board's committee of the whole. In addition to meeting the requirements set forth in state statutes, the audit also was designated to meet the requirements of the Single Audit Act Amendments of 1996 and the related OMB Circular A-133 and State Treasury Circular Letter 04-04 OMB. The auditor's reports related specifically to the single audit are included in the single audit section of this report.
  
- 11) Acknowledgment: We would like to express our appreciation to the members of the Somerset County Vocational Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of Somerset County and thereby contributing their full support to the development and maintenance of our financial operation. We would also like to thank the Board of Chosen Freeholders of Somerset County for their continued support of vocational and technical education. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,

  
Chrys Harttraft, Ed.D.  
Superintendent

  
Diane B. Strober  
Assistant Superintendent for Business/Board Secretary

Somerset County Vocational Board Of Education  
Bridgewater, New Jersey

*Roster of Officials*  
*June 30, 2013*

Board of Education Members

William G. Hyncik, Jr., President  
William Dudeck, Vice President  
Sarah Brennan  
Theodore Smith  
Dr. Kathleen Serafino

Term

December 2007 to December 2014  
January 2010 to December 2013  
January 2013 to December 2016  
February 1996 to December 2015  
April 2011

Other Officials

Chrys Harttraft, Ed. D., Superintendent of Schools  
Diane B. Strober, Assistant Superintendent for Business/Board Secretary  
Michelle Fresco, Treasurer of School Moneys

Somerset County Vocational Board Of Education  
Bridgewater, New Jersey

*Consultants and Advisors  
June 30, 2013*

Audit Firm

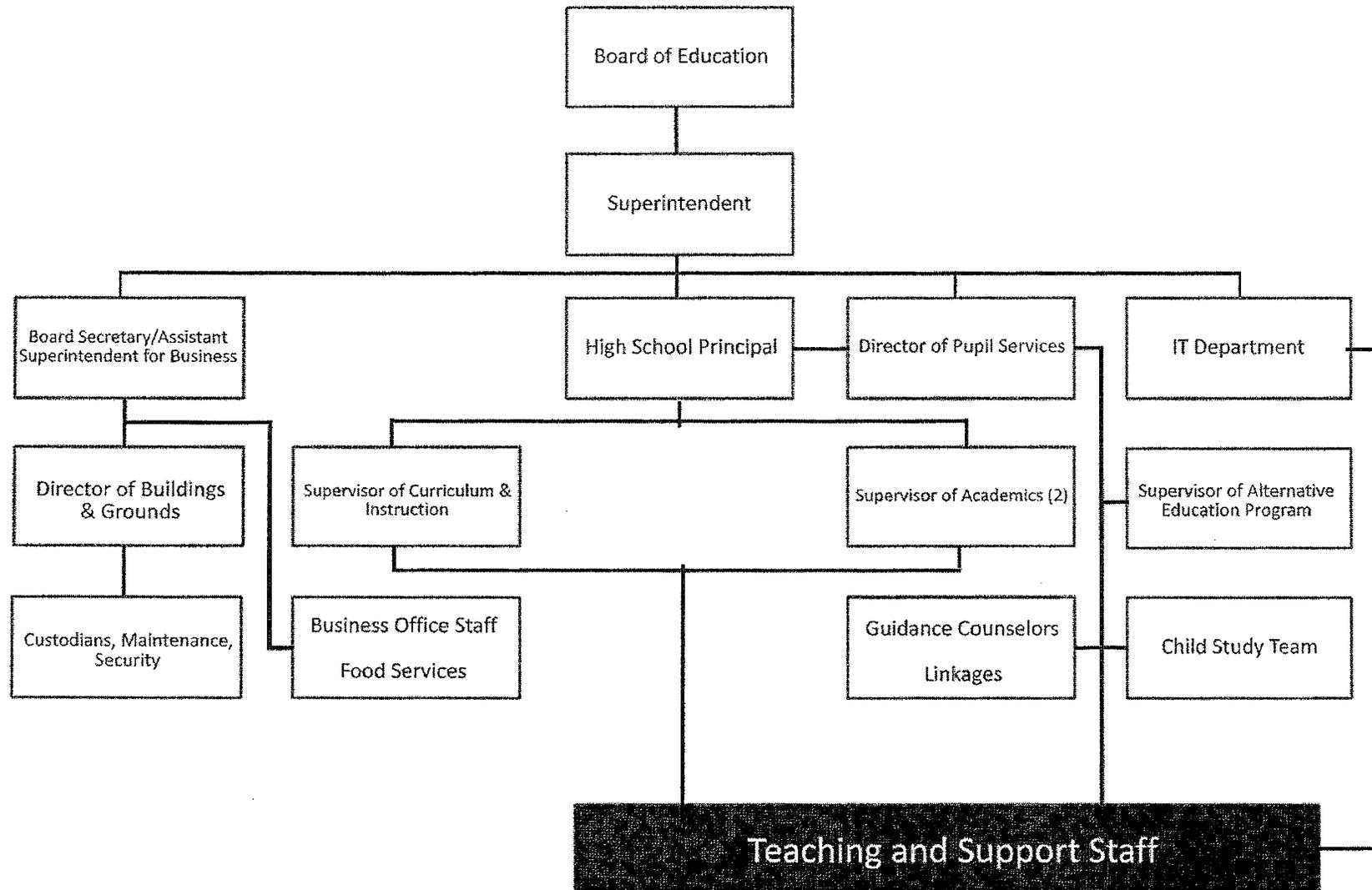
Suplee, Clooney & Company  
Certified Public Accountants  
308 East Broad Street  
Westfield, New Jersey 07090-2122

Attorney

DiFrancesco, Bateman, Coley, Yospin, Kunzman, Davis & Lehrer  
Attorneys at Law  
15 Mountain Boulevard  
Warren, New Jersey 07059-5686

Official Depository

Fulton Bank of New Jersey  
103 West End Avenue  
Somerville, New Jersey 08876



Adopted 2/22/93 - Revised: 11/25/96, 01/27/03, 04/28/03, 03/22/04, 11/02/09, 11/01/10, 11/1/11

**THIS PAGE INTENTIONALLY LEFT BLANK**

**FINANCIAL SECTION**



# SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

E-mail info@scnco.com

## **INDEPENDENT AUDITOR'S REPORT**

Honorable President and Members  
of the Board of Education  
Somerset County Vocational and Technical Schools  
County of Somerset  
Bridgewater, New Jersey 08807

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Somerset County Vocational and Technical Schools, County of Somerset, New Jersey as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey, the provisions of U.S. Office of Management and Budget (OMB) *Circular A-133* "Audits of States, Local Governments and Non-Profit Organizations" and State of New Jersey *OMB Circular 04-04* "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

## **SUPLEE, CLOONEY & COMPANY**

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

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

### **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, each major fund, and the aggregate remaining fund information of the Somerset County Vocational and Technical School District, County of Somerset, New Jersey as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

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

# SUPLEE, CLOONEY & COMPANY

## *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Somerset County Vocational and Technical School District's basic financial statements. The accompanying supplementary information schedules such as the combining and individual fund financial statements and the Schedules of Expenditures of Federal Awards and State Financial Assistance, as listed in the table of contents, as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Nonprofit Organization," New Jersey's OMB Circular NJOMB 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid," and the State of New Jersey, Department of Education, Division of Finance, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated November 5, 2013 on our consideration of the Somerset County Vocational and Technical School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Somerset County Vocational and Technical School District's internal control over financial reporting and compliance.

  
CERTIFIED PUBLIC ACCOUNTANTS

  
PUBLIC SCHOOL ACCOUNTANT NO. 93

November 15, 2013

**REQUIRED SUPPLEMENTARY INFORMATION – Part I**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)**

**SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS  
BRIDGEWATER, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2013  
UNAUDITED**

The Management's Discussion and Analysis of the Somerset County Vocational and Technical Schools ("SCVTS") offers readers of the SCVTS's financial statements a narrative overview of the financial activities for the fiscal year ended June 30, 2013. The intent of this discussion is to look at the SCVTS's financial performance as a whole; therefore readers should also review the transmittal letter at the front of this report, along with the SCVTS's financial statements and notes to the financial statements to enhance their understanding of the SCVTS's financial performance. Certain comparative information between the current fiscal year and the prior fiscal year is presented in the MD&A as required by GASB 34.

**Financial Highlights**

- Revenue from governmental activities accounted for \$17,063,057.87 or 99.17 percent of total school district revenue. The other 0.83 percent of revenue was generated by the business type activities.
- Governmental fund revenues exceeded expenditures by \$1,010,000.74. This was due to a decrease in capital project expenditures.
- Total net position of the SCVTS increased by \$1,498,485.88.

**Overview of the Financial Statements**

This Comprehensive Annual Financial Report ("CAFR") consists of three parts: Management's Discussion and Analysis (this section), The Basic Financial Statements, and Required Supplementary Information. The Basic Financial Statements include two kinds of statements that present different views of the SCVTS, District-wide Financial Statements and Fund Financial Statements.

- District-wide Financial Statements provide both short-term and long-term information about the SCVTS's overall financial status.
- Fund Financial Statements report the SCVTS's operations in more detail than the District-wide statements on individual parts of the SCVTS, the Governmental Funds, Proprietary Funds and Fiduciary Funds.

**SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS  
BRIDGEWATER, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2013  
UNAUDITED**

- Governmental Funds Statements tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- Proprietary Funds Statements offer short and long-term financial information about the activities the SCVTS operates like a business, which include food services.
- Fiduciary Funds Statements provide information about the financial relationships in which the SCVTS acts solely as a trustee or agent for the benefit of others.

The notes to financial statements are also included, which are an integral part of the financial statements. The information in the notes provides detailed data on the SCVTS's financial operations.

Required supplementary information further explains and supports the financial statements with a comparison of the SCVTS's budget for the year. Table 1 reflects how the various parts of this annual report are arranged and related to one another.

**District-wide Financial Statements**

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

The District-wide Financial Statements report the SCVTS's net position and how they have changed. Net position, the difference between the SCVTS's assets and liabilities, is one way to measure the SCVTS's financial health or position. Over time, increases or decreases in the SCVTS's net position are an indicator of whether its financial position has improved or diminished. The causes of this change may be a result of many factors, some financial and some not. Non-financial factors include the SCVTS's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the District-wide Financial Statements, the SCVTS's activities are divided into two categories, governmental and business-type activities.

- Governmental activities - All of the SCVTS's programs and services are reported here including, but not limited to regular and special education instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities. Property taxes and state formula aid finance most of these activities.

**SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS  
BRIDGEWATER, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2013  
UNAUDITED**

- Business-type activities - These services are provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The SCVTS charges fees to help it cover the costs of certain services it provided. The food service activities are reported as business activities.

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the SCVTS's funds, focusing on major funds. Funds are accounting devices the SCVTS uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by state law and by bond covenants. The SCVTS establishes other funds to control and manage money for particular purposes (i.e. long-term debt) or to show that it is properly using certain restricted revenues (i.e. entitlement grants).

The District maintains three financial funds:

- Governmental Funds: The SCVTS's activities reported in governmental funds focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting that 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 SCVTS'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 government-wide Statement of Net Position and Statement of Activities) and governmental funds statements is reconciled in the financial statements.
- Proprietary Funds: Services for which the SCVTS charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide financial statements. The SCVTS's enterprise funds (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flow.
- Fiduciary Funds: The SCVTS is the trustee, or fiduciary, for assets that belong to others, such as scholarship funds and the student activities funds. The SCVTS is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The SCVTS excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

**SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS  
BRIDGEWATER, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2013  
UNAUDITED**

**Financial Analysis of the District as a Whole**

The SCVTS's combined net assets have increased from the 2011-2012 fiscal year. The net position from governmental activities increased \$1,540,934.07 while the net position from business-type activities decreased \$42,448.19. The increase in the restricted net position from prior year was \$604,076.16. The increase in unrestricted net position from prior year was \$469,531.61. Table 1 below reflects the SCVTS's net position as a whole. Table 2 reflects the changes in net assets from operating results.

**Table 1  
Condensed Statement of Net Position**

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage
	FY 2013	FY 2012	FY 2013	FY 2012	FY 2013	FY 2012	Change
Current and							
Other Assets	\$2,114,392.90	\$1,157,941.05	\$26,407.02	\$150,493.77	\$2,140,799.92	\$1,308,434.82	63.62%
Capital Assets	22,104,588.61	21,637,262.31	3,181.69	3,759.86	22,107,770.30	21,641,022.17	2.16%
<b>Total Assets</b>	<b>24,218,981.51</b>	<b>22,795,203.36</b>	<b>29,588.71</b>	<b>154,253.63</b>	<b>24,248,570.22</b>	<b>22,949,456.99</b>	<b>5.66%</b>
Long-Term							
Liabilities	625,387.19	688,994.22			625,387.19	688,994.22	-9.23%
Short-Term							
Liabilities	1,775.82	55,324.71	2,935.79	85,152.52	4,711.61	140,477.23	-96.65%
<b>Total Liabilities</b>	<b>627,163.01</b>	<b>744,318.93</b>	<b>2,935.79</b>	<b>85,152.52</b>	<b>630,098.80</b>	<b>829,471.45</b>	<b>-24.04%</b>
Net Position:							
Net Investment in Capital							
Assets	22,104,588.61	21,637,262.31	3,181.69	3,759.86	22,107,770.30	21,641,022.17	2.16%
Restricted	929,884.96	325,808.80			929,884.96	325,808.80	185.41%
Unrestricted	557,344.93	87,813.32	23,471.23	65,341.25	580,816.16	153,154.57	279.24%
<b>Total Net Position</b>	<b>\$23,591,818.50</b>	<b>\$22,050,884.43</b>	<b>\$26,652.92</b>	<b>\$69,101.11</b>	<b>\$23,618,471.42</b>	<b>\$22,119,985.54</b>	<b>6.77%</b>

**SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS  
BRIDGEWATER, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2013  
UNAUDITED**

**Table 2  
Changes in Net Position from Operating Results**

	Governmental Activities		Business-Type Activities		Total School District	
	FY 2013	FY 2012	FY 2013	FY 2012	FY 2013	FY 2012
Revenue:						
Program Revenue:						
Charges for Services	\$790,791.09	\$605,322.31	\$63,764.80	\$70,793.50	\$854,555.89	\$676,115.81
Operating Grants and Contributions	2,013,605.80	1,842,551.10	78,539.94	68,783.05	2,092,145.74	1,911,334.15
General Revenue:						
Property Taxes	11,228,340.00	11,501,994.00			11,228,340.00	11,501,994.00
Federal and State Aid	1,623,726.00	1,556,564.00			1,623,726.00	1,556,564.00
County	1,155,000.00	1,000,000.00			1,155,000.00	1,000,000.00
Other	251,594.98	193,645.19	55.49	190.02	251,650.47	193,835.21
<b>Total Revenue</b>	<b>17,063,057.87</b>	<b>16,700,076.60</b>	<b>142,360.23</b>	<b>139,766.57</b>	<b>17,205,418.10</b>	<b>16,839,843.17</b>
Expenses:						
Instruction	7,417,878.43	6,892,023.64			7,417,878.43	6,892,023.64
Student & Instructional Support Services	2,639,145.22	2,828,140.00			2,639,145.22	2,828,140.00
Administrative and Business	2,547,249.61	2,515,278.70			2,547,249.61	2,515,278.70
Maintenance & Operations	2,756,400.20	3,186,190.29			2,756,400.20	3,186,190.29
Transportation	81,026.45	129,910.75			81,026.45	129,910.75
Special Schools	80,953.14	53,745.64			80,953.14	53,745.64
Other			184,808.42	132,392.43	184,808.42	132,392.43
<b>Total Expenses</b>	<b>15,522,653.05</b>	<b>15,605,289.02</b>	<b>184,808.42</b>	<b>132,392.43</b>	<b>15,707,461.47</b>	<b>15,737,681.45</b>
Transfers		78,813.49		(78,813.49)		
Disposal of capital assets	529.25					
Increase/(Decrease) in Net Position	<u>\$1,540,934.07</u>	<u>\$1,173,601.07</u>	<u>(\$42,448.19)</u>	<u>(\$71,439.35)</u>	<u>\$1,497,956.63</u>	<u>\$1,102,161.72</u>

**Sources of Revenue**

The SCVTS's total revenue for the 2012-2013 school year was \$17,205,418.10 as reflected in Exhibit A-3 below. Property taxes and state formula aid accounted for 73.47 percent of the total revenue with the other 26.53 percent consisting of restricted state and federal aid, charges for services, county support and miscellaneous sources.

**SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS  
BRIDGEWATER, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2013  
UNAUDITED**

**Table 3  
Sources of Revenue**

<u>Sources of Revenue</u>	<u>FY 2013</u>		<u>FY 2012</u>	
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Property Taxes	\$11,228,340.00	65.26%	\$11,501,994.00	68.30%
State Formula Aid	1,412,191.00	8.21%	1,357,037.00	8.06%
Other State and Federal Aid	1,176,392.74	6.84%	1,091,258.54	6.48%
State, Federal, and Other Grants	1,127,288.00	6.55%	1,019,602.61	6.05%
Charges for Services	854,555.89	4.97%	676,115.81	4.01%
County	1,155,000.00	6.71%	1,000,000.00	5.94%
Other	251,650.47	1.46%	193,835.21	1.16%
	<u>\$17,205,418.10</u>	<u>100.00%</u>	<u>\$16,839,843.17</u>	<u>100.00%</u>

**Expenses**

The total expenditures for the 2012-2013 fiscal year for all programs and services were \$15,707,461.47. Table 4 below summarizes these program costs. The SCVTS's expenses are predominantly related to instructing and providing services for students grades nine through twelve and post-secondary, which accounts for 64.55 percent of the total SCVTS costs. Administrative and business expenses account for the costs of the Office of the Superintendent of Schools, the Business Office, High School Administrative Office, and the Technical Institute Administrative Office. Maintenance and operations account for the costs of keeping the school buildings and grounds safe, clean and in good operating condition, and includes all the utility costs related to the school facilities. Other costs include transportation and the costs of the business-type activities of the proprietary funds. It is important to note that depreciation expense on capital assets is included in expenses for the year. The total depreciation for the year was \$962,634.24.

**Table 4  
Expenses**

<u>Expense Category</u>	<u>FY 2013</u>		<u>FY 2012</u>	
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Instruction	\$7,417,878.43	47.23%	\$6,892,023.64	43.79%
Student & Instruction Services	2,639,145.22	16.80%	2,828,140.00	17.97%
Administrative and Business	2,547,249.61	16.22%	2,515,278.70	15.98%
Maintenance & Operations	2,756,400.20	17.55%	3,186,190.29	20.25%
Transportation	81,026.45	0.52%	129,910.75	0.83%
Special Schools	80,953.14	0.52%	53,745.64	0.34%
Other	184,808.42	1.16%	132,392.43	0.84%
	<u>\$15,707,461.47</u>	<u>100.00%</u>	<u>\$15,737,681.45</u>	<u>100.00%</u>

**SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS  
BRIDGEWATER, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2013  
UNAUDITED**

**Governmental Activities**

Table 5 presents the net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs) of seven major district activities: instruction, student and instructional services, administration and business, maintenance and operations, transportation, special schools, and other. The net cost shows the financial burden placed on the SCVTS's taxpayers and the state by each of these functions. All functions had a loss with the exception of the proprietary fund.

**Table 5  
Net Cost of Governmental Activities**

<u>Expense Category</u>	<u>FY 2013</u>		<u>FY 2012</u>	
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Instruction	\$5,762,780.15	45.16%	\$5,477,044.03	41.65%
Student & Instruction Services	1,749,981.24	13.71%	2,041,351.68	15.52%
Administrative and Business	2,328,259.11	18.25%	2,308,050.26	17.55%
Maintenance & Operations	2,756,400.20	21.60%	3,186,190.29	24.23%
Transportation	81,026.45	0.63%	129,910.75	0.99%
Special Schools	39,809.01	0.31%	14,868.60	0.11%
Other	42,503.68	0.34%	(7,184.12)	-0.05%
	<u>\$12,760,759.84</u>	<u>100.00%</u>	<u>\$13,150,231.49</u>	<u>100.00%</u>

**General Fund Budgeting Highlights**

The SCVTS's budget is prepared according to New Jersey Statutes and is based on accounting for certain transactions on a basis of modified accrual and encumbrance accounting.

Over the course of the year, the SCVTS approved revisions to the general fund budget as needed. These budget amendments were necessary for the following reasons:

- Realign budgeted salary accounts after contract negotiation settlement and staff transfers to various programs.
- Realigned appropriations in accordance with the prescribed chart of accounts as modified by the comprehensive educational improvement and financing act.
- Transferred from unexpended appropriations to purchase teaching materials, computers, and equipment to meet various program needs.

**SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS  
BRIDGEWATER, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2013  
UNAUDITED**

**Capital Assets**

During the fiscal year 2012-2013 the SCVTS's depreciation expense and retired assets exceeded capital acquisitions, therefore capital assets net of depreciation decreased. Table 6 reflects the comparative balances of capital assets net of depreciation. The detail of the changes in capital assets is reflected in Note 3 to the financial statements.

**Table 6  
Capital Assets (Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	FY 2013	FY 2012	FY 2013	FY 2012	FY 2013	FY 2012	
Land and Site Improvements	\$406,710.09	\$357,365.10			\$406,710.09	\$357,365.10	13.81%
Building and Building Improvements	20,152,208.68	19,652,548.40			20,152,208.68	19,652,548.40	2.54%
Machinery and Equipment	1,545,669.84	1,627,348.81	\$3,181.69	\$3,759.86	1,548,851.53	1,631,108.67	-5.04%
<b>Total Assets</b>	<b>\$22,104,588.61</b>	<b>\$21,637,262.31</b>	<b>\$3,181.69</b>	<b>\$3,759.86</b>	<b>\$22,107,770.30</b>	<b>\$21,641,022.17</b>	<b>2.16%</b>

**Debt Administration**

At June 30, 2013 the District had \$625,387.19 of outstanding long-term debt, consisting of compensated absences. The SCVTS will continue to pay down its debt, as the obligations are due. Table 7 reflects the comparison of outstanding debt for the past two fiscal years. More information of the SCVTS's long-term debt is presented in Note 4 to the financial statements.

**Table 7  
Outstanding Long-term Debt**

	Total School Debt		Total Percentage Change
	FY 2013	FY 2012	
Compensated Absences	\$625,387.19	\$688,994.22	-9.23%
	<b>\$625,387.19</b>	<b>\$688,994.22</b>	<b>-9.23%</b>

**SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS  
BRIDGEWATER, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2013  
UNAUDITED**

**The District's Future**

The Somerset County Vocational-Technical School District provides career, technical and educational programs, courses and services to a variety of student populations in our County.

Our graduates attend colleges, universities and career technical schools or are engaged in full time employment or enter the military.

Through the efforts of established public and private partnerships, advisory committees and the Superintendent's membership in a variety of business and civic organizations, the relationship we enjoy with the business community continues to flourish. Many of our students benefit from training and employment opportunities generated from these partnerships.

Over the last year, significant progress has been achieved in a number of areas including updating several career and technical programs through modified curricula and facility upgrades.

In addition we continue to redesign our academic program by expanding the breath and scope of our curriculum to attract more college prep students. Articulation agreements with various institutions of higher education have increased the academic rigor of our programs.

Future endeavors will include a shared service venture with the Somerset County Educational Services Commission. Together the two agencies will develop a vocational/academic management program for select specific needs students that will assist them in developing employment skills and transitioning to the employment environment.

As a market driven school of choice, it is our goal to serve both a cross section of students with diverse needs and the workplace at large. It is to this end that we continually strive.

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

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the SCVTS's finances and to show the SCVTS's accountability for the money it receives. If you have any questions about this report or need additional information, contact Diane Strober, Assistant Superintendent for Business/Board Secretary, Somerset County Vocational Technical Schools, 14 Vogt Drive, Bridgewater, NJ 08807.

## **BASIC FINANCIAL STATEMENTS**

The basic financial statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all funds as of June 30, 2013.

## **DISTRICT-WIDE FINANCIAL STATEMENTS**

The statement of net position and the statement of activities display information about the District. These statements include the financial activities of the overall district, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

SOMERSET COUNTY VOCATIONAL-TECHNICAL SCHOOLS  
STATEMENT OF NET POSITION  
JUNE 30, 2013

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	<u>TOTAL</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$1,725,834.02	\$17,429.43	\$1,743,263.45
Receivables, net	388,558.88	4,712.30	393,271.18
Inventory		4,265.29	4,265.29
Land	973,208.53		973,208.53
Capital assets, net	<u>21,131,380.08</u>	<u>3,181.69</u>	<u>21,134,561.77</u>
Total Assets	<u>24,218,981.51</u>	<u>29,588.71</u>	<u>24,248,570.22</u>
<b>LIABILITIES</b>			
Other liabilities	1,775.82		1,775.82
Deferred revenue		2,935.79	2,935.79
Noncurrent liabilities:			
Compensated absences payable	<u>625,387.19</u>		<u>625,387.19</u>
Total liabilities	<u>627,163.01</u>	<u>2,935.79</u>	<u>630,098.80</u>
<b>NET POSITION</b>			
Net investment in capital assets	22,104,588.61	3,181.69	22,107,770.30
Restricted for:			
Capital projects fund	383,831.12		383,831.12
Other purposes	546,053.84		546,053.84
Unrestricted (deficit)	<u>557,344.93</u>	<u>23,471.23</u>	<u>580,816.16</u>
Total net position	<u>\$23,591,818.50</u>	<u>\$26,652.92</u>	<u>\$23,618,471.42</u>

See accompanying notes to financial statements.

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS  
STATEMENT OF ACTIVITIES  
JUNE 30, 2013

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental Activities:						
Instruction:						
Regular	\$2,274,781.21	\$303,865.27	\$336,911.06	(\$1,634,004.88)		(\$1,634,004.88)
Special education	398,386.99		61,939.32	(336,447.67)		(336,447.67)
Other	387,193.54		35,564.73	(351,628.81)		(351,628.81)
Vocational	4,357,516.69	455,797.91	461,019.99	(3,440,698.79)		(3,440,698.79)
Support services:						
Student and instruction related services	2,639,145.22		889,163.98	(1,749,981.24)		(1,749,981.24)
General administrative services	686,678.79		44,424.11	(642,254.68)		(642,254.68)
School administrative services	829,071.02		82,373.44	(746,697.58)		(746,697.58)
Central services	563,029.85		52,617.43	(510,412.42)		(510,412.42)
Administration information technology	468,469.95		39,575.52	(428,894.43)		(428,894.43)
Plant operations and maintenance	2,756,400.20			(2,756,400.20)		(2,756,400.20)
Student transportation services	81,026.45			(81,026.45)		(81,026.45)
Special schools	80,953.14	31,127.91	10,016.22	(39,809.01)		(39,809.01)
Total governmental activities	<u>15,522,653.05</u>	<u>790,791.09</u>	<u>2,013,605.80</u>	<u>(12,718,256.16)</u>		<u>(12,718,256.16)</u>
Business-type activities:						
Food service	184,808.42	63,764.80	78,539.94		(\$42,503.68)	(42,503.68)
Total business-type activities	<u>184,808.42</u>	<u>63,764.80</u>	<u>78,539.94</u>		<u>(42,503.68)</u>	<u>(42,503.68)</u>
Total primary government	<u>\$15,707,461.47</u>	<u>\$854,555.89</u>	<u>\$2,092,145.74</u>	<u>(\$12,718,256.16)</u>	<u>(\$42,503.68)</u>	<u>(\$12,760,759.84)</u>
General Revenues:						
Taxes:						
				\$11,228,340.00		\$11,228,340.00
				1,412,191.00		1,412,191.00
				211,535.00		211,535.00
				1,155,000.00		1,155,000.00
				251,594.98	\$55.49	251,650.47
				<u>14,258,660.98</u>	<u>55.49</u>	<u>14,258,716.47</u>
				529.25		529.25
				1,540,934.07	(42,448.19)	1,498,485.88
				22,050,884.43	69,101.11	22,119,985.54
				<u>\$23,591,818.50</u>	<u>\$26,652.92</u>	<u>\$23,618,471.42</u>

See accompanying notes to financial statements.

**MAJOR FUND FINANCIAL STATEMENTS**

The Individual fund financial statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2013

ASSETS AND OTHER DEBITS:	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS
<b>Assets:</b>				
Cash and cash equivalents	\$1,693,980.51		\$31,853.51	\$1,725,834.02
Accounts receivable:				
State	17,655.27			17,655.27
Federal		\$18,926.00		18,926.00
County			351,977.61	351,977.61
Interfund	18,926.00			18,926.00
	1,730,561.78	18,926.00	383,831.12	2,133,318.90
<b>Total assets</b>	<b>1,730,561.78</b>	<b>18,926.00</b>	<b>383,831.12</b>	<b>2,133,318.90</b>
<b>LIABILITIES AND FUND BALANCES:</b>				
<b>Liabilities:</b>				
Interfunds payable		18,926.00		18,926.00
Other	1,775.82			1,775.82
	1,775.82	18,926.00		20,701.82
<b>Total liabilities</b>	<b>1,775.82</b>	<b>18,926.00</b>	<b></b>	<b>20,701.82</b>
<b>Fund balances:</b>				
Restricted for:				
Excess surplus - current year	501,490.84			501,490.84
Capital projects fund			383,831.12	383,831.12
Assigned for year-end encumbrances	553,895.80			553,895.80
Committed:				
Designated for subsequent years expenditures	44,563.00			44,563.00
Unassigned:				
General fund	628,836.32			628,836.32
	1,728,785.96		383,831.12	2,112,617.08
<b>Total fund balances</b>	<b>1,728,785.96</b>	<b></b>	<b>383,831.12</b>	<b>2,112,617.08</b>
<b>Total liabilities and fund balances</b>	<b>\$1,730,561.78</b>	<b>\$18,926.00</b>	<b>\$383,831.12</b>	<b></b>

Amounts reported for governmental activities in the statement of net position (a-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of assets is \$34,486,478.13 and the accumulated depreciation is \$12,381,889.52 22,104,588.61

Long term liabilities, including bonds payable and compensated absences, are not due and payable in the current period and therefore are not reported as liabilities in (625,387.19)

Net position of governmental activities **\$23,591,818.50**

See accompanying notes to financial statements.

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES:</b>				
Local sources:				
County tax levy	\$11,228,340.00			\$11,228,340.00
County of Somerset			\$1,155,000.00	1,155,000.00
Tuition from lea's	759,663.18			759,663.18
Miscellaneous	282,722.89	\$120,975.00		403,697.89
<b>Total revenues-local sources</b>	<b>12,270,726.07</b>	<b>120,975.00</b>	<b>1,155,000.00</b>	<b>13,546,701.07</b>
State sources	2,510,043.80	351,277.00		2,861,320.80
Federal sources		655,036.00		655,036.00
<b>Total revenues</b>	<b>14,780,769.87</b>	<b>1,127,288.00</b>	<b>1,155,000.00</b>	<b>17,063,057.87</b>
<b>EXPENDITURES:</b>				
Current expense:				
Instruction:				
Regular	1,414,143.54	126,791.85		1,540,935.39
Special education	265,510.40	23,165.00		288,675.40
Vocational	2,827,893.91	63,989.00		2,891,882.91
Other instruction	257,729.87			257,729.87
Support services:				
Student and instruction related services	1,252,039.75	701,807.15		1,953,846.90
General administrative services	512,282.53			512,282.53
School administrative services	537,562.87			537,562.87
Central services	372,335.02			372,335.02
Administration information technology	321,170.44			321,170.44
Plant operations and maintenance	2,333,006.55			2,333,006.55
Student transportation services	62,707.05			62,707.05
Employee benefits	3,467,331.90			3,467,331.90
Capital outlay	192,440.44	211,535.00	1,024,877.68	1,428,853.12
Capital outlay - debt service assessment	20,388.00			20,388.00
Special schools	64,349.18			64,349.18
<b>Total expenditures</b>	<b>13,900,891.45</b>	<b>1,127,288.00</b>	<b>1,024,877.68</b>	<b>16,053,057.13</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>879,878.42</b>		<b>130,122.32</b>	<b>1,010,000.74</b>
Fund balances, July 1, 2012	848,907.54		253,708.80	1,102,616.34
Fund balances, June 30, 2013	<u>\$1,728,785.96</u>	<u>\$-0-</u>	<u>\$383,831.12</u>	<u>\$2,112,617.08</u>

See accompanying notes to financial statements.

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS  
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, 2013

Total net change in fund balances - governmental funds (from B-2) \$1,010,000.74

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

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

Depreciation expense	(\$962,056.07)	
Capital outlays	1,449,241.12	
Capital outlays not capitalized	<u>(20,388.00)</u>	
		466,797.05

In the statement of activities, only the gain on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from a sale increase financial resources. Thus, the change in net position will differ from the change in fund balance by the cost of the asset removed. 529.25

In the statement of activities, certain expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In 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 a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+). 63,607.03

Change in net position of governmental activities \$1,540,934.07

See accompanying notes to financial statements.

**OTHER FUNDS**

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS  
PROPRIETARY FUND  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2013

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND FOOD SERVICE FUND</u>
ASSETS:	
Current assets:	
Cash and cash equivalents	\$17,429.43
Accounts receivable:	
State	73.69
Federal	4,638.61
Inventories	4,265.29
Total current assets	<u>26,407.02</u>
Noncurrent assets	
Furniture, machinery and equipment	87,493.05
Less: Accumulated depreciation	<u>(84,311.36)</u>
Total noncurrent assets	<u>3,181.69</u>
Total assets	<u>29,588.71</u>
LIABILITIES:	
Current liabilities:	
Deferred revenue	<u>2,935.79</u>
Total current liabilities	<u>2,935.79</u>
NET POSITION:	
Net investment in capital assets	3,181.69
Unrestricted	<u>23,471.23</u>
Total net position	<u><u>\$26,652.92</u></u>

See accompanying notes to financial statements.

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS  
PROPRIETARY FUND  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND FOOD SERVICE FUND
OPERATING REVENUES:	
Local sources:	
Daily sales-reimbursable programs:	
School lunch program	\$19,901.35
Daily sales non-reimbursable programs	43,863.45
Total operating revenue	63,764.80
OPERATING EXPENSES:	
Salaries	54,551.46
Employee benefits and taxes	12,396.40
Management fee/purchased services	11,610.00
Other	59,112.72
Depreciation	578.17
Cost of sales	46,559.67
Total operating expenses	184,808.42
Operating Income/(loss)	(121,043.62)
Nonoperating revenues:	
State sources:	
State school lunch program	1,199.39
Federal sources:	
National school lunch program	43,733.03
National school breakfast program	24,102.72
National food distribution commodities	9,504.80
Interest earned	55.49
Total nonoperating revenues	78,595.43
Net income (loss)	(42,448.19)
Net position - July 1	69,101.11
Net position - June 30	\$26,652.92

See accompanying notes to financial statements.

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS  
PROPRIETARY FUND  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND</u>		
	<u>FOOD</u>	<u>ETTC</u>	<u>TOTAL</u>
	<u>SERVICE</u>	<u>(non-major)</u>	
Cash flows from operating activities:			
Receipts from customers	\$63,764.80		\$63,764.80
Payments to employees	(54,551.46)		(54,551.46)
Payments for employee benefits/other	(12,396.40)		(12,396.40)
Payments to suppliers	(122,280.92)	(78,813.49)	(201,094.41)
Net cash provided (used) by operating activities	<u>(125,463.98)</u>	<u>(78,813.49)</u>	<u>(204,277.47)</u>
Cash flows from noncapital financing activities:			
State sources	1,174.31		1,174.31
Federal sources	75,566.14		75,566.14
Net cash provided (used) by noncapital financing activities	<u>76,740.45</u>		<u>76,740.45</u>
Cash flows from investing activities:			
Interest earned	55.49		55.49
Net cash provided (used) by noncapital financing activities	<u>55.49</u>		<u>55.49</u>
Net increase(decrease) in cash and cash equivalents	(48,668.04)	(78,813.49)	(127,481.53)
Cash and cash equivalents, July 1	<u>66,097.47</u>	<u>78,813.49</u>	<u>144,910.96</u>
Cash and cash equivalents, June 30	<u><u>\$17,429.43</u></u>	<u><u></u></u>	<u><u>\$17,429.43</u></u>
Operating Income/(loss)	(\$121,043.62)		(\$121,043.62)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:			
Depreciation and net amortization	578.17		578.17
Change in assets and liabilities:			
(Increase) Decrease in inventory	(1,595.29)		(1,595.29)
Increase (Decrease) in deferred revenue	1,322.87		1,322.87
Increase (Decrease) in accounts payable	(4,726.11)		(4,726.11)
Net cash provided (used) by operating activities	<u><u>(\$125,463.98)</u></u>	<u><u></u></u>	<u><u>(\$125,463.98)</u></u>

See accompanying notes to financial statements.

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2013

	PRIVATE PURPOSE SCHOLARSHIP FUNDS	AGENCY FUNDS	
		STUDENT ACTIVITIES	PAYROLL
ASSETS:			
Cash and cash equivalents	\$18,141.09	\$27,674.63	\$2,941.50
Intrafunds receivable		93.15	
Total assets	<u>18,141.09</u>	<u>27,767.78</u>	<u>2,941.50</u>
LIABILITIES:			
Liabilities:			
Payroll deductions and withholdings			2,941.50
Due to student groups		27,767.78	
Intrafunds payable	93.15		
Total liabilities	<u>93.15</u>	<u>27,767.78</u>	<u>2,941.50</u>
NET POSITION:			
Held in trust for scholarships	18,047.94		
	<u>\$18,047.94</u>	<u>\$-0-</u>	<u>\$-0-</u>

See accompanying notes to financial statements.

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>PRIVATE PURPOSE SCHOLARSHIP FUNDS</u>
ADDITIONS:	
Interest earned	<u>\$305.60</u>
Total additions	<u>305.60</u>
Change in net position	305.60
Net position - July 1	<u>17,835.49</u>
Net position - June 30	<u><u>\$18,141.09</u></u>

See accompanying notes to financial statements.

**Somerset County Vocational and Technical Schools**  
**Notes to the Financial Statements**  
**June 30, 2013**

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

The financial statements of the Somerset County Vocational and Technical Schools have been prepared in conformity with U.S. generally accepted accounting principles (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 more significant of the Board's accounting policies are described below.

**Reporting Entity**

The Somerset County Vocational and Technical School is a Type I District located in Somerset County, New Jersey. The School District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board of Education of the Somerset County Vocational and Technical School consists of five (5) members; four (4) members are appointed by the Somerset County Board of Chosen Freeholders and one (1) statutory member, who is the Somerset County Superintendent of Schools. These officials are responsible for the fiscal control of the District. A Superintendent is appointed by the Board and is responsible for the administrative control of the District.

The primary criterion for including activities within the District's reporting entity, are set forth in Statement No. 39 of the Governmental Accounting Standards Board entitled "*Determining Whether Certain Organizations are Component Units*" (GASB 39) as codified in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards.

Organizations that are legally separate, tax-exempt entities and that meet *all* of the following criteria should be discretely presented as component units. These criteria are:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government.
2. The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources of the organization.
3. The economic resources received or held by an *individual organization* that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

**Somerset County Vocational and Technical Schools**  
**Notes to the Financial Statements**  
**June 30, 2013**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Reporting Entity (Continued)**

The operations of the District include vocational and technical schools located in the Township of Bridgewater. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year.

Based on the aforementioned criteria, the District has no component units but, as a County Vocational School, would be considered a component unit of the County of Somerset. The County of Somerset, however, reports on a statutory basis of accounting which does not recognize component units.

**Basis of Presentation, Basis of Accounting**

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

**Basis of Presentation**

District-wide Statements: The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish generally between the governmental and business-type activity of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of net position presents the financial condition of the governmental and business-type activity of the District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as generally revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the District.

**Somerset County Vocational and Technical Schools**  
**Notes to the Financial Statements**  
**June 30, 2013**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation (Continued)**

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

**Governmental Fund Types**

**General Fund** - The general fund is the general operating fund of the 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 noninstructional equipment which are classified in the capital outlay subfund

As required by the New Jersey State Department of Education, the District includes budgeted Capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expense by board resolution.

**Special Revenue Fund** - The District accounts for the proceeds of specific revenue sources from State and Federal Governments (other than major capital projects or the enterprise funds) and local appropriations that are legally restricted to expenditures for specified purposes.

**Somerset County Vocational and Technical Schools**  
**Notes to the Financial Statements**  
**June 30, 2013**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Governmental Fund Types (continued)**

**Capital Projects Fund** - The Capital Projects Fund is used to account for all 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 specifically authorized by the Somerset County Board of Freeholders.

**Proprietary Fund**

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

**Fiduciary Fund Types**

**Private Purpose Trust Funds** – A Private Purpose Trust Fund is accounted for in essentially the same manner as the governmental fund type, using the same measurement focus and basis of accounting. Expendable Trust Funds account for assets where both the principal and interest may be spent. Expendable Trust Funds include the Fred J. Vogt Memorial Fund and Scholarship Awards Account.

**Agency Funds** – The agency funds are used to account for assets held by the district on behalf of outside parties, including governments, or on behalf of other funds in the district. The agency funds included in this category are as follows:

**Payroll and Student Activities Funds (Agency)** - These are agency funds used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

**Somerset County Vocational and Technical Schools**  
**Notes to the Financial Statements**  
**June 30, 2013**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Accounting – Measurement Focus**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

Districtwide, Proprietary, and Fiduciary Fund Financial Statements: The Districtwide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. Ad Val Orem (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 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 District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transactions can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

**Somerset County Vocational and Technical Schools**  
**Notes to the Financial Statements**  
**June 30, 2013**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budgets/Budgetary Control**

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office and are voted upon at the Somerset County Board of School Estimates. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23. All budget amendments and transfers must be approved by School Board resolution.

All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Appropriations, except remaining project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year. The capital projects fund presents the remaining project appropriations compared to current year expenditures.

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

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

**Somerset County Vocational and Technical Schools**  
**Notes to the Financial Statements**  
**June 30, 2013**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Encumbrance Accounting**

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

Open encumbrances in the special revenue fund and capital projects fund for which the 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.

**Interfunds**

Interfund receivables and payables arise from transactions between particular funds and are considered short term in duration. The Interfund transactions are recorded by all funds affected in the period in which the transactions are executed and are part of the district's available spendable resources.

**Inventories and Prepaid Expenses**

Inventories of materials and supplies held for consumption in the governmental funds are recorded as expenditures at the time of purchase and year end balances are not reported in the financial statements.

Inventories of food and/or supplies in the food service fund are recorded at cost on a first-in, first-out basis or, in the case of Food Distribution Commodities, at stated value which approximates market.

Prepaid expenses which benefit future period, other than those recorded in the enterprise fund, are recorded as an expenditure in the year of purchase.

**Capital Assets**

The District has an established formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

**Somerset County Vocational and Technical Schools**  
**Notes to the Financial Statements**  
**June 30, 2013**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Capital Assets (Continued)**

Capital assets are depreciated in the district-wide statements using the straight-line method over the following estimated useful lives:

<b><u>Asset Class</u></b>	<b><u>Estimated Useful Lives</u></b>
School Buildings	50
Building Improvements	20
Electrical/Plumbing	30
Vehicles	8
Office & Computer Equipment	5-10
Instructional Equipment	10
Grounds Equipment	15

**Compensated Absences**

The 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.

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

The liability for compensated absences was accrued using the termination payment method, whereby the liability is calculated based on the amount of sick leave that is expected to become eligible for payment upon termination. The District estimates its accrued compensated absences liability based on the accumulated sick and vacation days at the balance sheet date by those employees who are currently eligible to receive termination payments.

For the District-wide statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the fund financial statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

**Somerset County Vocational and Technical Schools**  
**Notes to the Financial Statements**  
**June 30, 2013**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fund Equity**

Fund balance restrictions are used to indicate that portion of the fund balance that is not available for expenditures or is legally segregated for a specific future use. Designation of portions of the fund balances are established to indicate tentative plans for financial utilization in a future period. The unassigned fund balances represent the amount available for future budgetary operations.

Unassigned net position represents the remains of the District's equity in the cumulative earnings of the proprietary funds.

**Deferred Revenue**

Deferred revenue in the special revenue and capital projects funds represents funds which have been received but not yet earned. A corresponding accounts receivable has also been established for any open encumbrances at year end which is allowable under generally accepted accounting principles.

**Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported on the District-wide 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, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

**Net Position**

In fiscal year 2013 the District implemented GASB 63. GASB 63 provides guidance for reporting net position in the statement of financial position and related disclosures. In compliance with GASB 63, the Statement of Net Assets has been renamed the Statement of Net Position. Net Position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

**Somerset County Vocational and Technical Schools**  
**Notes to the Financial Statements**  
**June 30, 2013**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fund Balances**

The District has implemented GASB Statement 54, "Fund Balance Reporting and Governmental Fund Type Definitions". This statement modifies fund balance reporting and clarifies fund type definitions. This new Statement aims to enhance the usefulness of fund balance information by providing clearer fund balance clarifications that can be applied more consistently.

Under the new standard, in the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation. The District reports the Capital Reserve, Emergency Reserve, Maintenance Reserve and Excess Surplus as Restricted Fund Balance.

Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education. The District reports amounts Designated for Subsequent Year's Expenditures as Committed Fund Balance.

Assigned – includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator. The District reports Year End Encumbrances as Assigned Fund Balance.

Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned:

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

**Somerset County Vocational and Technical Schools**  
**Notes to the Financial Statements**  
**June 30, 2013**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fund Balances (Continued)**

The general fund is the only fund that will report a negative unassigned fund balance. For all other governmental funds the amount of a residual deficit would be classified as unassigned.

**Revenues – Exchange and Nonexchange Transactions**

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied.

Revenue from property taxes is recognized in the period in which the revenue is earned. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year end: property taxes available as an advance, interest, and tuition.

**Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the District, these revenues are sales in the Enterprise Funds. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

**Somerset County Vocational and Technical Schools**  
**Notes to the Financial Statements**  
**June 30, 2013**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Allocation of Indirect Expenses**

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of the program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities.

**Extraordinary and Special Items**

Extraordinary items are transactions or events that are unusual in nature and infrequent of occurrence. Special items are transactions or events that are within control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

**NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS**

The Board considers petty cash, change funds, cash in banks, deposits in the government money market account, and short-term investments with original maturities of three months or less as cash and cash equivalents. Investments are stated at cost, which approximates market.

**Deposits**

New Jersey statutes permit the deposit of public funds in public depositories which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a Banking Institution that is a member of the Federal Reserve System, and has capital funds of not less than \$25,000,000.00. Under (GUDPA), if a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of the deposits to the governmental unit.

**Somerset County Vocational and Technical Schools**  
**Notes to the Financial Statements**  
**June 30, 2013**

**NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

**Deposits (continued)**

The Somerset County Vocational and Technical School District had the following cash and cash equivalents at June 30, 2013.

	<b><u>Cash in</u></b>			<b><u>Reconciled</u></b>
	<b><u>Bank</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b><u>Balance</u></b>
Governmental Funds	\$2,127,524.81	\$135.75	\$401,826.54	\$1,725,834.02
Proprietary Fund	24,922.10		7,492.67	17,429.43
Fiduciary Fund	135,291.02	109.96	86,643.76	48,757.22
	<u>\$2,287,737.93</u>	<u>\$245.71</u>	<u>\$495,962.97</u>	<u>\$1,792,020.67</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The District does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of June 30, 2013, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank, \$266,973.15 was covered by Federal Depository Insurance and \$2,020,764.78 was covered by NJGUDPA.

**Investments**

The purchase of investments by the Board is strictly limited by the express authority of the N.J.S.A. 18A:20-37 Education, Administration of School Districts. Permitted investments include any of the following type of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:20-37. These funds are also required to be rated by a nationally recognized statistical rating organization.

**Somerset County Vocational and Technical Schools**  
**Notes to the Financial Statements**  
**June 30, 2013**

**NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

**Investments (Continued)**

3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.
4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.
5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Investment of the Department of Treasury for investment by School Districts.
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:20-37. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C. 52:18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities if:
  - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
  - b. the custody of collateral is transferred to a third party;
  - c. the maturity of the agreement is not more than 30 days;
  - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C. 17:19-41); and;
  - e. a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2013, the District had \$16,973.15 in short term certificates of deposit. Based upon the limitations set forth by New Jersey Statutes 40A:5-15.1 and existing investment practices, the District is generally not exposed to credit risks and interest rate risks for its investments, nor is it exposed to foreign currency risk for its deposits and investments.

**Somerset County Vocational and Technical Schools**  
**Notes to the Financial Statements**  
**June 30, 2013**

**NOTE 3: CHANGE IN CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities:				
Land and Improvements	\$887,320.32	\$85,888.21		\$973,208.53
Building and Building				
Improvements	27,663,540.40	1,189,440.92		28,852,981.32
Machinery and Equipment	<u>4,607,324.04</u>	<u>153,523.99</u>	(\$100,559.75)	<u>4,660,288.28</u>
Total Gross Assets				
At Historical Cost	33,158,184.76	1,428,853.12	(100,559.75)	34,486,478.13
Less: Accumulated Depreciation for:				
Land and Improvements	(529,955.22)	(36,543.22)		(566,498.44)
Building and Building				
Improvements	(8,010,992.00)	(689,780.64)		(8,700,772.64)
Machinery and Equipment	<u>(2,979,975.23)</u>	<u>(235,732.21)</u>	101,089.00	<u>(3,114,618.44)</u>
	(11,520,922.45)	(962,056.07)	101,089.00	(12,381,889.52)
Governmental Activities				
Capital Assets, Net	<u>\$21,637,262.31</u>	<u>\$466,797.05</u>	<u>\$529.25</u>	<u>\$22,104,588.61</u>
Business Type Activities:				
Machinery and Equipment	\$87,493.05			\$87,493.05
Less: Accumulated Depreciation	<u>(83,733.19)</u>	<u>(578.17)</u>		<u>(84,311.36)</u>
Business Type Activities Capital				
Assets, Net	<u>\$3,759.86</u>	<u>(\$578.17)</u>		<u>\$3,181.69</u>

Depreciation Expense was charged to governmental expenses as follows:

Instruction:	
Regular	(\$133,110.38)
Vocational	(291,175.69)
Other	(24,259.57)
Support Services:	
Support student services	(117,851.89)
General administrative services	(48,220.09)
School administrative services	(50,599.67)
Central services	(35,047.12)
Administrative technology	(30,231.10)
Plant operations and maintenance	(219,601.03)
Transportation	(5,902.48)
Special schools	<u>(6,057.05)</u>
	<u>(\$962,056.07)</u>

**Somerset County Vocational and Technical Schools**  
**Notes to the Financial Statements**  
**June 30, 2013**

**NOTE 4: LONG-TERM LIABILITIES**

Bonds are issued by the County of Somerset pursuant to the provisions of Title 18A, Education, of the New Jersey Statutes and are required to be approved by the Somerset County Board of School Estimates. Type I School Bonds are issued by the County of Somerset and the proceeds are recorded in the records of the County. All bonds are retired in annual installments within the statutory period of usefulness.

School Bonds issued by the District are entitled to and benefit from the provision of the New Jersey School Board Reserve Act P.L. 1980 c.72. Basically, funds are held by the State of New Jersey within its State Fund for the Support of Free Public Schools as a school bond reserve pledged by law to secure payment of principal and interest due on such bonds in the event of the inability of the issuer to make payments.

At June 30, 2013, the District had no bonded debt or bonds or notes authorized but not issued.

The following is a summary of changes in liabilities that effect other long-term obligations for the year ended June 30, 2013.

	Compensated <u>Absences Payable</u>
Balance, July 1, 2012	\$688,994.22
Net Change	<u>(63,607.03)</u>
Balance, June 30, 2013	<u><u>\$625,387.19</u></u>

**Somerset County Vocational and Technical Schools**  
**Notes to the Financial Statements**  
**June 30, 2013**

**NOTE 5: PENSION PLANS**

**Description of Plans** - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

**Teachers' Pension and Annuity Fund (TPAF)** - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

**Public Employees' Retirement System (PERS)** - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provision of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

**Defined Contribution Retirement Program (DCRP)** - The Defined Contribution Retirement Program (DCRP) was established under the provision of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one year of membership.

**Somerset County Vocational and Technical Schools**  
**Notes to the Financial Statements**  
**June 30, 2013**

**NOTE 5: PENSION PLANS (CONTINUED)**

**Significant Legislation**

Effective June 28, 2011, P.L. 2011, c. 78 enacted certain changes in the operations and benefit provisions of the TPAF and the PERS systems.

**Pension Plan Design Changes**

Effective June 28, 2011, P.L. 2011, c. 78, new members of TPAF and PERS, hired on or after June 28, 2011, will need 30 years of creditable service and have attained the age of 65 for receipt of the early retirement benefit without a reduction of 1/4 of 1% for each month that the member is under age 65. New members will be eligible for a service retirement benefit at age 65.

**Funding Changes**

Under the new legislation, the methodology for calculating the unfunded accrued liability payment portion of the employer's annual pension contribution to the PERS, and TPAF. The unfunded actuarial accrued liability (UAAL) will be amortized for each plan over an open-ended 30 year period and paid in level dollars. Beginning with the July 1, 2019 actuarial valuation (July 1, 2018 for PFRS), the UAAL will be amortized over a closed 30 year period until the remaining period reaches 20, when the amortization period will revert to an open-ended 20 year period.

**COLA Suspension**

The payment of automatic cost-of-living adjustment to current and future retirees and beneficiaries are suspended until reactivated as permitted by this law.

**Vesting and Benefit Provisions** The vesting and benefit provisions of PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after ten years of service, except for post-retirement healthcare benefits that vest after 25 years of service.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

**Somerset County Vocational and Technical Schools**  
**Notes to the Financial Statements**  
**June 30, 2013**

**NOTE 5: PENSION PLANS (CONTINUED)**

**Contribution Requirements** - The contribution policy is set by N.J.S.A. 43:15A and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation.

Effective June 28, 2011, P.L. 2011, c. 78 provides for increases in the employee contribution rates: from 5.5% to 6.5% plus an additional 1% phased-in over 7 years beginning in the first year, meaning after 12 months, after the law's effective date for TPAF and PERS.

Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of TPAF (*i.e.* the State of New Jersey makes the employer contribution on behalf of public school districts).

<u>Year</u> <u>June 30,</u>	<u>Three-Year Trend Information for PERS</u>		<u>Net Pension</u> <u>Obligation</u>
	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of</u> <u>APC Contributed</u>	
2013	\$251,722.00	100.00%	\$251,722.00
2012	392,451.00	100.00%	392,451.00
2011	393,735.00	100.00%	393,735.00

During the fiscal years ended June 30, 2013, 2012 and 2011, the State of New Jersey contributed \$343,468.00, \$201,126.00 and \$-0-, respectively to the TPAF pension system on behalf of the District.

Also, in accordance with N.J.S.A. 18A:66-66, during the years ended June 30, 2013, 2012 and 2011, the State of New Jersey reimbursed the District \$366,007.80, \$415,238.49 and \$391,457.16, respectively for the employer's share of social security contributions for TPAF members, as calculated on their base salaries.

**Somerset County Vocational and Technical Schools**  
**Notes to the Financial Statements**  
**June 30, 2013**

**NOTE 6: GASB 45 – OTHER POST-RETIREMENT BENEFITS**

For eligible retired employees, the School District participates in the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 *et seq.*, to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295.

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 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 state disability retirement. P.L. 2007, Chapter 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2012, there were 97,661 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. 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 Chapter 126, P.L. 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members in Fiscal Year 2012.

**Somerset County Vocational and Technical Schools**  
**Notes to the Financial Statements**  
**June 30, 2013**

**NOTE 6: OTHER POST-RETIREMENT BENEFITS (CONTINUED)**

The State will set the contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the years ended June 30, 2013, 2012 and 2011 were \$621,715, \$534,546 and \$533,388 respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

**NOTE 7: LITIGATION**

The District's attorney's letter advises that there is no litigation, pending litigation, claims, contingent liabilities, unasserted claims or assessments or statutory violations which involve the District and which might materially affect the District's financial position.

**NOTE 8: CONTINGENCIES**

The Board receives financial assistance from the State of New Jersey and the U.S. Government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. The State and Federal grants received and expended in the 2012-2013 fiscal year were subject to the U.S. OMB A-133 and New Jersey OMB Circular 04-04 which mandates that grant revenues and expenditures be audited in conjunction with the Board's annual audit. Findings and questioned costs, if any, relative to federal and state financial assistance programs will be discussed in the Single Audit Section, Schedule of Findings and Questioned Costs. In addition, all grants and cost reimbursements are subject to financial and compliance audits by the grantors. Further, the School Child Nutrition Program is a recipient of federal reimbursements and is subject to certain related federal regulations. These federal reimbursements are subject to subsequent audit and interpretation by the New Jersey Department of Education. The Board management does not believe such an audit would result in material amounts of disallowed costs.

**Somerset County Vocational and Technical Schools**  
**Notes to the Financial Statements**  
**June 30, 2013**

**NOTE 9: RISK MANAGEMENT**

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

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

**NOTE 10: INTERFUND RECEIVABLES AND PAYABLES**

The following interfund balances remained on the balance sheet at June 30, 2013. All balances resulted from the time lag between the dates that short-term loans were disbursed and payments between funds were made.

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$18,926.00	
Special Revenue Fund		\$18,926.00
	\$18,926.00	\$18,926.00

**NOTE 11: DEFERRED COMPENSATION**

The District offers its employees a choice of the deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans 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. Since the District does not have any property or rights to the plan assets and no fiduciary relationship exists between the District and the deferred compensation plan, the plan assets are not included in the District's financial statements as of June 30, 2013.

**NOTE 12: FUND BALANCE APPROPRIATED**

**General Fund** – Of the \$1,728,785.96 General Fund fund balance at June 30, 2013, \$553,895.80 has been assigned for year-end encumbrances; \$501,490.84 is restricted as excess surplus in accordance with N.J.S.A. 18A:7F-7. There also was an additional \$44,563.00 committed fund balance designated for subsequent years' expenditures.

**Somerset County Vocational and Technical Schools**  
**Notes to the Financial Statements**  
**June 30, 2013**

**NOTE 13: CALCULATION OF EXCESS SURPLUS**

In accordance with N.J.S.A.18A:7F-7, as amended by P.L. 2004,c.73 (S1701), the Restricted Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. Based on this calculation, the Somerset County Vocational and Technical School District has \$501,490.84 excess fund balance resulting from the year ended June 30, 2013.

General Fund Expenditures Fiscal Year Ended June 30, 2013	\$13,900,891.45
Less:	
On-behalf TPAF Pension and Social Security Reimbursement	1,097,852.80
Adjusted General Fund Expenditures	12,803,038.65
Excess Surplus Percentage	6.00%
2% of Adjusted 2012-13 General Fund Expenditures	768,182.32
Add: Allowable Adjustments	
Maximum Unassigned Fund Balance	768,182.32
Actual Unassigned Fund Balance	1,269,673.16
Excess Surplus	\$501,490.84

**NOTE 14: INVENTORY**

Inventory in the Food Service Fund at June 30, 2013 consisted of the following:

Food and Supplies	\$4,265.29
-------------------	------------

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Act Amendments of 1996) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements.

**Somerset County Vocational and Technical Schools**  
**Notes to the Financial Statements**  
**June 30, 2013**

**NOTE 15: PRIOR PERIOD ADJUSTMENT**

The following adjustment was reflected in the beginning Net Position balance on the District Wide Statements as follows:

<u>Fund</u>	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Beginning Net Position 06/30/12	\$22,021,693.63	\$98,291.91
Adjustment: Capital Assets	<u>29,190.80</u>	<u>(29,190.80)</u>
Beginning Net Position 06/30/12 (as restated)	<u>\$22,050,884.43</u>	<u>\$69,101.11</u>

During the fiscal year 2013 the District reclassified a capital asset from the Business Type Activities to the Governmental Activities. This resulted in an adjustment of the beginning net position balance in the Governmental Type Activities and Business Type Activities as reflected above.

**REQUIRED SUPPLEMENTARY INFORMATION – Part II**

**BUDGETARY COMPARISON SCHEDULES**

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FISCAL YEARS ENDED JUNE 30, 2013

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
<b>REVENUES</b>					
Local sources:					
County tax levy	\$11,228,340.00		\$11,228,340.00	\$11,228,340.00	
Tuition from LEAs	945,900.00		945,900.00	759,663.18	(\$186,236.82)
Unrestricted miscellaneous	250,000.00		250,000.00	282,722.89	32,722.89
<b>Total revenues-local sources</b>	<b>12,424,240.00</b>		<b>12,424,240.00</b>	<b>12,270,726.07</b>	<b>(153,513.93)</b>
State sources:					
Categorical Special education aid	286,297.00		286,297.00	286,297.00	
Equalization aid	699,454.00		699,454.00	699,454.00	
Categorical Security aid	61,725.00		61,725.00	61,725.00	
Adjustment aid	366,426.00		366,426.00	366,426.00	
On-behalf TPAF pension contributions (non-budgeted)				343,468.00	343,468.00
On-behalf TPAF pension - post retirement medical (non-budgeted)				388,377.00	388,377.00
Reimbursed TPAF social security contributions (non-budgeted)				366,007.80	366,007.80
<b>Total - state sources</b>	<b>1,413,902.00</b>		<b>1,413,902.00</b>	<b>2,511,754.80</b>	<b>1,097,852.80</b>
<b>Total revenues</b>	<b>13,838,142.00</b>		<b>13,838,142.00</b>	<b>14,782,480.87</b>	<b>944,338.87</b>
<b>EXPENDITURES</b>					
Instruction - regular programs:					
Salaries of teachers:					
Grades 9-12	1,198,529.67	96,387.42	1,294,917.09	1,272,332.88	22,584.21
Other Salaries		29,728.90	29,728.90	28,421.80	1,307.10
Regular programs - undistributed instruction:					
Purchased professional - educational services	60,000.00	(25,947.60)	34,052.40	32,176.20	1,876.20
Other purchased services	5,501.00	107.79	5,608.79	5,596.71	12.08
General supplies	52,481.87	78,483.27	130,965.14	65,934.16	65,030.98
Textbooks	10,001.00	342.29	10,343.29	9,681.79	661.50
<b>Total regular programs</b>	<b>1,326,513.54</b>	<b>179,102.07</b>	<b>1,505,615.61</b>	<b>1,414,143.54</b>	<b>91,472.07</b>
Vocational programs - instruction:					
Salaries of teachers	2,729,995.00	(177,023.78)	2,552,971.22	2,457,842.43	95,128.79
Purchased professional - educational services	200,020.00		200,020.00	8,982.00	191,038.00
Other purchased services	21,002.00	7,508.74	28,510.74	28,028.00	482.74
General supplies	284,548.12	143,718.07	428,266.19	318,392.51	109,873.68
Textbooks	9,001.00		9,001.00	9,001.00	
Other objects	7,000.00	3,928.22	10,928.22	5,647.97	5,280.25
<b>Total regular vocational programs-instruction</b>	<b>\$3,251,566.12</b>	<b>(\$21,868.75)</b>	<b>\$3,229,697.37</b>	<b>\$2,827,893.91</b>	<b>\$401,803.46</b>

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FISCAL YEARS ENDED JUNE 30, 2013

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Special vocational programs - instruction:					
Salaries of teachers	\$217,022.00	\$33,794.80	\$250,816.80	\$240,034.56	\$10,782.24
Other purchased services	2,000.00	(1,000.00)	1,000.00	899.49	100.51
General supplies	53,355.06	(38,542.36)	14,812.70	14,807.46	5.24
Textbooks	7,001.00	20,112.02	27,113.02	9,768.89	17,344.13
Total special vocational programs - instruction	<u>279,378.06</u>	<u>14,364.46</u>	<u>293,742.52</u>	<u>265,510.40</u>	<u>28,232.12</u>
Total vocational programs-instruction	<u>3,530,944.18</u>	<u>(\$7,504.29)</u>	<u>3,523,439.89</u>	<u>3,093,404.31</u>	<u>430,035.58</u>
Other instructional programs:					
Basic skills/remedial:					
Salaries of teachers	90,009.00	4,454.75	94,463.75	90,139.00	4,324.75
General supplies	5,553.95		5,553.95	5,534.78	19.17
Total basic skills/remedial	<u>95,562.95</u>	<u>4,454.75</u>	<u>100,017.70</u>	<u>95,673.78</u>	<u>4,343.92</u>
Bilingual education-instruction:					
Salaries of teachers	59,506.00	3,691.19	63,197.19	60,364.44	2,832.75
Total bilingual education-instruction	<u>59,506.00</u>	<u>3,691.19</u>	<u>63,197.19</u>	<u>60,364.44</u>	<u>2,832.75</u>
Home instruction-instruction:					
Salaries of teachers	2,000.00		2,000.00	2,000.00	
Total home instruction-instruction	<u>2,000.00</u>		<u>2,000.00</u>	<u>2,000.00</u>	
School sponsored curricular activities-instruction:					
Salaries	38,004.00	(10,726.98)	27,277.02	27,277.02	
Supplies and materials	13,001.00		13,001.00	12,940.84	60.16
Total school sponsored cocurricular activities-instruction	<u>51,005.00</u>	<u>(10,726.98)</u>	<u>40,278.02</u>	<u>40,217.86</u>	<u>60.16</u>
Other instructional programs:					
School sponsored athletics:					
Salaries	38,004.00	2,380.99	40,384.99	40,384.99	
Purchased services	10,001.00	3,239.75	13,240.75	13,240.75	
Supplies and materials	5,361.00	487.05	5,848.05	5,848.05	
Total school sponsored athletics	<u>53,366.00</u>	<u>6,107.79</u>	<u>59,473.79</u>	<u>59,473.79</u>	
Total other instructional programs	<u>261,439.95</u>	<u>3,526.75</u>	<u>264,966.70</u>	<u>257,729.87</u>	<u>7,236.83</u>
Total-instruction	<u>\$5,118,897.67</u>	<u>\$175,124.53</u>	<u>\$5,294,022.20</u>	<u>\$4,765,277.72</u>	<u>\$528,744.48</u>

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FISCAL YEARS ENDED JUNE 30, 2013

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Health services:					
Salaries	\$148,015.00	\$6,392.16	\$154,407.16	\$148,137.06	\$6,270.10
Purchased professional and technical services	24,251.00	(6,575.00)	17,676.00	17,629.27	46.73
Supplies and materials	6,001.00	5,034.33	11,035.33	5,905.33	5,130.00
Other objects	400.00		400.00	400.00	
Total health services	178,667.00	4,851.49	183,518.49	172,071.66	11,446.83
Other support services - students - regular:					
Salaries of other professional staff	466,161.00	(3,250.66)	462,910.34	452,487.45	10,422.89
Salaries of secretarial and clerical assistants	144,000.00	(39,794.00)	104,206.00	98,067.37	6,138.63
Salaries of secretarial and clerical assistants		22,023.79	22,023.79	22,023.79	
Supplies and materials	1,000.00		1,000.00	1,000.00	
Total other support services - students - regular	611,161.00	(21,020.87)	590,140.13	573,578.61	16,561.52
Other support services - students - special services:					
Salaries of other professional staff	75,008.00	689.00	75,697.00	72,848.24	\$2,848.76
Salaries of secretarial and clerical assistants	93,009.00	3,765.00	96,774.00	93,232.21	3,541.79
Other Purchased Prof. and Tech. Services	5,001.00		5,001.00	4,589.78	411.22
Other Purchased Services (400-500 series)	1,000.00		1,000.00	932.18	67.82
Supplies and materials	2,000.00		2,000.00	2,000.00	
Other Objects	3,500.00	(3,086.70)	413.30	413.30	
Total other support services - students - special services	179,518.00	1,367.30	180,885.30	174,015.71	6,869.59
Improvement of instruction services:					
Salaries of supervisors of instruction	21,273.01		21,273.01	9,283.10	11,989.91
Salaries of Other Professional Staff	75,000.00	(8,153.82)	66,846.18	66,298.50	
Salaries of secr. and clerical assistants	89,000.00	6,557.52	95,557.52	90,282.10	5,275.42
Other purchased services	5,001.00	(174.00)	4,827.00	4,533.77	293.23
Supplies and materials	2,500.00		2,500.00	2,500.00	
Other objects	3,000.00	174.00	3,174.00	3,174.00	
Total improvement of instructional services	195,774.01	(1,596.30)	194,177.71	176,071.47	17,558.56
Educational media/library:					
Salaries	101,060.00	(2,015.98)	99,044.02	23,639.09	75,404.93
Salaries of technology coordinators	85,009.00	2,015.98	87,024.98	83,543.98	3,481.00
Other purchased services	4,000.00		4,000.00	4,000.00	
Supplies and materials	21,002.00	(103.72)	20,898.28	20,725.54	172.74
Other objects	4,000.00	103.72	4,103.72	4,103.72	
Total educational media/library	\$215,071.00	(\$0.00)	\$215,071.00	\$136,012.33	\$79,058.67

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FISCAL YEARS ENDED JUNE 30, 2013

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS AND AMENDMENTS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FINAL TO ACTUAL</u>
Instructional staff training services:					
Other purchased services	\$18,651.00		\$18,651.00	\$18,289.97	\$361.03
Supplies and materials	2,000.00		2,000.00	2,000.00	
<b>Total instructional staff training services</b>	<b>20,651.00</b>		<b>20,651.00</b>	<b>20,289.97</b>	<b>361.03</b>
Support services general administration:					
Salaries	255,026.00	30,916.25	285,942.25	275,009.89	10,932.36
Legal services	75,008.00	3,826.56	78,834.56	78,834.56	
Audit Fees	33,503.00	1,452.00	34,955.00	34,955.00	
Other Professional Services	3,000.00	8,056.43	11,056.43	10,861.73	194.70
Communications/telephone	75,007.00	(8,316.56)	66,690.44	64,809.16	1,881.28
Other Purch. Services (400-500 series)	3,000.00		3,000.00	2,996.28	3.72
General Supplies	11,001.00		11,001.00	8,639.61	2,361.39
In house training/meeting supplies	3,500.00		3,500.00	3,500.00	
Miscellaneous Expenditures	31,004.00	(4,105.74)	26,898.26	25,926.55	971.71
Membership Dues	7,621.00	(682.63)	6,938.37	6,749.75	188.62
<b>Total support services general administration</b>	<b>497,670.00</b>	<b>31,146.31</b>	<b>528,816.31</b>	<b>512,282.53</b>	<b>16,533.78</b>
Support services - school administration:					
Salaries of principals/asst. principals	460,046.00	(62,059.58)	397,986.42	344,494.37	53,492.05
Salaries of secretarial and clerical assistants	160,000.00	11,740.75	171,740.75	165,443.02	6,297.73
Other salaries	21,080.48		21,080.48	627.13	20,453.35
Other purchased services	16,501.00		16,501.00	16,242.95	258.05
Supplies and materials	8,001.00	1,261.98	9,262.98	9,262.98	
Other objects	3,000.00		3,000.00	1,492.42	1,507.58
<b>Total support services - school administration</b>	<b>668,628.48</b>	<b>(49,056.85)</b>	<b>619,571.63</b>	<b>537,562.87</b>	<b>82,008.76</b>
Support services - central services:					
Salaries	342,376.63	(11,250.00)	331,126.63	325,731.12	5,395.51
Purchased Professional Services	28,003.00		28,003.00	27,674.29	328.71
Purchased Technical Services	16,002.00	(6,914.71)	9,087.29	9,087.29	
Supplies and materials	7,001.00	4,778.66	11,779.66	7,267.17	4,512.49
Miscellaneous Expenditures	6,001.00	(3,159.97)	2,841.03	2,575.15	265.88
<b>Total support services - central services</b>	<b>\$399,383.63</b>	<b>(\$16,546.02)</b>	<b>\$382,837.61</b>	<b>\$372,335.02</b>	<b>\$10,502.59</b>

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FISCAL YEARS ENDED JUNE 30, 2013

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Administration information technology:					
Salaries	\$241,000.00	\$13,759.83	\$254,759.83	\$244,994.44	\$9,765.39
Other purchased services	60,253.00		60,253.00	60,174.00	\$79.00
Supplies and materials	16,002.00		16,002.00	16,002.00	
Total administration information technology	317,255.00	13,759.83	331,014.83	321,170.44	9,844.39
Required maintenance for school facilities:					
Salaries	545,010.00	44,433.27	589,443.27	567,420.44	22,022.83
Cleaning, repair and maint. services	467,108.48	194,211.36	661,319.84	444,375.04	216,944.80
General supplies	26,003.00	11,877.91	37,880.91	37,880.91	
Other objects	10,001.00	(2,653.59)	7,347.41	7,347.41	
Total required maintenance for school facilities	1,048,122.48	247,868.95	1,295,991.43	1,057,023.80	238,967.63
Custodial Services:					
Cleaning, repair and maint. services	340,028.00	7,244.77	347,272.77	347,272.77	
Other purchased property services	67,007.00	(8,677.19)	58,329.81	56,800.45	1,529.36
Insurance	207,521.00	(20,855.00)	186,666.00	186,666.00	
Energy (Electricity)	530,000.00	(46,334.75)	483,665.25	483,045.61	619.64
Energy (Natural Gas)	170,017.00	(69,502.01)	100,514.99	100,514.99	
Total custodial services	1,314,573.00	(136,124.18)	1,178,448.82	1,174,299.82	2,149.00
Care and Upkeep of Grounds:					
Cleaning, repair and maint. services	14,501.00		14,501.00	13,550.00	951.00
Total custodial services	14,501.00		14,501.00	13,550.00	951.00
Security:					
Salaries	109,010.00	(18,319.42)	90,690.58	88,132.93	2,557.65
Total security	109,010.00	(18,319.42)	90,690.58	88,132.93	2,557.65
Total Operations and Maintenance of Plant	2,486,206.48	91,425.35	2,577,631.83	2,333,006.55	244,625.28
Student transportation services:					
Salaries for pupil transportation (other than between home and school)	35,004.00	4,951.27	39,955.27	39,256.21	699.06
Cleaning, repair and maint. services	3,000.00		3,000.00	415.82	2,584.18
Contracted services (other than bet. home & school) Vendors	19,002.00	(339.48)	18,662.52	14,149.92	4,512.60
Contracted services (special ed students)-vendors	3,000.00		3,000.00	687.00	2,313.00
Contracted services (regular students)-vendors	29,602.00		29,602.00	6,198.10	23,403.90
Miscellaneous purchased services - Transportation	12,501.00		12,501.00		12,501.00
General Supplies	2,000.00		2,000.00	2,000.00	
Other Objects	3,000.00		3,000.00		3,000.00
Total student transportation services	\$107,109.00	\$4,611.79	\$111,720.79	\$62,707.05	\$49,013.74

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FISCAL YEARS ENDED JUNE 30, 2013

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Unallocated benefits-employee benefits					
Social security	\$166,811.00	\$68,574.91	\$235,385.91	\$235,385.91	
Other retirement contributions-regular	470,047.00	(158,117.14)	311,929.86	258,897.92	\$53,031.94
Unemployment compensation	61,506.00		61,506.00	26,600.35	34,905.65
Worker's compensation	178,018.00		178,018.00	178,018.00	
Health benefits	1,902,000.00	(153,440.85)	1,748,559.15	1,641,115.80	107,443.35
Tuition reimbursement	30,003.00		30,003.00	15,442.25	14,560.75
Other employee benefits	48,401.00	(34,382.13)	14,018.87	14,018.87	
Total unallocated benefits-employee benefits	<u>2,856,786.00</u>	<u>(277,365.21)</u>	<u>2,579,420.79</u>	<u>2,369,479.10</u>	<u>209,941.69</u>
On-behalf TPAF pension contributions (non-budgeted)				343,468.00	(343,468.00)
On-behalf TPAF pension - post retirement medical (non-budgeted)				388,377.00	(388,377.00)
Reimbursed TPAF social security contributions (non-budgeted)				366,007.80	(366,007.80)
				<u>1,097,852.80</u>	<u>(1,097,852.80)</u>
Total undistributed expenses	<u>8,733,880.60</u>	<u>(218,423.18)</u>	<u>8,515,457.42</u>	<u>8,858,436.11</u>	<u>(343,526.37)</u>
TOTAL EXPENDITURES - CURRENT EXPENSE	<u>13,852,778.27</u>	<u>(43,298.65)</u>	<u>13,809,479.62</u>	<u>13,623,713.83</u>	<u>185,218.11</u>
CAPITAL OUTLAY:					
Equipment:					
Vocational programs - regular	5,745.92	43,298.65	49,044.57	49,044.57	
Total equipment	<u>5,745.92</u>	<u>43,298.65</u>	<u>49,044.57</u>	<u>49,044.57</u>	
Facilities acquisition and construction services:					
Construction services	164,048.52		164,048.52	143,395.87	20,652.65
Other objects	20,388.00		20,388.00	20,388.00	
Total facilities acquisition and construction services	<u>184,436.52</u>		<u>184,436.52</u>	<u>163,783.87</u>	<u>20,652.65</u>
TOTAL CAPITAL OUTLAY	<u>\$190,182.44</u>	<u>\$43,298.65</u>	<u>\$233,481.09</u>	<u>\$212,828.44</u>	<u>\$20,652.65</u>

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FISCAL YEARS ENDED JUNE 30, 2013

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS AND AMENDMENTS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FINAL TO ACTUAL</u>
Special Schools:					
Summer school-instruction:					
Salaries of teachers	\$62,006.00		\$62,006.00	\$62,006.00	
General supplies	5,001.00		5,001.00	2,343.18	\$2,657.82
Total summer school-instruction	<u>67,007.00</u>		<u>67,007.00</u>	<u>64,349.18</u>	<u>2,657.82</u>
Total special schools - summer	<u>67,007.00</u>		<u>67,007.00</u>	<u>64,349.18</u>	<u>2,657.82</u>
<b>TOTAL EXPENDITURES</b>	<u>14,109,967.71</u>	<u>(\$0.00)</u>	<u>14,109,967.71</u>	<u>13,900,891.45</u>	<u>208,528.58</u>
Excess (deficiency) of revenues over (under) expenditures	(271,825.71)	0.00	(271,825.71)	881,589.42	1,152,867.45
Fund balances, July 1	<u>986,542.54</u>		<u>986,542.54</u>	<u>986,542.54</u>	
Fund balances, June 30	<u>\$714,716.83</u>	<u>\$0.00</u>	<u>\$714,716.83</u>	<u>\$1,868,131.96</u>	<u>\$1,152,867.45</u>
Recapitulation					
Committed - Designated for subsequent year's expenditures				\$44,563.00	
Restricted - excess surplus - current year				501,490.84	
Assigned - year end encumbrances				553,895.80	
Unassigned fund balance				<u>768,182.32</u>	
				\$1,868,131.96	
Reconciliation to governmental fund statements (GAAP):					
Last state aid payment not recognized on GAAP basis				<u>(139,346.00)</u>	
Fund balance per governmental funds GAAP				<u>\$1,728,785.96</u>	

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR FISCAL YEARS ENDED JUNE 30, 2013

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS/ AMENDMENTS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FINAL TO ACTUAL</u>
REVENUES:					
State sources	\$436,907.00	(\$85,630.00)	\$351,277.00	\$351,277.00	
Federal sources	348,139.00	306,897.00	655,036.00	655,036.00	
Other sources	114,000.00	6,975.00	120,975.00	120,975.00	
Total revenues	<u>\$899,046.00</u>	<u>\$228,242.00</u>	<u>\$1,127,288.00</u>	<u>\$1,127,288.00</u>	
EXPENDITURES:					
Instruction:					
Salaries of teachers	\$50,000.00	\$4,252.00	\$54,252.00	\$54,252.00	
General supplies	123,139.00	3,782.26	126,921.26	126,921.26	
Other objects	35,000.00	(2,227.41)	32,772.59	32,772.59	
Total instruction	<u>208,139.00</u>	<u>5,806.85</u>	<u>213,945.85</u>	<u>213,945.85</u>	
Support services:					
Salaries - other professional staff	202,000.00	3,060.00	205,060.00	205,060.00	
Salaries - program directors	8,000.00	74.00	8,074.00	8,074.00	
Other salaries	40,000.00	105,463.58	145,463.58	145,463.58	
Other purchased professional services	71,907.00	85,891.00	157,798.00	157,798.00	
Personal services - employee benefits	40,000.00	36,559.60	76,559.60	76,559.60	
Other purchased services	9,000.00	34,308.83	43,308.83	43,308.83	
Travel	10,000.00	(8,000.00)	2,000.00	2,000.00	
Transportation	5,000.00	1,650.00	6,650.00	6,650.00	
Supplies and materials	55,000.00	1,893.14	56,893.14	56,893.14	
Total support services	<u>479,372.00</u>	<u>222,435.15</u>	<u>701,807.15</u>	<u>701,807.15</u>	
Facilities acquisition & construction services:					
Instructional equipment	<u>211,535.00</u>		<u>211,535.00</u>	<u>211,535.00</u>	
Total expenditures	<u>\$899,046.00</u>	<u>\$228,242.00</u>	<u>\$1,127,288.00</u>	<u>\$1,127,288.00</u>	

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS  
BUDGETARY COMPARISON SCHEDULE  
BUDGET TO GAAP RECONCILIATION  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenues and sources"	\$14,782,480.87	\$1,127,288.00
Difference - budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and related revenue is recognized.		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	137,635.00	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(139,346.00)</u>	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$14,780,769.87</u>	<u>\$1,127,288.00</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total expenditures"	<u>\$13,900,891.45</u>	<u>\$1,127,288.00</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$13,900,891.45</u>	<u>\$1,127,288.00</u>

**OTHER SUPPLEMENTARY INFORMATION**

## **SPECIAL REVENUE FUND DETAIL STATEMENTS**

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>TITLE I</u>	<u>TITLE II PART A</u>	<u>IDEA PART B BASIC</u>	<u>WORKFORCE INVESTMENT ACT</u>	<u>CARL PERKINS SECONDARY</u>	<u>JUVENILE JUSTICE</u>
<b>REVENUES:</b>						
State sources						
Federal sources	\$48,981.00	\$10,380.00	\$110,489.00	\$189,262.00	\$275,524.00	\$20,400.00
Other sources						
<b>Total revenues</b>	<u>\$48,981.00</u>	<u>\$10,380.00</u>	<u>\$110,489.00</u>	<u>\$189,262.00</u>	<u>\$275,524.00</u>	<u>\$20,400.00</u>
<b>EXPENDITURES:</b>						
<b>Instruction:</b>						
Salaries of teachers	10,000.00					10,108.00
Other purchased services						
General supplies	18,923.00		14,534.00		63,989.00	2,926.18
Other objects			8,631.00			2,895.00
<b>Total instruction</b>	<u>28,923.00</u>		<u>23,165.00</u>		<u>63,989.00</u>	<u>15,929.18</u>
<b>Support services:</b>						
Salaries - other professional staff			72,770.00			
Salaries - program directors						
Other salaries				\$128,150.00		845.50
Other purchased professional services						
Personal services - employee benefits	765.00		14,554.00	9,699.03		914.57
Other purchased services	8,000.00	5,000.00		18,808.83		
Travel						
Transportation						2,400.00
Supplies and materials	11,293.00	5,380.00		32,604.14		310.75
<b>Total support services</b>	<u>20,058.00</u>	<u>10,380.00</u>	<u>87,324.00</u>	<u>189,262.00</u>		<u>4,470.82</u>
<b>Facilities acquisition &amp; construction services:</b>						
Instructional equipment					211,535.00	
					211,535.00	
<b>Total expenditures</b>	<u>\$48,981.00</u>	<u>\$10,380.00</u>	<u>\$110,489.00</u>	<u>\$189,262.00</u>	<u>\$275,524.00</u>	<u>\$20,400.00</u>

(Continued on next page)

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	SCHOOL BASED LINKAGES	HUMAN SERVICES	UNITED WAY	OTHER- LOCAL	COMPARATIVE TOTALS (MEMORANDUM ONLY)	
					TOTAL 2013	TOTAL 2012
<b>REVENUES:</b>						
State sources	\$351,277.00				\$351,277.00	\$382,819.61
Federal sources					655,036.00	471,033.00
Other sources		\$104,000.00	\$9,975.00	\$7,000.00	120,975.00	146,500.00
<b>Total revenues</b>	<b>\$351,277.00</b>	<b>\$104,000.00</b>	<b>\$9,975.00</b>	<b>\$7,000.00</b>	<b>\$1,127,288.00</b>	<b>\$1,000,352.61</b>
<b>EXPENDITURES:</b>						
<b>Instruction:</b>						
Salaries of teachers		28,004.00	6,140.00		54,252.00	82,984.00
Other purchased services						4,275.00
General supplies	1,650.00	19,431.42	2,005.00	3,462.66	126,921.26	162,015.68
Other objects		20,459.83		786.76	32,772.59	20,944.30
<b>Total instruction</b>	<b>1,650.00</b>	<b>67,895.25</b>	<b>8,145.00</b>	<b>4,249.42</b>	<b>213,945.85</b>	<b>270,218.98</b>
<b>Support services:</b>						
Salaries - other professional staff	132,290.00				205,060.00	201,299.00
Salaries - program directors		8,074.00			8,074.00	8,074.00
Other salaries		13,037.50	680.00	2,750.58	145,463.58	34,978.50
Other purchased professional services	157,798.00				157,798.00	158,283.00
Personal services - employee benefits	45,527.00	4,554.00	546.00		76,559.60	72,295.13
Other purchased services	5,500.00	6,000.00			43,308.83	18,450.00
Travel	2,000.00				2,000.00	2,000.00
Transportation		4,250.00			6,650.00	6,650.00
Supplies and materials	6,512.00	189.25	604.00		56,893.14	30,374.00
<b>Total support services</b>	<b>349,627.00</b>	<b>36,104.75</b>	<b>1,830.00</b>	<b>2,750.58</b>	<b>701,807.15</b>	<b>532,403.63</b>
<b>Facilities acquisition &amp; construction services:</b>						
Instructional equipment					211,535.00	197,730.00
					211,535.00	197,730.00
<b>Total expenditures</b>	<b>\$351,277.00</b>	<b>\$104,000.00</b>	<b>\$9,975.00</b>	<b>\$7,000.00</b>	<b>\$1,127,288.00</b>	<b>\$1,000,352.61</b>

## **CAPITAL PROJECTS FUND DETAIL STATEMENTS**

The capital projects fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS  
CAPITAL PROJECTS FUND  
SUMMARY STATEMENT OF PROJECT EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

<u>ISSUE / PROJECT TITLE</u>	<u>ORIGINAL DATE</u>	<u>NET APPROPRIATION</u>	<u>EXPENDITURES TO DATE</u>		<u>UNEXPENDED BALANCE JUNE 30, 2013</u>
			<u>PRIOR YEARS</u>	<u>CURRENT YEAR</u>	
Various Projects - fy 2011	various	\$1,000,000.00	\$857,432.21	\$110,714.28	\$31,853.51
Various Projects - fy 2012	various	<u>1,155,000.00</u>	<u>                    </u>	<u>803,022.39</u>	<u>351,977.61</u>
		<u>\$2,155,000.00</u>	<u>\$857,432.21</u>	<u>\$913,736.67</u>	<u>\$383,831.12</u>

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE-BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

REVENUES AND OTHER FINANCING SOURCES:	
County of Somerset	<u>\$1,155,000.00</u>
Total revenues and other financing sources	<u>1,155,000.00</u>
EXPENDITURES AND OTHER FINANCING USES:	
Purchased professional and technical services	34,931.80
Construction services	<u>878,804.87</u>
Total expenditures and other financing uses	<u>913,736.67</u>
Excess (deficiency) of revenues over (under) expenditures	241,263.33
Fund balance - July 1	<u>142,567.79</u>
Fund balance - June 30	<u><u>\$383,831.12</u></u>
	Expenditures - budgetary basis \$913,736.67
	Add: prior year encumbrances 111,141.01
	<u>1,024,877.68</u>
	Less: current year encumbrances _____
	<u>Expenditures - GAAP basis (B-2) \$1,024,877.68</u>

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS  
BUDGETARY BASIS - VARIOUS FY 2012  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
REVENUES AND OTHER FINANCING SOURCES:				
County of Somerset	_____	\$1,155,000.00	\$1,155,000.00	\$1,155,000.00
Total revenues and other financing sources	_____	1,155,000.00	1,155,000.00	1,155,000.00
EXPENDITURES AND OTHER FINANCING USES:				
Purchased professional and technical services	_____	27,243.19	27,243.19	155,000.00
Construction services	_____	775,779.20	775,779.20	1,000,000.00
Total expenditures and other financing uses	_____	803,022.39	803,022.39	1,155,000.00
Excess (deficiency) of revenues over (under) expenditures	- 0 -	\$351,977.61	\$351,977.61	
ADDITIONAL PROJECT INFORMATION:				
Project number		Various		
Grant date		Various		
Bond authorization date		N/A		
Bonds authorized		N/A		
Bonds issued		N/A		
Original authorized cost		\$1,155,000.00		
Additional authorized cost				
Revised authorized cost		\$1,155,000.00		
Percentage increase over original authorized cost				N/A
Percentage completion		100.00%		
Original target completion date		Various		
Revised target completion date		Various		

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS  
BUDGETARY BASIS - VARIOUS FY 2011  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
<b>REVENUES AND OTHER FINANCING SOURCES:</b>				
County of Somerset	\$1,000,000.00		\$1,000,000.00	\$1,000,000.00
Total revenues and other financing sources	1,000,000.00		1,000,000.00	1,000,000.00
<b>EXPENDITURES AND OTHER FINANCING USES:</b>				
Purchased professional and technical services	90,314.67	\$7,688.61	98,003.28	100,000.00
Technology infrastructure	90,538.00		90,538.00	100,000.00
Construction services	676,579.54	103,025.67	779,605.21	800,000.00
Total expenditures and other financing uses	857,432.21	110,714.28	968,146.49	1,000,000.00
Excess (deficiency) of revenues over (under) expenditures	<u>\$142,567.79</u>	<u>(\$110,714.28)</u>	<u>\$31,853.51</u>	
<b>ADDITIONAL PROJECT INFORMATION:</b>				
Project number		Various		
Grant date		Various		
Bond authorization date		N/A		
Bonds authorized		N/A		
Bonds issued		N/A		
Original authorized cost	\$1,000,000.00			
Additional authorized cost				
Revised authorized cost	\$1,000,000.00			
Percentage increase over original authorized cost				
Percentage completion		N/A		
Original target completion date		Various		
Revised target completion date		Various		

## PROPRIETARY FUND DETAIL STATEMENTS

Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the district's board is that the costs of providing goods or services be financed through user charges.

**Food Services Fund:**

This fund provides for the operation of food services in all schools within the school district.

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS  
PROPRIETARY FUND  
COMBINING STATEMENT OF NET POSITION  
AS OF JUNE 30, 2013

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND</u>	<u>TOTAL</u>
ASSETS:	<u>FOOD SERVICE FUND</u>	<u></u>
Current assets:		
Cash and cash equivalents	\$17,429.43	\$17,429.43
Accounts receivable:		
State	73.69	73.69
Federal	4,638.61	4,638.61
Inventories	4,265.29	4,265.29
	<u>26,407.02</u>	<u>26,407.02</u>
Total current assets		
Noncurrent assets		
Furniture, machinery & equipment	87,493.05	87,493.05
Less: Accumulated depreciation	(84,311.36)	(84,311.36)
	<u>3,181.69</u>	<u>3,181.69</u>
Total noncurrent assets		
TOTAL ASSETS	<u>29,588.71</u>	<u>29,588.71</u>
LIABILITIES:		
Current liabilities:		
Interfunds Payable		
Deferred revenue	2,935.79	2,935.79
Accounts payable		
	<u>2,935.79</u>	<u>2,935.79</u>
Total current liabilities		
NET POSITION:		
Net investment in capital assets	3,181.69	3,181.69
Unrestricted	23,471.23	23,471.23
	<u>26,652.92</u>	<u>26,652.92</u>
TOTAL NET POSITION	<u>\$26,652.92</u>	<u>\$26,652.92</u>

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS  
PROPRIETARY FUND  
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND FOOD SERVICE	TOTAL
OPERATING REVENUES:		
Local sources:		
Daily sales-reimbursable programs	\$19,901.35	\$19,901.35
Daily sales non-reimbursable programs	43,863.45	43,863.45
Total operating revenue	63,764.80	63,764.80
OPERATING EXPENSES:		
Salaries	54,551.46	54,551.46
Employee benefits and taxes	12,396.40	12,396.40
Purchased services/ Management fee	11,610.00	11,610.00
Supplies and Other	59,112.72	59,112.72
Depreciation	578.17	578.17
Cost of sales	46,559.67	46,559.67
Total operating expenses	184,808.42	184,808.42
Operating (loss)	(121,043.62)	(121,043.62)
Nonoperating revenues:		
State sources:		
State school lunch program	1,199.39	1,199.39
Federal sources:		
National school lunch program	43,733.03	43,733.03
National school breakfast program	24,102.72	24,102.72
National food distribution commodities	9,504.80	9,504.80
Interest earned	55.49	55.49
Total nonoperating revenues	78,595.43	78,595.43
Net income (loss)	(42,448.19)	(42,448.19)
Net position - July 1	69,101.11	69,101.11
Net position - June 30	\$26,652.92	\$26,652.92

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS  
PROPRIETARY FUND  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND</u>		
	<u>FOOD SERVICE</u>	<u>ETTC</u>	<u>TOTAL</u>
Cash flows from operating activities:			
Receipts from customers	\$63,764.80		\$63,764.80
Payments to employees	(54,551.46)		(54,551.46)
Payments for employee benefits/ other	(12,396.40)		(12,396.40)
Payments to suppliers	(122,280.92)	(78,813.49)	(201,094.41)
Net cash provided (used) by operating activities	(125,463.98)	(78,813.49)	(204,277.47)
Cash flows from noncapital financing activities:			
State sources	1,174.31		1,174.31
Federal sources	75,566.14		75,566.14
Net cash provided (used) by noncapital financing activities	76,740.45		76,740.45
Cash flows from investing activities:			
Interest Earned	55.49		55.49
Net cash provided (used) by investing activities	55.49		55.49
Net increase(decrease) in cash and cash equivalents	(48,668.04)	(78,813.49)	(127,481.53)
Cash and cash equivalents, July 1	66,097.47	78,813.49	144,910.96
Cash and cash equivalents, June 30	<u>\$17,429.43</u>		<u>\$17,429.43</u>
Operating income(loss)	(\$121,043.62)		(\$121,043.62)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:			
Depreciation and net amortization	578.17		578.17
Disposal of capital assets			
Change in assets and liabilities:			
(Increase) Decrease in inventory	(1,595.29)		(1,595.29)
Increase (Decrease) in deferred revenue	1,322.87		1,322.87
Increase (Decrease) in accounts payable	(4,726.11)		(4,726.11)
Net cash provided (used) by operating activities	<u>(\$125,463.98)</u>		<u>(\$125,463.98)</u>

## FIDUCIARY FUND DETAIL STATEMENTS

Fiduciary funds are used to account for assets when a school district is functioning either as a trustee or as an agent for another party.

- Scholarship Trust Fund:** This trust fund is used to account for assets held by the district for grants to students where there are no restrictions regarding the use of principal and interest.
- Student Activity Fund:** This agency fund is used to account for student funds held at the schools.
- Payroll Agency Fund:** This agency fund is used to account for the payroll transactions of the school district.

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS  
 FIDUCIARY FUND  
 COMBINING STATEMENT OF FIDUCIARY NET POSITION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	PRIVATE PURPOSE SCHOLARSHIP FUNDS	AGENCY		COMPARATIVE TOTALS	
		STUDENT ACTIVITIES	PAYROLL	JUNE 30	
				2013	2012
<b>ASSETS:</b>					
Cash and cash equivalents	\$18,141.09	\$27,674.63	\$2,941.50	\$48,757.22	\$135,516.33
Intrafunds receivable		93.15		93.15	93.15
<b>Total assets</b>	<b>18,141.09</b>	<b>27,767.78</b>	<b>2,941.50</b>	<b>48,850.37</b>	<b>135,609.48</b>
<b>LIABILITIES:</b>					
Liabilities:					
Payroll deductions & withholdings			2,941.50	2,941.50	88,702.28
Intrafunds payable	93.15			93.15	93.15
Due to student groups		27,767.78		27,767.78	29,071.71
<b>Total liabilities</b>	<b>93.15</b>	<b>27,767.78</b>	<b>2,941.50</b>	<b>30,802.43</b>	<b>117,867.14</b>
<b>NET POSITION:</b>					
Reserve for Scholarships	18,047.94			18,047.94	17,742.34
<b>Total net position</b>	<b>\$18,047.94</b>	<b>\$-0-</b>	<b>\$-0-</b>	<b>\$18,047.94</b>	<b>\$17,742.34</b>

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS  
FIDUCIARY FUND  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	PRIVATE PURPOSE SCHOLARSHIP FUNDS	TOTAL
	<u>                    </u>	<u>                    </u>
ADDITIONS:		
Interest earned	\$305.60	\$305.60
	<u>                    </u>	<u>                    </u>
Total additions	305.60	305.60
	<u>                    </u>	<u>                    </u>
Change in net position	305.60	305.60
	<u>                    </u>	<u>                    </u>
Net position - July 1	17,835.49	17,835.49
	<u>                    </u>	<u>                    </u>
Net position - June 30	\$18,141.09	\$18,141.09
	<u>                    </u>	<u>                    </u>

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS  
FIDUCIARY FUND  
STUDENT ACTIVITY FUND SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>BALANCE</u> <u>JULY 1, 2012</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2013</u>
<b>ASSETS:</b>				
Cash and cash equivalents	\$28,978.56	\$142,455.71	\$143,759.64	\$27,674.63
Intrafund Receivable	93.15			93.15
Total assets	<u>\$29,071.71</u>	<u>\$142,455.71</u>	<u>\$143,759.64</u>	<u>\$27,767.78</u>
<b>LIABILITIES:</b>				
Due student groups:				
High School	<u>\$29,071.71</u>	<u>\$142,455.71</u>	<u>\$143,759.64</u>	<u>\$27,767.78</u>
Total liabilities	<u>\$29,071.71</u>	<u>\$142,455.71</u>	<u>\$143,759.64</u>	<u>\$27,767.78</u>

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS  
FIDUCIARY FUND  
PAYROLL AGENCY FUND SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>BALANCE</u> <u>JULY 1, 2012</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2013</u>
ASSETS:				
Cash and cash equivalents	<u>\$88,702.28</u>	<u>\$3,711,982.26</u>	<u>\$3,797,743.04</u>	<u>\$2,941.50</u>
Total assets	<u>88,702.28</u>	<u>3,711,982.26</u>	<u>3,797,743.04</u>	<u>2,941.50</u>
LIABILITIES:				
Deductions payable	<u>88,702.28</u>	<u>3,711,982.26</u>	<u>3,797,743.04</u>	<u>2,941.50</u>
Total liabilities	<u>\$88,702.28</u>	<u>\$3,711,982.26</u>	<u>\$3,797,743.04</u>	<u>\$2,941.50</u>

**STATISTICAL SECTION**  
**(UNAUDITED)**

**THIS PAGE INTENTIONALLY LEFT BLANK**

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS  
STATISTICAL SECTION

Contents

Page

Financial Trends:

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

J-1 to J-4

Revenue Capacity:

These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.

J-5 to J-9

Debt Capacity:

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

J-10 to J-13

Demographic and Economic Information:

These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.

J-14 to J-15

Operating Information:

These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.

J-16 to J-20

Sources

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The district implemented GASB Statement 34 in the fiscal year ending June 30, 2003; schedules presenting district-wide information include information beginning in that year.

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS  
NET POSITION BY COMPONENT  
UNAUDITED

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Governmental activities</b>										
Net investment in capital assets	\$22,104,588.61	\$21,637,262.31	\$19,488,368.66	\$19,483,918.19	\$19,076,442.93	\$18,336,476.67	\$16,572,880.78	\$14,765,277.99	\$8,280,051.52	\$6,920,728.69
Restricted	383,831.12	325,808.80	1,865,938.37	1,116,579.20	2,545,425.60	2,423,686.44	2,822,605.66	2,853,650.81	8,738,976.00	755,236.88
Unrestricted (Deficit)	557,344.93	87,813.32	(506,214.47)	(1,075,990.83)	(771,110.75)	(89,952.33)	63,911.67	195,709.18	(192,072.95)	(660,398.97)
Total governmental activities net position	<u>\$23,045,764.66</u>	<u>\$22,050,884.43</u>	<u>\$20,848,092.56</u>	<u>\$19,524,506.56</u>	<u>\$20,850,757.78</u>	<u>\$20,670,210.78</u>	<u>\$19,459,398.11</u>	<u>\$17,814,637.98</u>	<u>\$16,826,954.57</u>	<u>\$7,015,566.60</u>
<b>Business-type activities</b>										
Net Investment in capital assets	\$3,181.69	\$3,759.86	\$38,210.39	\$4,916.26	\$5,709.44	\$6,717.64	\$7,803.00	\$10,309.60	\$7,961.26	\$9,689.23
Unrestricted	23,471.23	65,341.25	131,520.87	158,885.78	140,293.28	116,519.20	83,765.52	54,805.17	40,979.73	6,149.01
Total business-type activities net position	<u>\$26,652.92</u>	<u>\$69,101.11</u>	<u>\$169,731.26</u>	<u>\$163,802.04</u>	<u>\$146,002.72</u>	<u>\$123,236.84</u>	<u>\$91,568.52</u>	<u>\$65,114.77</u>	<u>\$48,940.99</u>	<u>\$15,838.24</u>
<b>District-wide</b>										
Net Investment in capital assets	\$22,107,770.30	\$21,641,022.17	\$19,526,579.05	\$19,488,834.45	\$19,082,152.37	\$18,343,194.31	\$16,580,683.78	\$14,775,587.59	\$8,288,012.78	\$6,930,417.92
Restricted	383,831.12	325,808.80	1,865,938.37	1,116,579.20	2,545,425.60	2,423,686.44	2,822,605.66	2,853,650.81	8,738,976.00	755,236.88
Unrestricted	580,816.16	153,154.57	(374,693.60)	(917,105.05)	(630,817.47)	26,566.87	147,677.19	250,514.35	(151,093.22)	(654,249.96)
Total district net position	<u>\$23,072,417.58</u>	<u>\$22,119,985.54</u>	<u>\$21,017,823.82</u>	<u>\$19,688,308.60</u>	<u>\$20,996,760.50</u>	<u>\$20,793,447.62</u>	<u>\$19,550,966.63</u>	<u>\$17,879,752.75</u>	<u>\$16,875,895.56</u>	<u>\$7,031,404.84</u>

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS  
CHANGES IN NET POSITION  
UNAUDITED

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>EXPENSES</b>										
Governmental activities										
Instruction:										
Regular	\$2,274,781.21	\$1,949,260.96	\$1,948,446.51	\$2,553,196.86	\$2,171,175.48	\$2,462,337.98	\$2,196,860.37	\$2,918,096.38	\$2,811,545.77	\$2,171,610.69
Special	398,386.99	20,467.23	137,006.05	422,645.19	284,431.50	278,083.95	239,102.83	393,826.82	317,284.36	252,671.02
Vocational	4,357,516.69	4,536,779.14	4,348,251.57	4,410,532.10	4,674,436.22	4,201,683.51	4,048,660.93	2,542,541.97	2,397,629.07	2,831,720.92
Other	387,193.54	385,516.31	317,435.55	208,013.70	220,879.24	191,942.77	146,206.73	145,418.95	111,872.86	82,658.97
Support Services:										
Student & instruction related services	2,639,145.22	2,828,140.00	2,898,343.10	2,664,030.16	2,616,168.51	2,523,126.02	2,430,589.86	2,100,710.14	2,133,138.85	1,925,898.69
General administrative services	686,678.79	720,818.72	711,481.75	893,169.30	843,963.36	829,334.49	857,645.96	816,148.50	588,706.46	1,215,073.66
School administrative services	829,071.02	825,251.50	861,699.08	688,598.27	651,553.12	650,549.29	654,982.73	577,604.66	806,782.47	592,476.23
Central services	563,029.85	624,344.73	678,542.61	634,419.14	631,142.55	621,297.78	565,565.97	507,333.92	446,534.36	
Administration information technology	468,469.95	344,863.75	290,866.19	157,364.32	131,737.84	156,578.18	150,380.51	141,255.20	120,313.15	
Plant operations and maintenance	2,756,400.20	3,186,190.29	2,945,625.09	2,117,137.08	2,203,715.44	2,040,309.18	1,960,696.83	1,860,218.26	1,510,429.92	1,423,017.67
Student transportation services	81,026.45	129,910.75	137,036.93	126,403.88	121,532.58	149,806.44	134,360.02	108,139.19	96,453.03	60,225.51
Special schools	80,953.14	53,745.64	(18,116.81)	4,415,276.70	4,612,795.23	4,796,088.99	4,607,642.84	4,301,239.50	4,252,570.32	4,301,642.57
Total governmental activities expenses	<u>15,522,653.05</u>	<u>15,605,289.02</u>	<u>15,256,617.52</u>	<u>19,290,766.70</u>	<u>19,163,531.07</u>	<u>18,901,138.58</u>	<u>17,992,695.58</u>	<u>16,412,533.49</u>	<u>15,593,260.62</u>	<u>14,856,995.93</u>
Business-type activities:										
Electronic Technology Training Center					50,000.00	50,000.00	50,000.00	50,000.00	100,000.00	121,123.46
Food Service	184,808.42	132,392.43	142,773.88	142,429.68	145,660.75	133,454.27	121,898.49	127,131.09	139,599.29	134,833.97
Total business-type activities expense	<u>184,808.42</u>	<u>132,392.43</u>	<u>142,773.88</u>	<u>142,429.68</u>	<u>195,660.75</u>	<u>183,454.27</u>	<u>171,898.49</u>	<u>177,131.09</u>	<u>239,599.29</u>	<u>255,957.43</u>
Total district expenses	<u>\$15,707,461.47</u>	<u>\$15,737,681.45</u>	<u>\$15,399,391.40</u>	<u>\$19,433,216.38</u>	<u>\$19,359,191.82</u>	<u>\$19,084,592.85</u>	<u>\$18,164,594.07</u>	<u>\$16,589,664.58</u>	<u>\$15,832,859.91</u>	<u>\$15,112,953.36</u>
<b>PROGRAM REVENUES</b>										
Governmental activities:										
Charges for Services	\$790,791.09	\$605,322.31	\$905,974.28	\$2,232,079.20	\$2,059,036.65	\$1,775,084.54	\$1,737,630.53	\$1,795,984.92		\$1,330,072.77
Operating grants and contributions	2,013,605.80	1,842,551.10	1,759,468.42	2,101,073.25	2,009,244.37	3,755,815.35	3,826,235.53	2,653,543.74	\$2,417,358.99	2,725,611.13
Total governmental activities program revenues	<u>2,804,396.89</u>	<u>2,447,873.41</u>	<u>2,665,442.70</u>	<u>4,333,152.45</u>	<u>4,068,281.02</u>	<u>5,530,899.89</u>	<u>5,563,866.06</u>	<u>4,449,528.66</u>	<u>2,417,358.99</u>	<u>4,055,683.90</u>
Business-type activities:										
Charges for services										
Electronic Technology Training Center				1,524.00	10,563.00	5,482.00	14,381.37	16,693.00	30,027.61	28,156.80
Food Service	63,764.80	70,793.50	86,390.45	99,061.08	102,497.70	119,331.85	100,455.43	100,196.18	122,868.15	114,071.69
Operating grants and contributions	78,539.94	68,783.05	62,018.61	59,366.21	55,143.03	40,090.65	33,339.76	21,252.18	19,655.70	22,887.27
Total business type activities program revenues	<u>142,304.74</u>	<u>139,576.55</u>	<u>148,409.06</u>	<u>159,951.29</u>	<u>168,203.73</u>	<u>164,904.50</u>	<u>148,176.56</u>	<u>138,141.36</u>	<u>172,551.46</u>	<u>165,115.76</u>
Total district program revenues	<u>\$2,946,701.63</u>	<u>\$2,587,449.96</u>	<u>\$2,813,851.76</u>	<u>\$4,493,103.74</u>	<u>\$4,236,484.75</u>	<u>\$5,695,804.39</u>	<u>\$5,712,042.62</u>	<u>\$4,587,670.02</u>	<u>\$2,589,910.45</u>	<u>\$4,220,799.66</u>
<b>NET (EXPENSE)/REVENUE</b>										
Governmental activities	(\$1,718,256.16)	(\$1,157,415.61)	(\$1,591,174.82)	(\$1,957,634.25)	(\$1,595,250.05)	(\$13,370,238.69)	(\$12,428,829.52)	(\$11,963,004.83)	(\$13,175,901.63)	(\$10,801,312.03)
Business-type activities	(42,503.68)	7,184.12	5,635.18	17,521.61	(27,457.02)	(18,549.77)	(23,721.93)	(38,989.73)	(67,047.83)	(90,841.67)
Total district-wide net expense	<u>(\$1,760,759.84)</u>	<u>(\$13,150,231.49)</u>	<u>(\$12,585,539.64)</u>	<u>(\$14,940,112.64)</u>	<u>(\$15,122,707.07)</u>	<u>(\$13,388,788.46)</u>	<u>(\$12,452,551.45)</u>	<u>(\$12,001,994.56)</u>	<u>(\$13,242,949.46)</u>	<u>(\$10,892,153.70)</u>

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS  
CHANGES IN NET POSITION  
UNAUDITED

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>										
<b>Governmental activities:</b>										
Property taxes levied for general purposes, net	\$11,228,340.00	\$11,501,994.00	\$11,325,234.00	\$11,325,234.00	\$12,314,566.00	\$12,222,567.00	\$11,557,550.00	\$10,905,750.00	\$10,309,812.00	\$9,683,857.00
Unrestricted grants and contributions	1,412,191.00	1,358,834.00	1,208,086.00	1,817,412.00	1,720,400.20	625,804.75	573,453.00	1,159,205.68	1,143,013.55	632,982.65
Restricted grants and contributions	211,535.00	197,730.00	187,319.94	226,625.00	210,508.80	119,673.00			2,453,905.00	124,019.00
County of Somerset	1,155,000.00	1,000,000.00	1,100,000.00	100,000.00	1,065,000.00	1,655,900.00	1,812,315.00	747,550.00	865,098.61	1,110,636.46
Miscellaneous income/ Other	251,594.98	193,645.19	94,120.88	162,112.03	15,319.05	11,109.61	180,271.65	194,218.49	1,786,004.31	263,786.80
Transfers		78,813.49			(50,000.00)	(50,000.00)	(50,000.00)	(55,000.00)	(100,000.00)	(25,500.00)
Disposal of capital assets	529.25									
<b>Total governmental activities</b>	<b>14,259,190.23</b>	<b>14,331,016.68</b>	<b>13,914,760.82</b>	<b>13,631,383.03</b>	<b>15,275,794.05</b>	<b>14,581,054.36</b>	<b>14,073,589.65</b>	<b>12,951,724.17</b>	<b>16,457,833.47</b>	<b>11,789,781.91</b>
<b>Business-type activities:</b>										
Miscellaneous Income	55.49	190.02	294.04	277.71	225.90	215.10	175.68	163.51	150.58	130.18
Transfers		(78,813.49)			50,000.00	50,000.00	50,000.00	55,000.00	100,000.00	25,500.00
<b>Total business-type activities</b>	<b>55.49</b>	<b>(78,623.47)</b>	<b>294.04</b>	<b>277.71</b>	<b>50,225.90</b>	<b>50,215.10</b>	<b>50,175.68</b>	<b>55,163.51</b>	<b>100,150.58</b>	<b>25,630.18</b>
<b>Total district-wide</b>	<b>\$14,259,245.72</b>	<b>\$14,252,393.21</b>	<b>\$13,915,054.86</b>	<b>\$13,631,660.74</b>	<b>\$15,326,019.95</b>	<b>\$14,631,269.46</b>	<b>\$14,123,765.33</b>	<b>\$13,006,887.68</b>	<b>\$16,557,984.05</b>	<b>\$11,815,412.09</b>
<b>CHANGE IN NET POSITION</b>										
Governmental activities	\$1,540,934.07	\$1,173,601.07	\$1,323,586.00	(\$1,326,251.22)	\$180,544.00	\$1,210,815.67	\$1,644,760.13	\$988,719.34	\$3,281,931.84	\$988,469.88
Business-type activities	(42,448.19)	(71,439.35)	5,929.22	17,799.32	22,768.88	31,665.33	26,453.75	16,173.78	33,102.75	(65,211.49)
<b>Total district</b>	<b>\$1,498,485.88</b>	<b>\$1,102,161.72</b>	<b>\$1,329,515.22</b>	<b>(\$1,308,451.90)</b>	<b>\$203,312.88</b>	<b>\$1,242,481.00</b>	<b>\$1,671,213.88</b>	<b>\$1,004,893.12</b>	<b>\$3,315,034.59</b>	<b>\$923,258.39</b>

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS  
 FUND BALANCES - GOVERNMENTAL FUNDS  
 UNAUDITED

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
General Fund										
Assigned	\$553,895.80	\$199,725.71	\$63,500.00							
Committed	44,563.00	72,100.00	207,216.00							
Restricted	501,490.84									
Unassigned	628,836.32	577,081.83	264,490.76							
Reserved					\$79.40	\$293,661.71	\$361,523.96	\$264,610.76	\$2,222.57	\$180,744.07
Unreserved				\$386,204.47	895,930.20	1,025,998.59	830,819.94	869,107.20	710,285.32	254,276.83
Total general fund	<u>\$1,728,785.96</u>	<u>\$848,907.54</u>	<u>\$535,206.76</u>	<u>\$386,204.47</u>	<u>\$896,009.60</u>	<u>\$1,319,660.30</u>	<u>\$1,192,343.90</u>	<u>\$1,133,717.96</u>	<u>\$712,507.89</u>	<u>\$435,020.90</u>
All Other Governmental Funds										
Committed		\$111,141.01	\$1,041,746.45							
Restricted	\$383,831.12	142,567.79	616,975.92							
Reserved				\$12,228.75		\$756,741.71	\$634,419.71	\$1,844,516.23	\$1,765,397.25	\$574,492.81
Unreserved, reported in:										
Special revenue fund						(1,786.80)	(793.05)	(793.05)	(793.05)	(784.50)
Capital projects fund				942,872.45	\$1,788,425.60	1,154,730.53	1,821,649.04	802,644.49	442,693.10	
Total all other governmental funds	<u>\$383,831.12</u>	<u>\$253,708.80</u>	<u>\$1,658,722.37</u>	<u>\$955,101.20</u>	<u>\$1,788,425.60</u>	<u>\$1,909,685.44</u>	<u>\$2,455,275.70</u>	<u>\$2,646,367.67</u>	<u>\$2,207,297.30</u>	<u>\$573,708.31</u>

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
UNAUDITED

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Revenues</b>										
Tax levy	\$11,228,340.00	\$11,501,994.00	\$11,325,234.00	\$11,325,234.00	\$12,314,566.00	\$12,222,567.00	\$11,557,550.00	\$10,905,750.00	\$10,309,812.00	\$9,683,857.00
County of Somerset	1,155,000.00	1,000,000.00	1,100,000.00	100,000.00	1,065,000.00	1,655,900.00	1,812,315.00	747,550.00	865,098.61	1,110,636.46
Tuition	759,663.18	574,194.40	711,690.20	845,795.47	773,213.00	678,410.00	644,175.00	607,446.20	599,700.00	515,568.10
Miscellaneous	403,697.89	371,273.10	432,004.46	1,760,023.84	1,529,597.76	1,379,707.04	1,416,088.86	1,578,393.87	1,366,952.28	1,183,985.21
State sources	2,861,320.80	2,781,582.10	2,484,691.86	3,243,742.77	3,265,289.31	3,872,806.85	3,795,073.85	3,147,934.76	5,386,409.36	2,898,640.90
Federal sources	655,036.00	471,033.00	526,583.00	742,362.00	518,528.00	467,567.00	462,253.00	469,178.00	447,220.21	485,577.53
<b>Total revenue</b>	<u>17,063,057.87</u>	<u>16,700,076.60</u>	<u>16,580,203.52</u>	<u>18,017,158.08</u>	<u>19,466,194.07</u>	<u>20,276,957.89</u>	<u>19,687,455.71</u>	<u>17,456,252.83</u>	<u>18,975,192.46</u>	<u>15,878,265.20</u>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular instruction	1,540,935.39	1,385,376.72	1,475,815.43	1,859,917.68	1,668,652.20	1,854,875.88	1,679,788.20	1,518,123.97	1,493,639.37	1,371,377.13
Special education instruction	288,675.40	15,000.00	100,746.00	334,448.90	228,049.86	213,207.00	204,353.00	157,325.95	128,149.19	105,596.32
Vocational	2,891,882.91	3,138,834.32	3,041,643.23	3,250,378.41	3,478,706.05	3,018,537.11	2,870,646.50	2,779,962.98	2,775,877.68	2,709,838.28
Other instruction	257,729.87	265,641.01	247,370.53	157,491.68	167,393.48	143,204.62	110,537.59	114,541.14	95,087.38	82,658.97
<b>Support Services:</b>										
Student and instruction related services	1,953,846.90	1,980,824.81	2,074,478.91	2,030,970.62	2,031,144.13	1,933,911.04	1,859,727.55	1,724,374.41	1,796,818.34	1,655,108.87
General administrative services	512,282.53	504,916.80	511,307.54	672,725.88	654,706.43	629,422.58	669,877.73	664,900.93	615,504.49	954,516.75
School administrative services	537,562.87	572,984.22	628,955.18	484,466.37	468,698.98	456,665.16	473,117.50	443,109.03	412,037.46	427,244.23
Central services	372,335.02	430,206.36	474,143.09	464,462.68	460,982.72	444,740.48	406,081.79	384,411.42	365,810.33	
Administration Information Technology	321,170.44	237,629.26	203,247.66	123,351.64	103,451.86	121,526.60	116,419.02	113,629.20	104,314.45	
Plant operations and maintenance	2,333,006.55	2,397,127.30	2,222,529.34	1,832,988.67	1,931,894.71	1,782,973.40	1,726,354.79	1,669,626.20	1,338,238.08	1,259,168.87
Student transportation services	62,707.05	97,489.42	102,487.97	110,204.40	105,384.77	136,651.13	121,979.12	97,477.44	89,860.54	60,225.51
Unallocated employee benefits	3,467,331.90	3,801,801.61	3,798,080.92	2,991,056.38	3,005,527.67	3,202,935.94	3,075,124.90	2,434,702.71	2,284,327.21	2,132,582.77
Capital outlay	1,449,241.12	2,975,371.05	769,634.27	1,122,404.80	1,423,533.23	2,391,853.57	2,433,030.68	7,058,626.76	1,858,301.07	660,162.65
Special schools	64,349.18	67,000.00	77,139.99	3,872,796.90	4,162,663.52	4,198,515.80	4,022,883.37	3,909,616.54	3,606,150.89	3,677,791.55
<b>Total expenditures</b>	<u>16,053,057.13</u>	<u>17,870,202.88</u>	<u>15,727,580.06</u>	<u>19,307,665.01</u>	<u>19,890,789.61</u>	<u>20,529,020.31</u>	<u>19,769,921.74</u>	<u>23,070,428.68</u>	<u>16,964,116.48</u>	<u>15,096,271.90</u>
Excess (Deficiency) of revenues over (under) expenditures	1,010,000.74	(1,170,126.28)	852,623.46	(1,290,506.93)	(424,595.54)	(252,062.42)	(82,466.03)	(5,614,175.85)	2,011,075.98	781,993.30
<b>Other Financing sources (uses)</b>										
Canceled accounts receivable				(52,622.60)	(70,315.00)	(116,211.44)				
Transfers in/ (out)		78,813.49		(50,000.00)	(50,000.00)	(50,000.00)	(50,000.00)	(55,000.00)	(100,000.00)	(25,500.00)
<b>Total other financing sources (uses)</b>	<u>0.00</u>	<u>78,813.49</u>	<u>0.00</u>	<u>(52,622.60)</u>	<u>(120,315.00)</u>	<u>(166,211.44)</u>	<u>(50,000.00)</u>	<u>(55,000.00)</u>	<u>(100,000.00)</u>	<u>(25,500.00)</u>
<b>Net change in fund balances</b>	<u>\$1,010,000.74</u>	<u>(\$1,091,312.79)</u>	<u>\$852,623.46</u>	<u>(\$1,343,129.53)</u>	<u>(\$544,910.54)</u>	<u>(\$418,273.86)</u>	<u>(\$132,466.03)</u>	<u>(\$5,669,175.85)</u>	<u>\$1,911,075.98</u>	<u>\$756,493.30</u>

Source: CAFR Schedule B-2

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS  
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE  
UNAUDITED

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Tuition</u>	<u>Interest on</u> <u>Investments</u>	<u>RVVC</u>	<u>Miscellaneous</u>	<u>Total</u>
2013	\$2,258.25 *	\$4,085.54	\$250,000.00	\$21,169.16	\$277,512.95
2012	75,964.41	4,883.57	125,000.00	18,925.12	224,773.10
2011	194,284.08	6,082.62		62,860.59	263,227.29
2010	1,386,283.73	17,170.03		197,564.60	1,601,018.36
2009	1,285,823.65	66,211.85		21,226.20	1,373,261.70
2008	1,080,660.19	71,280.15		70,847.45	1,222,787.79
2007	1,093,455.53	79,635.62		100,636.03	1,273,727.18
2006	1,124,659.17	75,713.16		182,384.88	1,382,757.21
2005	1,030,120.70	45,335.61		108,246.24	1,183,702.55
2004	814,507.67	19,921.40		246,740.78	1,081,169.85

\* \$29,095.25 less \$26,837.00 prior year refund

Source: District Records

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS  
PROPERTY TAX LEVIES AND COLLECTIONS  
UNAUDITED

Fiscal Year Ended <u>June 30,</u>	Taxes Levied for the <u>Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2013	\$11,228,340.00	\$11,228,340.00	100.00%	\$0.00
2012	11,526,740.00	11,501,994.00	99.79%	24,746.00*
2011	11,325,234.00	11,325,234.00	100.00%	0.00
2010	11,325,234.00	11,325,234.00	100.00%	0.00
2009	12,314,566.00	12,314,566.00	100.00%	0.00
2008	12,222,567.00	12,222,567.00	100.00%	0.00
2007	11,557,550.00	11,557,550.00	100.00%	0.00
2006	10,905,750.00	10,905,750.00	100.00%	0.00
2005	10,309,812.00	10,309,812.00	100.00%	0.00
2004	9,558,857.00	9,558,857.00	100.00%	0.00

\* amount canceled by County

Source: District records.

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS  
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
UNAUDITED

Function/Program	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Instruction:									
Vocational, Regular and Special Education	58	58	72	72	69	65	69	65	63
Support Services:									
Student & instruction related services	18	20	12	18	18	17	19	19	19
General administrative services	3	3	3	4	4	5	6	6	6
School administrative services	7	6	7	20	21	19	19	19	19
Central services	4	6	6	9	7	7	7	7	7
Administration information technology	5	4	4	4	1	1	1	1	1
Plant operations and maintenance	13	14	15	15	11	15	13	12	11
Student transportation	1	1	1	1	1	1	1	1	1
Total	<u>109</u>	<u>112</u>	<u>120</u>	<u>143</u>	<u>132</u>	<u>130</u>	<u>135</u>	<u>130</u>	<u>127</u>

Source: District Personnel Records

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS  
OPERATING STATISTICS  
UNAUDITED

<u>Fiscal Year</u>	<u>Enrollment (d)</u>	<u>Operating Expenditures (a)</u>	<u>Cost Per Pupil</u>	<u>% Change</u>	<u>Teaching Staff (b)</u>	<u>Teacher/Pupil Ratio</u>	<u>Average Daily Enrollment (c)</u>	<u>Average Daily Attendance (c)</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2013	725	\$14,603,816.01	\$20,143.19	-7.62%	58	1/13	541	508	5.46%	93.90%
2012	679	14,894,831.83	21,936.42	0.60%	58	1/12	500	467	-2.53%	93.40%
2011	686	14,957,945.79	21,804.59	-2.40%	72	1/8	513	481	3.85%	93.76%
2010	814	18,185,260.21	22,340.61	46.02%	72	1/11	494	463	-38.40%	93.72%
2009	1,207	18,467,256.38	15,300.13	-28.72%	60	1/20	802	738	2.82%	92.02%
2008	845	18,137,166.74	21,464.10	25.79%	65	1/13	780	706	-18.07%	90.51%
2007	1,016	17,336,891.06	17,063.87	26.82%	69	1/15	952	852	-7.75%	89.50%
2006	1,190	16,011,801.76	13,455.30	-10.39%	65	1/18	1,032	900	2.58%	87.21%
2005	1,006	15,105,815.41	15,015.72	12.75%	63	1/16	1,006	920	-7.20%	91.45%
2004	1,084	14,436,109.25	13,317.44	-7.20%	60	1/18	1,084	997	15.32%	91.97%

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).

(d) Enrollment obtained from district pupil service data.

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS  
SCHOOL BUILDING INFORMATION  
UNAUDITED

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<u>District Buildings</u>										
Somerset County Vocational - Technical High School										
Square Feet	215,845	215,845	215,845	215,845	215,845	215,845	215,845	215,845	215,845	215,845
Capacity (students - full time)	721	721	721	721	721	721	721	721	721	721
Enrollment *	725	679	686	814	1,207	845	1,016	1,190	1,006	1,084

\* full and part-time students

Number of Schools at June 30, 2013  
 Technical High School = 1

Source: District records

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

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS  
SCHEDULE OF REQUIRED MAINTENANCE  
UNAUDITED

Undistributed expenditures - Required maintenance for school facilities - 11-000-261-XXX

School Facilities * Project #(s)	<u>Total</u>	<u>Somerset County Vocational and Technical Schools</u>
2013	\$1,057,023.80	\$1,057,023.80
2012	967,930.62	967,930.62
2011	887,394.36	887,394.36
2010	936,726.51	936,726.51
2009	940,464.44	940,464.44
2008	905,289.61	905,289.61
2007	855,594.03	855,594.03
2006	1,043,478.22	1,043,478.22
2005	742,901.22	742,901.22
2004	<u>701,679.54</u>	<u>701,679.54</u>
 Total School Facilities	 <u><u>\$7,981,458.55</u></u>	 <u><u>\$7,981,458.55</u></u>

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

Source: District records

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS  
INSURANCE SCHEDULE  
JUNE 30, 2013  
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
Somerset County Joint Insurance Fund:		
Blanket:	\$100,000,000	loss limit
Building		
Contents		
Auto Physical Damage		
General Liability		
Blanket / Per Occurrence / Per Accident	5,000,000	
Comprehensive General Liability Insurance		
Law Enforcement Professional Liability Insurance		
Employee Benefits Liability Insurance		
Business Auto Liability Insurance		
Workers' Compensation and Employers' Liability		
Boiler and Machinery/Equipment Breakdown	Included in Loss Limit	
Expediting	100,000	
Hazardous Substance	250,000	
Spoilage	250,000	
Earthquake	10,000,000	
Fine Arts	2,000,000	at any one location
	500,000	maximum any one item
Flood - maximum	10,000,000	25,000
Crime Coverage:		
Employee Theft	1,000,000	25,000
Faithful Performance of Duty	1,000,000	25,000
Surety Bonds: Selective Insurance		
Diane Strober - Business Administrator	100,000	
Michelle Fresco - Treasurer	200,000	

Source: District records

**THIS PAGE INTENTIONALLY LEFT BLANK**

**SINGLE AUDIT SECTION**



# SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

EXHIBIT "K-1"

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

E-mail [info@scnco.com](mailto:info@scnco.com)

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

Honorable President and Members  
of the Board of Education  
Somerset County Vocational and Technical Schools  
County of Somerset  
Bridgewater, New Jersey 08807

We have audited, in accordance with the auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Somerset County Vocational and Technical School District (the "District") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated November 15, 2013.

***Internal Control Over Financial Reporting***

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

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

# SUPLEE, CLOONEY & COMPANY

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

## ***Compliance and Other Matters***

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

## ***Purpose of This Report***

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

  
CERTIFIED PUBLIC ACCOUNTANTS

  
PUBLIC SCHOOL ACCOUNTANT NO. 93

November 15, 2013



# SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

EXHIBIT "K-2"

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

E-mail info@scnco.com

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL  
AND STATE FINANCIAL ASSISTANCE PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH NEW JERSEY OMB CIRCULAR 04-04**

Honorable President and Members  
of the Board of Education  
Somerset County Vocational and Technical Schools  
County of Somerset  
Bridgewater, New Jersey 08807

### ***Report on Compliance for Each Major Federal and State Program***

We have audited the Somerset County Vocational and Technical School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey OMB State Grant Compliance Supplement* that could have a direct and material effect on each of the Somerset County Vocational and Technical School District's major federal and state programs for the year ended June 30, 2013. The 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.

### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Somerset County Vocational and Technical School District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations* and *New Jersey OMB 04-04*. Those standards, *OMB Circular A-133* and *New Jersey OMB 04-04* 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 Somerset County Vocational and 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 on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Somerset County Vocational and Technical School District's compliance.

***Opinion on Each Major Federal and State Program***

In our opinion, the Somerset County Vocational and Technical School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2013.

***Report on Internal Control Over Compliance***

Management of the Somerset County Vocational and Technical School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Somerset County Vocational and Technical School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with *OMB Circular A-133* and *New Jersey OMB 04-04*, 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 Somerset County Vocational and Technical 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 and state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

# SUPLEE, CLOONEY & COMPANY

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of *OMB Circular A-133* and State of New Jersey *OMB 04-04*. Accordingly, this report is not suitable for any other purpose.

  
CERTIFIED PUBLIC ACCOUNTANTS

November 15, 2013

  
PUBLIC SCHOOL ACCOUNTANT NO. 93

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

FEDERAL GRANTOR/PASS-THROUGH	FEDERAL CFDA NUMBER	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE AT JUNE 30, 2012	CARRYOVER AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	REPAYMENT OF PRIOR YEAR'S BALANCES/ CANCELED	BALANCE AT JUNE 30, 2013		
										(ACCOUNTS RECEIVABLE)	DEFERRED REVENUE	DUE TO GRANTOR
U. S. Department of Education:												
Passed-Through State Department of Education:												
Special Revenue Fund:												
Title I	84.010	NCLB481013	09/01/12	08/31/13	\$48,981.00		\$48,981.00	(\$48,981.00)				
Title II- Part A	84.367	NCLB481013	09/01/12	08/31/13	10,380.00		10,380.00	(10,380.00)				
I.D.E.A. Part B - Basic	84.027	IDEA481013	09/01/12	08/31/13	110,489.00		110,489.00	(110,489.00)				
I.D.E.A. Part B - Basic	84.027	IDEA481012	09/01/11	08/31/12	104,274.00	(\$5,440.00)	5,440.00					
Vocational Education:												
Perkins Secondary Application	84.048A	PERK481013	09/01/12	08/31/13	275,524.00		275,524.00	(275,524.00)				
U. S. Department of Justice:												
Passed-Through County of Somerset:												
Special Revenue Fund:												
Juvenile Justice Accountability Incentive	16.579		09/01/12	08/31/13	20,400.00		20,400.00	(20,400.00)				
Workforce Investment Act (WIA) - Youth Funding	17.259	CY-COM-0016-12	07/15/12	06/30/13	189,262.00		170,336.00	(189,262.00)		(\$18,926.00)		
Total Special Revenue Fund						(5,440.00)	641,550.00	(655,036.00)		(18,926.00)		
U. S. Department of Agriculture:												
Passed-Through State Department of Education:												
Proprietary Fund												
National School Lunch Program	10.555	N/A	07/01/12	06/30/13	43,733.03		40,996.37	(43,733.03)		(2,736.66)		
National School Lunch Program	10.555	N/A	07/01/11	06/30/12	39,780.33	(1,698.97)	1,698.97					
National School Breakfast Program	10.553	N/A	07/01/12	06/30/13	24,102.72		22,200.77	(24,102.72)		(1,901.95)		
National School Breakfast Program	10.553	N/A	07/01/11	06/30/12	19,601.22	(1,165.23)	1,165.23					
Commodity Supplemental Food Program	10.565	N/A	07/01/12	06/30/13	10,827.67		10,827.67	(7,891.88)			\$2,935.79	
Commodity Supplemental Food Program	10.565	N/A	07/01/11	06/30/12	10,405.00	1,612.92		(1,612.92)				
Total Proprietary Fund						(1,251.28)	76,889.01	(77,340.55)		(4,638.61)	2,935.79	
Total Federal Financial Assistance						(\$6,691.28)	\$718,439.01	(\$732,376.55)		(\$23,564.61)	\$2,935.79	

See accompanying notes to schedules of financial assistance.

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD		AWARD AMOUNT	BALANCE AT JUNE 30, 2012	CARRYOVER AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENT	REPAYMENT OF PRIOR YEAR'S BALANCES	BALANCE JUNE 30, 2013			MEMO CUMULATIVE TOTAL		
											(ACCOUNTS RECEIVABLE)	DEFERRED REVENUE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	EXPENDITURES	
State Department of Education																
General Fund:																
Equalization Aid	13-495-034-5120-078	07/01/12	06/30/13	\$699,454.00			\$630,520.00	(\$699,454.00)	\$68,934.00					\$68,934.00	\$699,454.00	
Special Education Categorical Aid	13-495-034-5120-089	07/01/12	06/30/13	286,297.00			258,079.00	(286,297.00)	28,218.00					28,218.00	286,297.00	
Security Categorical Aid	13-495-034-5120-084	07/01/12	06/30/13	61,725.00			55,649.00	(61,725.00)	6,076.00					6,076.00	61,725.00	
Adjustment Aid	13-495-034-5120-085	07/01/12	06/30/13	366,426.00			330,308.00	(366,426.00)	36,118.00					36,118.00	366,426.00	
Reimbursed TPAF Social Security Contributions	13-495-034-5095-002	07/01/12	06/30/13	366,007.80			348,352.53	(366,007.80)				(\$17,655.27)		17,655.27	366,007.80	
Total General Fund							1,622,908.53	(1,779,909.80)	139,346.00			(17,655.27)		157,001.27	1,779,909.80	
Special Revenue Fund:																
School Based - Linkages	13-100-054-7500-068	07/01/12	06/30/13	351,277.00			351,277.00	(351,277.00)							351,277.00	
Total Special Revenue Fund							351,277.00	(351,277.00)							351,277.00	
Proprietary Fund:																
National School Lunch Program (State Share)	13-100-010-3350-023	07/01/12	06/30/13	1,199.39			1,125.70	(1,199.39)				(73.69)			1,199.39	
National School Lunch Program (State Share)	12-100-010-3350-023	07/01/11	06/30/12	1,193.82			48.61									
Total Proprietary Fund							1,174.31	(1,199.39)				(73.69)			1,199.39	
Total State Financial Assistance Subject to OMB 04-04							(\$48.61)	\$-0-	\$1,975,359.84	(\$2,132,386.19)	\$139,346.00	(\$17,728.96)	\$-0-	\$-0-	\$157,001.27	\$2,132,386.19
On Behalf TPAF Pension Post Retirement Medical	13-495-034-5095-001	07/01/12	06/30/13	388,377.00			388,377.00	(388,377.00)								
On Behalf TPAF Pension Contribution	13-495-034-5095-001	07/01/12	06/30/13	343,468.00			343,468.00	(343,468.00)								
Total Expenditures of State Financial Assistance							\$2,707,204.84	(\$2,864,231.19)								

See accompanying notes to schedules of financial assistance.

**Somerset County Vocational and Technical Schools**  
**Notes to the Schedules of Expenditures of Federal Awards**  
**and State Financial Assistance**  
**Year Ended June 30, 2013**

**NOTE 1:      GENERAL**

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state activity of the Board of Education, Somerset County Vocational and Technical Schools. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from the federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

**NOTE 2:      BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on 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 of the Board'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 BASIC FINANCIAL STATEMENTS**

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

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

**Somerset County Vocational and Technical Schools**  
**Notes to the Schedules of Expenditures of Federal Awards**  
**and State Financial Assistance**  
**Year Ended June 30, 2013**

**NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)**

The net adjustment to reconcile from the budgetary basis to the GAAP basis for the general fund is (\$1,711.00). Federal awards and state financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$2,510,043.80	\$2,510,043.80
Special Revenue Fund	\$655,036.00	351,277.00	1,006,313.00
Food Service Fund	<u>77,340.55</u>	<u>1,199.39</u>	<u>78,539.94</u>
Total Awards & Financial Assistance	<u><u>\$732,376.55</u></u>	<u><u>\$2,862,520.19</u></u>	<u><u>\$3,594,896.74</u></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: OTHER**

Revenues and expenditures reported in the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF pension contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2013. TPAF Social Security contributions represent the amount reimbursed by the state for the employer's share of Social Security contributions for TPAF members for the year ended June 30, 2013.

**Somerset County Vocational and Technical Schools**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2013**

**Section I – Summary of Auditor’s Results**

**Financial Statements**

- |     |  |            |
|-----|--|------------|
| (1) | Type of Auditor’s Report Issued:   | Unmodified |
| (2) | Internal Control Over Financial Reporting:   |            |
| (a) | Material weakness identified?  | No         |
| (b) | Significant deficiencies identified that are not considered to be material weaknesses? | N/A        |
| (3) | Noncompliance material to the financial statements noted during the audit?             | No         |

**Federal Program(s)**

- |     |   |               |
|-----|---|---------------|
| (1) | Internal Control Over Major Federal Programs:   |               |
| (a) | Material weakness identified?   | No            |
| (b) | Significant deficiencies identified that are not considered to be material weaknesses?  | N/A           |
| (2) | Type of Auditor’s Report issued on compliance for major federal Program(s)?   | Unmodified    |
| (3) | Any audit findings disclosed that are required to be reported in accordance with Circular OMB A-133 and listed in Section III of this schedule? | None Reported |

**Somerset County Vocational and Technical Schools**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2013**

**Section I – Summary of Auditor’s Results (Continued)**

**Federal Program(s) (Continued)**

(4) Identification of Major Federal Program(s):

<u>Program</u>	<u>Grant Number</u>
Workforce Investment Act (WIA)	17.259

(5) Program Threshold Determination:  
 Type A Federal Program Threshold > \$300,000.00  
 Type B Federal Program Threshold <= \$300,000.00

(6) Auditee qualified as a low-risk auditee under OMB Circular A-133? Yes

**State Program(s)**

(1) Internal Control Over Major State Programs:

(a) Material weakness identified? None Reported

(b) Significant deficiencies identified that are not considered to be material weaknesses? N/A

(2) Type of Auditor’s Report issued on compliance for major state program(s)? Unmodified

(3) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 04-04 and listed in Section III of this schedule? None Reported

**Somerset County Vocational and Technical Schools**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2013**

**Section I – Summary of Auditor’s Results (Continued)**

**State Program(s) Continued)**

(4) Identification of Major State Program(s):

<u>Program</u>	<u>Grant Number</u>
Reimbursed TPAF Social Security Contributions	13-495-034-5095-002
School Based - Linkages	13-100-054-7500-068

(5) Program Threshold Determination:  
Type A State Program Threshold > \$300,000.00  
Type B State Program Threshold <= \$300,000.00

(6) Auditee qualified as a low-risk auditee under OMB Circular A-133? Yes

**Section II – Financial Statement Audit – Reported Findings  
Under Government Auditing Standards**

**Internal Control Findings**

None Reported

**Compliance Findings**

None Reported

**Section III – Findings and Questioned Costs Relative to Major Federal and State Programs**

Federal Programs – None Reported

State Programs – None Reported

**Somerset County Vocational and Technical Schools**

**Schedule of Prior Year Audit Findings**

Not Applicable

