

**SALEM COUNTY
VOCATIONAL TECHNICAL
SCHOOL DISTRICT**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Salem County Vocational Technical Board of Education

Woodstown, New Jersey

For the Fiscal Year Ended June 30, 2016

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**Salem County Vocational Technical
Board of Education**

Woodstown, New Jersey

For the Fiscal Year Ended June 30, 2016

Prepared by

**Salem County Vocational Technical School
Business Office**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
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INTRODUCTORY SECTION

Salem County

Vocational Technical Schools

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(856) 769-0101 ext. 310
Fax. (856) 769-3602

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

John R. Swain
Superintendent

John Bolil
Business Administrator

November 28, 2016

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

The comprehensive annual financial report of the Salem County Vocational Technical School District for the fiscal year ended June 30, 2016, 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 final position and results of operations of the various funds and the 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 information. The introductory section includes this transmittal letter, Management's Discussion and Analysis (MD&A), the District's organizational chart and a list of principal officials. The financial section includes the basic 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 Title 2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), "Audits of States, Local Governments, and Non-Profit Organizations" and the State Treasury Circular Letter 15-08 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 internal control and compliance with applicable laws and regulations and findings and recommendations, is included in the single audit section of this report.

1. **REPORTING ENTITY AND ITS SERVICES:** Salem County Vocational Technical School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds and account groups of the District are included in this report. The Salem County Vocational Technical Board of Education and all its schools constitute the District's reporting entity. The Salem County Vocational Technical School District is one of the 21 county vocational-technical schools in New Jersey. A list of services provided follows:

- A. Full/Shared-time Career and Technical Education
 - Air Force Junior ROTC (Military Science)
 - Allied Health Professionals

A. Full/Shared-time Career and Technical Education (Cont'd)

- Auto Collision Technology
- Automotive Technology
- Child Care and Early Childhood Education
- Computer Assisted Design and Drafting
- Construction Technology
- Cosmetology
- Culinary Arts
- Electrical Technology
- Graphics Technology
- Information Technology: Computer Hardware and Software
- Law Enforcement and Public Safety
- Welding

B. Salem County Arts, Science and Technology Academies

- Academy of Biological and Medical Science at the Salem County Career and Technical High School
- Academy for Energy Applications at the Salem County Career and Technical High School
- Academy of Creative and Performing Arts
 - Vocal Music – Hosted at Pennsville High School
 - Dance – Hosted at Schalick High School
 - Drama – Hosted at Schalick High School
 - Instrumental Music – Hosted at Pennsville High School
 - Visual Arts – Hosted at Schalick High School
- Academy of Culinary Arts and Hospitality at the Career and Technical High School
- Academy of Engineering and Technology – Hosted at Penns Grover High School
- Academy of Communications and Information Technology – Hosted at Pennsville High School

C. Special Needs Programs

- Career Orientation
- New Jersey Regional Day School at Mannington

D. Post Secondary Programs/Community Education – Allied Health Professions, Medical Assistant, Multi-Skilled Technician, Certified Nurse Aide, Homemakers Home Health, Phlebotomy Technician, Cosmetology.

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

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

- 3. MAJOR INITIATIVES:** The Salem County Vocational –Technical School continues to provide an excellent educational experience for Students of Salem and Cumberland Counties.

The 2015-2016 school year saw many programmatic and logistical improvements for the Career and Technical School. The areas of curriculum, business office efficiency, technology, educational space, and staffing were addressed.

Curriculum was addressed to better align with the common core and PARCC Assessment. Title I funding was allocated to create pullout programming for students found to be deficient in the area of math. There was a strong effort to have cross curricular collaboration amongst all courses. There was a strengthening of dual credit courses which permitted students to accumulate college credits through Salem Community College. 2015-2016 saw continued strength in academics as the graduation rate remained consistent at 97% and a college placement of 82%. The TCP program continues to become more robust with increasing enrollment and programming as the partnership between the Career Technical High School and Special Services Districts. The adult education center that provides post-secondary training in the areas of allied health and cosmetology continues to be located at the Salem Community College. Enrollment continues to be stable within the adult education programs. Some adult education programs have been relocated to the One Stop program in Salem City.

The district office reassigned duties and reallocated job responsibilities to assist with the implementation of the EDGE software and NJSMART information system. A registrar/pupil services position was created in order to ensure accurate student accounting and data gathering. The district expects to see significant improvements in internal controls and improved revenue recognition. We implemented a more precise way of expediting purchase orders within the business office. This allows for a more efficient flow of information between the Career Technical High School and the district business office. We have also implemented a more stringent policy regarding sign in sheets for all Title I staff to ensure accurate data for accountability purposes.

The district restructured positions and implemented a Director of Special Programs/Human Resources position at the district level to assist in the operation of the Special Services District and to facilitate all hiring, personnel matters, and develop procedures and manuals for both the Salem County Vocational Technical and Salem County Special Services School Districts.

Technology infrastructure has been upgraded across the school. A new for optic cable was run to the school which resulted in increased data speeds across the district. The allowed the Career Technical High School to increase bandwidth in preparation of the PARCC assessment. Additional laptops were purchased to accommodate additional students taking standardized assessments. The district also addressed the technology needs of the Communications Academy housed at Woodstown High School. One hundred MAC computers were purchased in order to enhance the coursework at the academy. The district is seeking to enhance all technology in the academics over the next five years. Due to budgetary constraints only one academy per year will be enhanced.

Educational space was addressed by the beginning of construction of 7 classrooms, expanded physical education space, and agricultural greenhouse. Upgrades in the building infrastructure were also begun. The district began the process of upgrading the fire alarm, camera, and emergency generator systems. The 2015-2016 year saw the district focus on many areas that were in need of repair and attention. The district also expanded community opportunities for facility usage (Old Boys Night, Mannington, Quinton, and Woodstown Basketball, Salem County Triad, Salem County Firefighter Graduation, Woodstown Soccer, etc.).

Staffing continued to be stable with only one retirement. All staff continued to be properly certified and complete yearly mandated trainings which are required by law. Staff continues to participate in various professional development opportunities which are discipline specific.

In closing, the district continued to implement the structure laid out in the district long range plans. At this point in time the framework is in place and the plans continue to move forward. 2016-2017 will see continued progress in the District.

4. **INTERNAL ACCOUNTING CONTROLS:** Management of the District is responsible for establishing and maintaining internal control 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 the generally accepted accounting principles (GAAP). Internal control 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 awards and state financial assistance, the District also is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. This internal control process is also subject to periodic evaluation by the District's management.

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

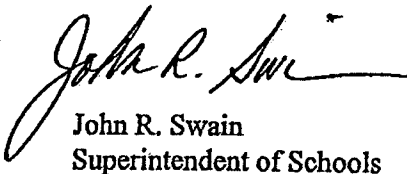
5. **BUDGETARY CONTROLS:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of School Estimates. Annual appropriated budgets are adopted for the general fund and the special revenue fund and the debt service fund. The final budget amount as amended for fiscal year 2016 is reflected in the financial section.

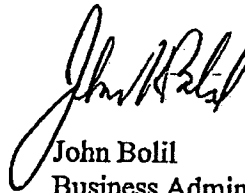
An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year end are either cancelled or are included as re-appropriation of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2016.

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 Financial Statements", Note 2.

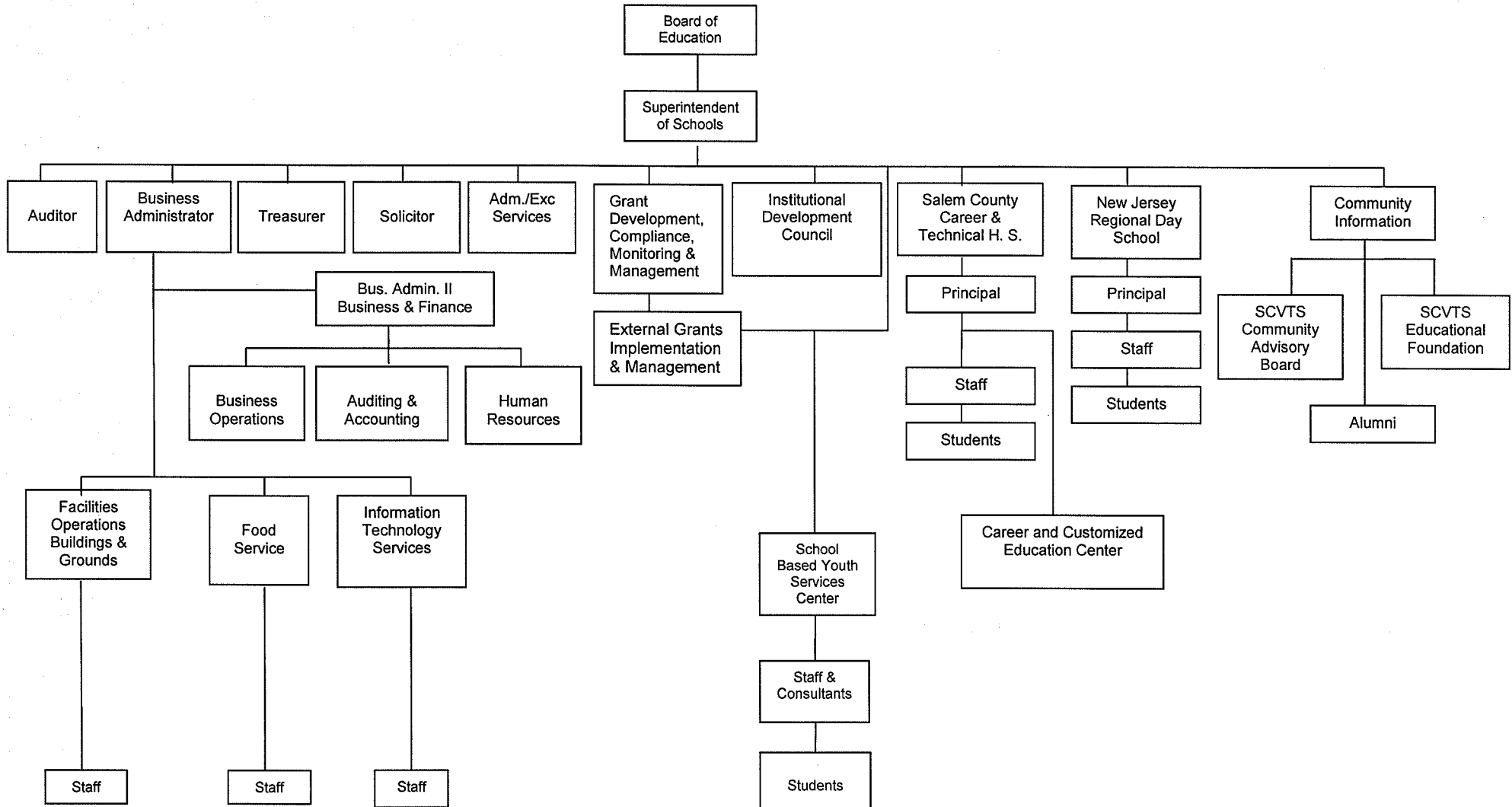
7. **CASH MANAGEMENT:** The investment procedure of the District is guided in large part by state statute as detailed in "Notes to the Financial Statement", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.
8. **RISK MANAGEMENT:** The Board participated in Gloucester, Cumberland, and Salem School Districts Joint Insurance Fund and carries various forms of insurance, including, but not limited to, commercial general liability, commercial catastrophic liability and comprehensive/collision, commercial property on all property and contents, commercial inland marine, school board legal liability, worker's compensation and fidelity bonds.
9. **OTHER INFORMATION: Independent Audit -** State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nightlinger, Colavita and Volpa, Pa. was appointed by the Board. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements of the Title 2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and State of New Jersey Treasury Circular 15-08 OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. The auditor's report on the basic financial statements and combining and individual fund statements and schedules are included in the financial section of this report. The auditor's report related specifically to the single audit are included in the single audit section of this report.
10. **ACKNOWLEDGEMENTS:** We would like to express our appreciation to the members of the Special Services School District and Vocational School District of the County of Salem for their concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby continuing their full support to the development and maintenance of our financial operation. The presentation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,


John R. Swain
Superintendent of Schools


John Bolil
Business Administrator

SCVTS Administrative and Organizational Design Overall Organizational Structure



SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
WOODSTOWN, NEW JERSEY

ROSTER OF OFFICIALS

JUNE 30, 2015

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
David Moffett, President	2018
Earl Ransome, Vice President	2016
James Davis	2017
Daryl Halter, Ex Officio	2017
Linwood Donelson III	2016
Mary Cummings	2018
Margaret Nicolosio - Executive County Superintendent of Schools	
	<u>Surety Bond</u>
<u>OTHER OFFICIALS</u>	
John R. Swain, Superintendent	
John Bolil, Board Secretary/Business Administrator	\$ 50,000
Treasurer	150,000

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
CONSULTANTS AND ADVISORS**

AUDIT FIRM

Raymond Colavita, CPA, RMA
Nightlinger, Colavita and Volpa, P.A.
P.O. Box 799
Williamstown, New Jersey 08094

BROKER OF RECORD

Gloucester, Cumberland, Salem School Districts
Joint Insurance Fund

MEDICAL INSPECTOR

Woodstown Family Practice
Woodstown, NJ

OFFICIAL DEPOSITORY

Fulton Bank
1 South Main Street
Woodstown, New Jersey 08098

SOLICITOR

Mark Toscano, Esq.
Comegno Law Group, P.C.
521 Pleasant Valley Avenue
Moorestown, New Jersey 08057

FINANCIAL SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

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Williamstown, NJ 08094

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www.colavita.net

November 28, 2016

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Salem County Vocational Technical School District in the County of Salem, State of New Jersey, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Salem County Vocational Technical School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit 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 entity'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 entity'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 financial statement presentation.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Salem County Vocational Technical Board of Education in the County of Salem, State of New Jersey, as of June 30, 2016, and the respective changes in financial position and cash flows, where applicable, 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, schedule of the School District's proportionate share of the net pension liability and schedule of the School District's contributions, identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Salem County Vocational Technical Board of Education's basic financial statements. The introductory section, combining and individual non-major fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining and individual non-major fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid and is not a required part of the basic financial statements. Such information 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.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated November 28, 2016 on our consideration of the Salem County Vocational Technical Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governments Auditing Standards* in considering Salem County Vocational Technical Board of Education's internal control over financial reporting and compliance.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.



Raymond Colavita, C.P.A., R.M.A.
Licensed Public School Accountant
No. 915

REQUIRED SUPPLEMENTARY INFORMATION – PART I

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)**

The Management's Discussion and Analysis (MD&A) of Salem County Vocational Technical School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the School District's financial performances as a whole; readers should also review the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key highlights for the fiscal year ended June 30, 2016 are as follows:

- The School District had \$12,939,391 in expenses; \$5,629,548 of these expenses were offset by program specific charges for services, and operating grants and contributions.
- The total assets of the School District exceeded total liabilities by \$7,976,587 (net position).
- Among major funds, the General Fund had \$9,502,286 in revenues and \$9,687,514 in expenditures.

Overview of the Financial Statements

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

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

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

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

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

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

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

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Cont'd)**

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Cont'd)**

The School District as a Whole

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

Table 1 provides a summary of the School District's Net Position for the fiscal years ended June 30, 2016 and 2015.

**Table 1
Net position**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Assets		
Current and Other Assets	\$ 2,044,279	\$ 4,877,047
Capital Assets	13,729,185	10,498,224
Total Assets	<u>\$ 15,773,464</u>	<u>\$ 15,375,271</u>
Deferred Outflows of Resources	<u>\$ 602,079</u>	<u>\$ 290,393</u>
Liabilities		
Other Liabilities	\$ 4,147,347	\$ 4,338,158
Long-Term Liabilities	3,401,593	2,568,040
Total Liabilities	<u>\$ 7,548,940</u>	<u>\$ 6,906,198</u>
Deferred Inflows of Resources	<u>850,016</u>	<u>509,340</u>
Net Assets		
Invested in Capital Assets Net of Related Debt	\$ 10,531,955	\$ 7,898,446
Restricted	301,757	3,181,353
Unrestricted (Deficit)	(2,857,125)	(2,829,673)
Total Net Position	<u>\$ 7,976,587</u>	<u>\$ 8,250,126</u>

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Cont'd)**

Table 2 shows a summary of changes in net position for fiscal years ended June 30, 2016 and 2015.

Table 2 Changes in Net Position		
	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Revenues		
Program Revenues		
Charges for Services	\$ 3,208,148	\$ 3,432,070
Operating Grants & Contributions	2,421,400	1,368,674
General Revenues		
County of Salem Budget Appropriation	1,828,758	1,828,758
Federal and State Grants Restricted	5,206,226	4,738,192
Miscellaneous Income	1,320	3,976,827
Total Revenues	\$ 12,665,852	\$ 15,344,521
Expenses		
Instruction		
Regular	\$ 1,551,723	\$ 1,450,057
Vocational	3,091,102	3,277,086
School Sponsored Co curricular	22,289	20,823
Student Services		
Attendance & Social Work	89,116	88,172
Health Services	59,872	61,459
Speech, OT, PT, and Related Services	6,072	
Students - Regular	941,181	803,389
Improvement of Instruction Services	112,935	170,250
Educational Media/School Library	224,033	183,199
General Administration	329,655	287,463
School Administration	289,248	314,382
Central Services	162,128	95,866
Operation and Maintenance of Plant	1,173,851	1,084,502
Student Transportation Services	26,610	14,538
Unallocated Benefits	3,246,493	2,840,999
Special Schools	20,673	
Interest on Long-Term Debt	8,999	
Unallocated Depreciation	450,853	451,993
Total Governmental Activities	\$ 11,806,833	\$ 11,144,178

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Cont'd)**

**Table 2
Changes in Net Position Continued**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Food Service	\$ 271,248	\$ 320,379
Regional Day School	398,855	527,374
BCCEC/ETTC	393,172	355,677
The Learning Center	69,283	19,418
Total Expense Business-Type	<u>\$ 1,132,558</u>	<u>\$ 1,222,848</u>
Total Expenses	\$ 12,939,391	\$ 12,366,141
Increase (Decrease) in Net Position	(273,539)	2,977,495
Beginning Net Position	8,250,126	5,272,631
Ending Net Position	<u>\$ 7,976,587</u>	<u>\$ 8,250,126</u>

Governmental Activities

In 2015-2016 Governmental-Type Activities revenues were \$7,181,630 or 56.7% of total revenues of \$12,665,852.

In 2014-2015 Governmental-Type Activities revenues were \$10,647,176 or 69.4% of total revenues

In 2015-2016 the County of Salem Budget Appropriation made up 25.5% of Governmental-Type Activities revenue. In 2014-2015 the County of Salem Budget Appropriation made up 17.2% of Governmental-Type Activities revenue.

In 2015-2016 Federal and State Aid unrestricted revenue made up 48.9% of Governmental-Type Activities revenue. In 2014-2015 Federal and State Aid unrestricted revenue made 63.2% of Governmental-Type Activities revenue.

Governmental-Type Activities expenditures increased by \$3,649,508 from 2014-15 to 2015-16, which included \$3,578,786 in Capital Projects.

On-behalf pension contributions from the state increased by \$124,330 from 2014-15 to 2015-16.

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Cont'd)**

Business-Type Activities

In 2015-2016 Business-Type Activities revenues were \$1,129,103 or 8.9% of total revenues. In 2014-2015 Business-Type Activities revenues were \$1,385,148 or 9.5% of total revenues.

Charges for Services for Business-Type Activities were \$1,008,931 in 2015-2016 compared to \$1,265,145 in 2014-2015, which is a 20.2% decrease. This decrease was anticipated by the School District.

Expenses for Business-Type Activities were \$1,132,558 in 2015-2016 compared to \$1,222,848 in 2014-2015, which is a 7.4% increase. This increase was also anticipated by the School District.

The School District's Funds

The School District's major funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$10,604,170 and expenditures of \$14,368,184. The net change in fund balance for the year in the General Fund, Special Revenue Fund, and Capital Projects Fund resulted in a decrease of \$2,763,868. This decrease is largely attributed to the expenditures in Capital Outlay in the amount of \$4,278,773.

General Fund Budgeting Highlights

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

During the course of the 2015-2016 year, the School District modified its General Fund budget line items numerous times. The net change in the total budget modification was the rollover of the prior year's encumbrances, in the amount of \$59,735.

For the General Fund, the original revenue amount budgeted on Exhibit C-1 was \$8,792,430 and there were no adjustments. This excludes fund balance appropriated in the amount of \$102,347. The actual revenue was \$9,507,224.

During the 2015-2016 year, the School District budgeted \$1,828,758 for county tax and \$4,610,244 for state aid revenues, respectively. The School District also received \$806,435 in reimbursed TPAF Social Security Aid and TPAF Pension Contributions.

The final budget basis expenditure appropriation estimate was \$8,954,512 compared to the original estimate of \$8,894,777.

There was a positive variance in expenditures of \$73,433, excluding reimbursed TPAF Social Security Aid and TPAF Pension Contributions of \$806,435,

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Cont'd)**

Capital Assets

At the end of the fiscal year 2016, the School District had \$13,729,185 (Net of Depreciation) invested in buildings, furniture and equipment.

Table 3 shows a summary of the fiscal years ended June 30, 2016 and 2015.

Table 3

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Land	\$ 391,928	\$ 391,928
Land Improvements	519,971	554,326
Construction in Progress	1,204,351	776,625
Buildings & Improvements	11,156,039	8,060,846
Equipment & Furniture	456,896	714,499
Total	<u>\$ 13,729,185</u>	<u>\$ 10,498,224</u>

Overall capital assets increased by \$3,230,961 from fiscal year 2015 to fiscal year 2016. Increases in capital assets by purchase or construction were \$3,994,652. These additions were offset during the year by depreciation expense of \$763,691.

Debt Administration

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

During the 2009-10 school year, the district approved an Energy Savings Lease Purchase in the amount of \$3,190,699, which was subsequently refinanced in the 2013-14 school year at \$2,796,142. There were also two new capital leases approved in 2015-16, totaling \$1,075,899, for additional energy improvements, technology and vehicles. The remaining principle balance on these three capital leases as of June 30, 2016 was \$3,222,578,

For the Future

The Salem County Vocational-Technical School continues to thrive as enrollment continues to be stable with a significant number of students not being accepted into the programming offered at the district. The 2015-2016 school year saw the completion of seven new academic classrooms, physical education fitness area, agricultural greenhouse, alarm/fire alarm upgrades, and significant technology upgrades. This allowed the district to upgrade its current programming and allowed the district to increase enrollment slightly. It also allowed for the acquirement of additional staffing in order to reduce the student-teacher ratio and to provide more appropriate educational experiences for our students.

Moving forward, as outlined in the districts long range plan developed two years ago, the district is implementing new programming to meet the growing industry demand that is relative to the Salem County area. For the 2017-2018 school year the district is introducing Business Management and Global Logistics as programs for students. The Business Management component will encompass all vocations with a focus towards entrepreneurship so students look towards opening their own shops and businesses. The district is also moving towards additional academies such as the school/academy of transportation in order to give students broader experiences so they are more versatile for the workforce. The Academy of Transportation will include a section devoted to diesel mechanics as this is a vocation where there is a significant need.

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Cont'd)**

The district will also continue to enhance the law enforcement program as a new simulator has been purchased and will be a shared service with county law enforcement. The 2017-2018 year will also see the increase and development of extra-curricular's at SCVTS. The district will be offering a student government program and some athletics to its students in order to better facilitate an environment that is typical at a comprehensive high school of the district's size. Continued improvement of curriculum, technology, and staffing allow the Salem County Vocational-Technical School District to be a desired educational choice for the parents and students of Salem County.

The district continues to refine our host site agreements through contract and program review. This review will aide in our cash flow issues that the district has experienced in the past through delayed payments and missed revenues. The district has strengthened its protocols for billing and information provided to districts in order to reduce discrepancies and allow for better communications between districts. The district has also developed a purchasing guide and procedures manual in order to make the process more efficient and cost effective.

In closing, the district has made significant strides to provide the best education for students throughout the county. The stability of administration, staff, and students, combined with the continued refinement of programming, continues to allow the students to benefit from an exceptional educational experience and prepare them for life beyond their high school experience.

Contacting the School District's Financial Management

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

BASIC FINANCIAL STATEMENTS

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.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Statement of Net Position
June 30, 2016

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ (318,665)	\$ 544,869	\$ 226,204
Receivables, net	1,479,713	285,563	1,765,276
Interfund Receivable	45,783		45,783
Inventories		7,016	7,016
Capital Assets, net (Note 6):	13,729,185		13,729,185
Total Assets	14,936,016	837,448	15,773,464
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Pension Outflows	576,731		576,731
Deferred Loss on Refinancing of Capital Lease	25,348		25,348
Total Deferred Outflows of Resources	602,079		602,079
LIABILITIES:			
Accounts Payable	242,972	21,045	264,017
Accrued Interest	10,572		10,572
Unearned Revenue	11,689	13,943	25,632
Noncurrent Liabilities (Note 7):			
Due within One Year	563,839		563,839
Due beyond One Year	3,283,287		3,283,287
Net Pension Liability	3,401,593		3,401,593
Total Liabilities	7,513,952	34,988	7,548,940
DEFERRED INFLOWS OF RESOURCES:			
Deferred Pension Inflows	850,016		850,016
Total Deferred Inflows of Resources	850,016		850,016
NET POSITION			
Invested in Capital Assets, Net of Related Debt	10,531,955		10,531,955
Restricted for:			
Excess Surplus	265,294		265,294
Capital Reserve	12,200		12,200
Capital Projects	24,263		24,263
Unrestricted (Deficit)	(3,659,585)	802,460	(2,857,125)
Total Net Position	\$ 7,174,127	\$ 802,460	\$ 7,976,587

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2016

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
Instruction:						
Regular Instruction	\$ 1,545,838		\$ 348,349	\$ (1,197,489)		\$ (1,197,489)
Regular Vocational	3,091,102	\$ 2,199,217		(891,885)		(891,885)
School Sponsored Co/Extracurricular Activities	22,289			(22,289)		(22,289)
Undistributed Expenditures and Support Services:						
Attendance & Social Work	89,116			(89,116)		(89,116)
Health Services	59,872			(59,872)		(59,872)
Speech, OT, PT and Related Services	6,072			(6,072)		(6,072)
Students - Regular	947,066		636,898	(310,168)		(310,168)
Improvement of Instruction Services	112,935			(112,935)		(112,935)
Educational Media/School Library	224,033			(224,033)		(224,033)
General Administration	329,655			(329,655)		(329,655)
School Administration	289,248			(289,248)		(289,248)
Central Services	162,128			(162,128)		(162,128)
Operation and Maintenance of Plant Services	1,173,851			(1,173,851)		(1,173,851)
Student Transportation Services	26,610			(26,610)		(26,610)
Unallocated Benefits	3,246,493		1,315,981	(1,930,512)		(1,930,512)
Special Schools	20,673			(20,673)		(20,673)
Interest on Long-Term Debt	8,999			(8,999)		(8,999)
Unallocated Depreciation	450,853			(450,853.00)		(450,853.00)
Total Governmental Activities	11,806,833	2,199,217	2,301,228	(7,306,388)		(7,306,388)
Business-Type Activities:						
Food Service	271,248	163,592	120,172		12,516	12,516
Salem Campus	398,855	411,670			12,815	12,815
BCCEC/ETTC	393,172	387,169			(6,003)	(6,003)
The Learning Center	69,283	46,500			(22,783)	(22,783)
Total Business-Type Activities	1,132,558	1,008,931	120,172		(3,455)	(3,455)
Total Primary Government	\$ 12,939,391	\$ 3,208,148	\$ 2,421,400	(7,306,388)	(3,455)	(7,309,843)
General Revenues:						
County of Salem Budget Appropriation				1,828,758		1,828,758
Federal and State Aid Restricted				5,206,226		5,206,226
Transfers				133,420	(133,420)	
Prior Period Cancellations					(11,906)	(11,906)
Miscellaneous Income				13,226		13,226
Total General Revenues				7,181,630	(145,326)	7,036,304
Change in Net Assets				(124,758)	(148,781)	(273,539)
Net Position -- July 1 (Restated)				7,298,885	951,241	8,250,126
Net Position -- June 30				\$ 7,174,127	\$ 802,460	\$ 7,976,587

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

FUND FINANCIAL STATEMENTS

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

GOVERNMENTAL FUNDS

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
 Balance Sheet
 Governmental Funds
 June 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds	
ASSETS:					
Cash and Cash Equivalents	\$ 6,285	\$ 15,027	\$ 59,133	\$ 80,445	
Accounts Receivable:					114,050
State Government	11,932	11,469		23,401	252
Federal Government		223,842		223,842	33,178
Intergovernmental	475,788			475,788	
Other	746,322		10,360	756,682	
Interfund Accounts Receivable	147,480	12,605		160,085	147,480
Total Assets	\$ 1,387,807	\$ 262,943	\$ 69,493	\$ 1,720,243	
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable:					294,153
State Government	\$	\$ 26,685	\$	\$ 26,685	
Other	83,025	88,284	44,978	216,287	79,677
Interfund Payable	373,830	139,330	252	513,412	
Loan Payable	464,939			464,939	
Unearned Revenue	3,045	8,644		11,689	373,830
Total Liabilities	924,839	262,943	45,230	1,233,012	
Fund Balances:					
Restricted for:					
Capital Reserve Account	12,200			12,200	
Excess Surplus	77,439			77,439	
Excess Surplus - Designated For Subsequent Year's Expenditures	187,855			187,855	
Assigned:					
Year-End Encumbrances	1,495			1,495	
Designated for Subsequent Years Expenditures	129,987			129,987	
Capital Projects Fund			24,263	24,263	
Unassigned, Reported In:					
General Fund	53,992			53,992	
Total Fund Balances	462,968		24,263	487,231	
Total Liabilities and Fund Balances	\$ 1,387,807	\$ 262,943	\$ 69,493		

Amounts reported for *governmental activities* in the statement of Net Position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$24,539,321 and the accumulated depreciation is \$10,810,136	13,729,185
Deferred Outflow of Resources - Deferred Amount on Refinanced Debt	25,348
Deferred Outflow of Resources - Deferred Pension Contribution	576,731
Deferred Inflows of Resources - Pension Actuarial Gains	(850,016)
Long Term Net Pension Liability	(3,401,593)
Noncurrent liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(3,392,759)
Net Position of governmental activities	\$ 7,174,127

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
 Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 For the Fiscal Year Ended June 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
REVENUES:				
County of Salem Budget Appropriation	\$ 1,828,758	\$	\$	\$ 1,828,758
Tuition Charges	2,199,217			2,199,217
Miscellaneous	13,226	11,379		24,605
State Sources	5,461,085	172,681		5,633,766
Federal Sources		917,824		917,824
Total Revenues	9,502,286	1,101,884		10,604,170
EXPENDITURES:				
Current:				
Regular Instruction	1,188,972	348,349		1,537,321
Regular Vocational	2,975,612			2,975,612
School Sponsored Co/Extracurricular Activities	22,289			22,289
Undistributed Expenditures and Support Services:				
Attendance & Social Work	89,116			89,116
Health Services	59,872			59,872
Speech, OT, PT and Related Services	6,072			6,072
Students - Regular	310,168	636,898		947,066
Improvement of Instruction Services	112,935			112,935
Educational Media/School Library	224,033			224,033
General Administration	323,492			323,492
School Administration	289,248			289,248
Central Services	162,128			162,128
Operation and Maintenance of Plant Services	991,183			991,183
Student Transportation Services	26,610			26,610
Unallocated Benefits	1,495,326			1,495,326
On Behalf Contributions	806,435			806,435
Capital Outlay	583,350	116,637	3,578,786	4,278,773
Special Schools	20,673			20,673
Total Expenditures	9,687,514	1,101,884	3,578,786	14,368,184
Excess (Deficiency) of Revenues over Expenditures	(185,228)		(3,578,786)	(3,764,014)
OTHER FINANCING SOURCES (USES):				
Proceeds from Capital Leases	216,726		650,000	866,726
Transfers from Enterprise Funds	133,420			133,420
Total Other Financing Sources and Uses	350,146		650,000	1,000,146
Net Change in Fund Balances	164,918		(2,928,786)	(2,763,868)
Fund Balance -- July 1	298,050		2,953,049	3,251,099
Fund Balance -- June 30	<u>\$ 462,968</u>	<u>\$</u>	<u>\$ 24,263</u>	<u>\$ 487,231</u>

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2016

Total Net Change in Fund Balances - Governmental Funds		\$ (2,763,868)
Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.		
Depreciation Expense	\$ (763,691)	
Capital Outlays	<u>4,007,437</u>	
		3,243,746
In the Statement of Activities, interest expense on debt service is accrued, while only payments are charged as expenditures in the budget basis financial statements		(6,937)
In the Statement of Activities, Amortization of the Deferred Loss on Refinanced Debt is expensed, regardless of when the Debt was Refinanced		(2,062)
Leases entered into by the District are an other financing source in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities.		(866,726)
Repayment of Capital Lease Principal is an Expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the statement of Net Position and is not reported in the Statement of Activities.		
Capital Lease Principal		271,336
Pension contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period.		55,776
In the Statement of Activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		(56,023)
		<u>(124,758)</u>
Change in Net Position of Governmental Activities		<u>\$ (124,758)</u>

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

PROPRIETARY FUNDS

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2016

	Business Type Activities- Enterprise Funds						
	Food Service	Regional Day School	The Learning Center	Summer Enrichment Program	BCCEC/ ETTC Program	Transitional Production Workshop	School Based Youth Services
ASSETS:							
Current Assets:							
Cash and Cash Equivalents	\$ (20,386)		\$ (8,023)		\$ 253,845		\$ 225,436
Accounts Receivable:							
State	122						122
Federal	6,226						6,226
Other			16,475		183,063		199,538
Interfund	79,677				321,050		400,727
Inventories	7,016						7,016
Total Current Assets	72,655		8,452		757,958		839,065
Noncurrent Assets:							
Site Improvements							
Building							
Equipment							
Accumulated Depreciation							
Total Noncurrent Assets							
Total Assets	72,655		8,452		757,958		839,065
LIABILITIES:							
Current Liabilities:							
Accounts Payable	1,045				20,000		21,045
Interfund Payable	1,617						1,617
Unearned Revenue	3,943				10,000		13,943
Total Current Liabilities	6,605				30,000		36,605
Net Position:							
Unrestricted	66,050		8,452		727,958		802,460
Total Net Position	\$ 66,050		\$ 8,452		\$ 727,958		\$ 802,460

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
 Propriety Funds
 Statement of Revenues, Expenses and Changes in Fund Net Position
 For the Fiscal Year Ended June 30, 2016

	Business Type Activities- Enterprise Funds							Total
	Food Service	Regional Day School	The Learning Center	Summer Enrichment Program	BCCEC/ETTC Program	Transitional Production Workshop	School Based Youth Services	
OPERATING REVENUES:								
Charges for Services:								
Daily Sales - Reimbursable Programs	\$ 101,523							\$ 101,523
Daily Sales - Non-Reimbursable Programs	59,475							59,475
Tuition		411,670	46,500					458,170
Other Revenue	2,594				387,169			389,763
Total Operating Revenues	163,592	411,670	46,500		387,169			1,008,931
OPERATING EXPENSES:								
Salaries	120,298	398,855	68,096		252,555			839,804
Employee Benefits					92,289			92,289
Cost of Sales	93,218							93,218
Cost of Sales - Non-Program Food	38,313							38,313
Purchased Educational Services					13,401			13,401
Travel					966			966
Other Purchased Services	11,168							11,168
General Supplies	8,251		1,187		18,761			28,199
Textbooks					8,250			8,250
Miscellaneous					6,950			6,950
Total Operating Expenses	271,248	398,855	69,283		393,172			1,132,558
Operating Income / (Loss)	(107,656)	12,815	(22,783)		(6,003)			(123,627)
NONOPERATING REVENUES (EXPENSES):								
State Sources:								
State School Lunch Program	2,184							2,184
Federal Sources:								
Food Distribution Program	16,660							16,660
National School Lunch Program	75,657							75,657
National School Breakfast Program	25,671							25,671
Total Non-operating Revenues (Expenses)	120,172							120,172
OTHER FINANCING USES:								
Change in Net Position	12,516	12,815	(22,783)		(6,003)			(3,455)
Prior Period Cancellation:								
Compensated Absences		14,815						14,815
Accounts Receivable					(26,721)			(26,721)
Transfers		(12,815)	12,815					
Closeout to General Fund		(54,208)		(51,262)		(10,847)	(17,103)	(133,420)
Net Position -- July 1	53,534	39,393	18,420	51,262	760,682	10,847	17,103	951,241
Net Position -- June 30	\$ 66,050	\$ 8,452	\$ 8,452	\$ 51,262	\$ 727,958	\$ 10,847	\$ 17,103	\$ 802,460

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
 Proprietary Funds
 Statement of Cash Flows
 For the Fiscal Year Ended June 30, 2016

	Business Type Activities- Enterprise Funds							Totals
	Food Service	Regional Day School	The Learning Center	Summer Enrichment Program	BCCEC/ ETTC Program	Transitional Production Workshop	School Based Youth Services	
CASH FLOWS FROM OPERATING ACTIVITIES:								
Receipts from Customers	\$ 163,592	\$ 411,670	\$ 46,500	\$ -	\$ 380,219	\$ -	\$ -	\$ 1,001,981
Payments to Employees	(120,298)	(398,855)	(68,096)		(252,555)			(839,804)
Payments for Employee Benefits					(92,289)			(92,289)
Payments to Suppliers	(190,242)	(27,629)	(4,815)		(8,513)			(231,199)
Net Cash Provided by (used for) Operating Activities	(146,948)	(14,814)	(26,411)		26,862			(161,311)
Cash from (Used for) Operating Activities-Transfers to the General Fund		(39,393)		(51,262)	(26,721)	(10,847)	(17,103)	(145,326)
Total Cash Provided by (Used for) Operating Activities	(146,948)	(54,207)	(26,411)	(51,262)	141	(10,847)	(17,103)	(306,637)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:								
State Sources	2,184							2,184
Federal Sources	117,988							117,988
Net Cash Provided by (used for) Non-Capital Financing Activities	120,172							120,172
CASH FLOWS FROM INVESTING ACTIVITIES:								
Interest and Dividends								
Net Cash Provided by (used for) Investing Activities								
Net Increase (Decrease) in Cash and Cash Equivalents	(26,776)	(54,207)	(26,411)	(51,262)	141	(10,847)	(17,103)	(186,465)
Cash and Cash Equivalents -- July 1	6,390	54,207	18,388	51,262	253,704	10,847	17,103	411,901
Cash and Equivalents -- June 30	\$ (20,386)	\$ -	\$ (8,023)	\$ -	\$ 253,845	\$ -	\$ -	\$ 225,436
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:								
Operating Income (Loss)	(107,656)	12,815	(22,783)		(6,003)			(123,627)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:								
Transfer		(12,815)	12,815					
Changes in Assets and Liabilities:								
Accounts Receivable (Increase)/Decrease	2,266		(16,443)		57,276			43,099
Interfund Receivable (Increase)/Decrease	(38,313)				(4,153)			(42,466)
Inventory (Increase)/Decrease	(2,615)							(2,615)
Accounts Payable Increase/(Decrease)	(4,990)				(2,045)			(7,035)
Deferred Revenue Increase/(Decrease)	3,943				(18,213)			(14,270)
Compensated Absences Payable Increase/(Decrease)		(14,814)						(14,814)
Due to General Fund Increase/(Decrease)	417							417
Net Cash Provided by (used for) Operating Activities	\$ (146,948)	\$ (14,814)	\$ (26,411)	\$ -	\$ 26,862	\$ -	\$ -	\$ (161,311)

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

FIDUCIARY FUNDS

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

	<u>Agency Funds</u>	
	<u>Student Activity</u>	<u>Payroll</u>
ASSETS:		
Cash and Cash Equivalents	\$ 38,617	\$ 37,879
Total Assets	<u>\$ 38,617</u>	<u>\$ 37,879</u>
LIABILITIES:		
Payable to Student Groups	\$ 26,012	\$
Due to General Fund		33,178
Payroll Deductions and Withholdings		4,701
Due to Special Revenue	12,605	
Total Liabilities	<u>\$ 38,617</u>	<u>\$ 37,879</u>

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

A. Reporting Entity:

The Salem County Vocational Technical School District (hereafter referred to as the "School District") is a Type I district located in the County of Salem, State of New Jersey. The Board is comprised of eight members; seven of them are appointed to four-year terms by the Salem County Board of Chosen Freeholders and one is a statutory appointment. The terms are staggered so that at least one member's term expires each year. The purpose of the School District is to provide a full range of educational services for the residents of Salem County. The School District had an approximate enrollment at June 30, 2016 of 903 students.

The Agency is considered to be a "Component Unit" of the County Of Salem under GAAP. This determination is based on the oversight responsibility of the County, which manifests itself primarily in the selection of District Board members, the accountability on fiscal matters, the approval for debt authorizations and the determination of county tax provided by the county.

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

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

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

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. New Accounting Standards:

The School District has adopted the following GASB statements:

- GASB No. 80 - *Blending Requirements for Certain Component Units - an Amendment of GASB No. 14*: The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. This Statement is effective for fiscal years beginning after June 15, 2015. The adoption of GASB 80, did not impact the financial statements of the School District.
- GASB No. 79 - *Certain External Investment Pools and Pool Participants*: This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. This Statement is effective for fiscal years beginning after June 15, 2015. The adoption of GASB 79, did not impact the financial statements of the School District.
- GASB Statement No. 78 - *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*: The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. This Statement is effective for fiscal years beginning after December 15, 2015. The adoption of GASB 78, did not impact the financial statements of the School District.
- GASB No. 77, *Tax Abatement Disclosures*: This Statement requires governments that enter into tax abatement agreements to disclose certain information about the agreements. This Statement is effective for fiscal years beginning after December 15, 2015. The adoption of GASB 77, did not impact the financial statements of the School District.
- GASB No. 76 - *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*: The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement is effective for fiscal years beginning after June 15, 2015. The adoption of GASB 76, did not impact the financial statements of the School District.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

A. New Accounting Standards (Continued):

The School District has adopted the following GASB statements:

- GASB No. 73 - *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*: The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement is effective for fiscal years beginning after June 15, 2015. The adoption of GASB 73, did not impact the financial statements of the School District.
- GASB No. 72 - *Fair Value Measurement and Application*: This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This Statement is effective for fiscal years beginning after June 15, 2015. The adoption of GASB 72, did not impact the financial statements of the School District.
- GASB No. 82 - *Pensions - an Amendment of GASB No. 67, No. 68 and No. 73*: The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Management is evaluating the potential impact of the adoption of GASB 82 on the School District's financial statements.

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

- GASB No. 81 - *Irrevocable Split-Interest Agreements*: The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Management is evaluating the potential impact of the adoption of GASB 81 on the School District's financial statements.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. New Accounting Standards (Continued):

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

- GASB No. 75 - *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*: The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The requirements of this Statement will be effective for reporting periods beginning after June 15, 2017. Management is evaluating the potential impact of the adoption of GASB 75 on the School District's financial statements.
- GASB No. 74 - *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*: The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The requirements of this Statement will be effective for reporting periods beginning after June 15, 2016. Management is evaluating the potential impact of the adoption of GASB 74 on the School District's financial statements.

A. Basis of Presentation:

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

In June 1999, the Governmental Accounting Standards Board (GASB), unanimously approved Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

A. Basis of Presentation (Cont'd):

This Statement provides for the most significant change in financial reporting over twenty years and is scheduled for a phase-in implementation period (based on amount of revenues) starting with fiscal years ending 2002 (for larger governments). In addition, the school district has implemented GASB Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus*, Statement No. 38, *Certain Financial Statement Note Disclosures* and GASB No. 54 *Fund Balance Reporting and Governmental Fund Type Descriptions*. The implementation of these statements had no effect on equity balances as previously reported.

The School District's basic financial statements consist of government-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.

District-wide Statements: The statement of Net Position and the statement of activities display information about the School District as a whole. These statements include financial activities of the primary government, except for fiduciary funds. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between those activities of the School District that are *governmental* and those that are considered *business-type activities*. Governmental activities generally are financed through county taxes, intergovernmental revenues, and other non-exchange 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 activities of the School District at the fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities and for the business-type activity of the School District.

- Direct expenses are those that are specifically associated with a service, program or department and, therefore, are clearly identifiable to a particular function. The policy of the School District is to not allocate indirect expense to functions in the statement of activities.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and (c) contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is used to support a particular program. Revenues that are not classified as program revenues, including all taxes and state formula aid, are presented as general revenues, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements: During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a single column. The fiduciary fund is reported by type. The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds, *governmental*, *proprietary*, and *fiduciary*. 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.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Governmental Funds:

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

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

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

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

In addition to the capital outlay sub-fund, the School District is accountable for additional sub-funds resulting from federal legislation signed into law. This federal law requires the tracking and separate reporting of American Recovery and Reinvestment Act (ARRA) funds, if any. ARRA State Fiscal Stabilization Funds were provided to districts to be used for general fund expenses. In addition, the Education Jobs Fund Program will require an additional sub-fund to be used for expenses in accordance with the education jobs compliance supplement within the federal OMB 133.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, other than major capital projects, debt service, enterprise funds and local appropriations, legally restricted to expenditures for specified purposes.

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

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

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

C. Proprietary Fund Type:

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

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

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

Salem Campus Special Service Fund – This fund accounts for the financial activity that was under a contract with the N. J. Dept. of Education, designed to serve up to 100 multiple and or low incident disabled students from the Cumberland, Gloucester and Salem Counties, previously named Regional Day School Fund. This activity was transferred to the Salem County Special Services District. This School District closed this Fund during the 2015-16 School Year.

The Learning Center – This fund accounts for the financial transactions related to the learning center operations provided by the school on a tuition basis.

Summer Enrichment Program Fund – This fund accounts for financial activity related to providing a six week summer program at the districts Regional Day School. This School District closed this Fund during the 2015-16 School Year.

Transitional Productions Workshop Fund – This fund accounts for the financial activity related to the printing of brochures, newsletters and invitations. These services are provided to schools, businesses, and civic organizations. The workshop is offered through the Regional Day School to prepare students for entry careers in the duplicating and printing industries. This School District closed this Fund during the 2015-16 School Year.

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

School Based Youth Services Center Fund – This fund accounts for the financial activity related to services provided to at-risk in and out of school youth through programs at a teen center. Fees are provided by local K-12 school districts to support the program. This School District closed this Fund during the 2015-16 School Year.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

C. Proprietary Fund Type (Cont'd):

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

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

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

D. Fiduciary Funds:

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

Trust and Agency Funds - The Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

Expendable Trust Fund - An Expendable Trust Fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable Trust Funds account for assets where both the principal and interest may be spent. The district does not currently maintain an Expendable Trust Fund.

Nonexpendable Trust Fund - A Nonexpendable Trust Fund is used to account for assets held under the terms of a formal trust agreement, whereby the District is under obligation to maintain the trust principal. The District does not maintain a Nonexpendable Trust Fund.

Agency Funds - Agency funds are 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. Agency funds include payroll and student activities funds.

E. Measurement Focus:

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

E. Measurement Focus (Cont'd):

Fund Financial Statements – All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. All assets and all liabilities associated with the operation of these funds are included on the statement of Net Position. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared.

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

F. Basis of Accounting:

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

District-wide, Proprietary and Fiduciary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the 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 Valorem (Property) Taxes are susceptible to accrual as under the 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 is recognized in the fiscal year in which all eligibility requirements have been satisfied.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

F. Basis of Accounting (Cont'd):

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 transaction 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 in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The District's proprietary funds have elected not to apply the standards issued by FASB after November 30, 1989.

The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and nonexpendable trust funds. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include Ad Valorem (property) taxes, grants, entitlements, and donations. Ad Valorem (property) taxes are susceptible to accrual, as under New Jersey State Statute. A municipality is required to remit to its susceptible to accrual, as under New Jersey State Statute, a municipality is required to remit to its School Districts the entire balance of taxes in the amount voted upon or certified prior to the end of the school year.

The School District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year since the revenue is both measurable and available. The school District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". With the exception of the restricted formula aids recorded in the special revenue fund, revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements which specify the fiscal year when the resources are required to be used or the year resources to be used for a specified purpose, and expenditure requirements, in which the resources are provide to the School District on a reimbursement basis. Restricted formula aids, which include *Demonstrably Effective Program Aid*, and *Instructional Supplement Program Aid* are recorded in the special revenue fund in accordance with *The Audit Program* promulgated by the New Jersey Department of Education which requires that these grants be realized in an amount equal to program expenditure.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

F. Basis of Accounting (Cont'd):

Revenues – Exchange and Non-Exchange Transactions (Cont'd) - Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: tuition, grants, fees, and rentals.

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

G. 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 for approval and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2 (m) 1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23A-2.13.3.

The Board of Education did not make any material supplemental budgetary appropriations during the fiscal year.

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

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

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

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

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

H. Encumbrances:

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

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

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

I. Cash, Cash Equivalents and Investments:

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

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

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

J. Tuition Receivable:

Tuition charges were established by the Board of Education based on contracts with the sending districts.

K. Tuition Payable:

There were no tuition charges or adjustments for the fiscal year under audit.

L. Inventories:

Inventories, which benefit future periods other than those recorded in the enterprise fund, are recorded as expenditures during the year of purchase rather than when consumed. Inventories recorded on the government-wide financial statements and in the proprietary fund types are recorded as expenditures when consumed rather than when purchased.

On district-wide financial statements and in the enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method.

M. Prepaid Expenses:

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

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

N. Short-Term Interfund Receivables/Payables:

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year. These amounts are eliminated in the governmental business-type columns of the statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are presented as interfunds receivable and/or interfunds payable.

O. Capital Assets:

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

O. Capital Assets (Cont'd):

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated fixed assets are recorded at their fair market value as of the date received the School District maintains a capitalization threshold of \$2,000. The School District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

Depreciation is computed using the straight-line method over the following useful lives:

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

P. Deferred Expenditures:

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

Q. Accrued Salaries and Wages:

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

R. Compensated Absences:

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

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

S. Unearned Revenue:

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied and generally in the special revenue fund.

T. Extraordinary and Special Items:

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

U. Comparative Data/Reclassifications:

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the District's financial position and operations. Also, certain immaterial amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

V. Accrued Liabilities and Long-term Obligations:

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

W. Net Position:

Net Position represents the difference between assets and liabilities. Net Position invested in capital assets, net of related debt 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 are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted Net Position are available.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

X. Fund Balance Reserves:

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. Fund balance reserves are established for encumbrances, legally restricted appropriations, tuition, excess surplus, capital reserve accounts, emergency reserves and debt service reserves. Effective in the 2011-12 fiscal year, June 30, 2012 fund balances are to be categorized as Restricted, Committed, Assigned or Unassigned, in accordance with GASB 54.

Y. Management Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Accordingly, actual results could differ from those estimates.

Z. Operating and Non-Operating Revenues and Expenses:

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

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

AA. Interfund Activity:

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

AB. Revenues – Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income 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 income taxes is recognized in the period in which the income is earned.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

AB. Revenues – Exchange and Non-exchange Transactions:

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 for the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis.

AC. Bond and Lease Acquisition Costs:

As part of any long-term bond or lease agreement, providing for the use of school buildings, payments constituting professional lease acquisition and other related professional fees will be expensed when incurred in accordance with GASB Statement No. 65.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

Custodial Credit Risk Related to Deposits:

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be recovered. Although the District does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local government agencies. The program is administered by the Commissioner of the NJ Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Funds owned by the District in excess of FDIC insured amounts are protected by GUDPA. As of June 30, 2016, the District's bank balance of \$1,360,131 was exposed to custodial credit risk as follows:

Insured	\$	250,000
Uninsured and collateralized with securities held by pledging financial institutions		1,110,131
	\$	<u>1,360,131</u>

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Board of Education of the Salem County Vocational and Technical School District by inclusion of \$456,605 in the 1996-97 capital budget for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

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

As of June 30, 2016, the capital reserve account had a balance of \$12,200, which was the same as the prior year.

The LRFP balance of local support costs of uncompleted projects at June 30, 2016 is \$1,594,328.

NOTE 5. ACCOUNTS RECEIVABLES

Accounts Receivables at June 30, 2016 consisted of accounts (fees) and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. As of year-end, the School District's individual major and fiduciary funds, in the aggregate, are as follows:

	<u>General Fund</u>	<u>Special Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Proprietary Funds</u>	<u>Total</u>
Receivables:					
State	\$ 11,932	\$ 11,469	\$	\$ 122	\$ 23,523
Federal		223,842		6,226	230,068
Intergovernmental	475,788				475,788
Other	746,322		10,360	199,538	956,220
Total	<u>\$ 1,234,042</u>	<u>\$ 235,311</u>	<u>\$ 10,360</u>	<u>\$ 205,886</u>	<u>\$ 1,685,599</u>

NOTE 6. INVENTORY

Inventory in the Food Service Fund at June 30, 2016 consisted of the following:

Food	\$ 2,844
Supplies	<u>4,172</u>
	<u>\$ 7,016</u>

The value of Federal donated commodities, where reflected on Schedule A-2 (required by the Single Audit Law of 1986, as revised) is the difference between market value and cost of the commodities at the date of purchase has been included as an item of non-operating revenue in the financial statements. The district received \$16,875 in federal commodities during the 2015-2016 school year, which was consumed during operations with the exception of \$215 left in ending inventory.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 7. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Adjustments/ Retirements</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets that are not being depreciated:				
Land	\$ 391,928			\$ 391,928
Land Improvements	967,836		\$ -	967,836
Building and Improvements	14,820,732	\$ 3,566,926		18,387,658
Construction in Progress	776,625	427,726		1,204,351
Equipment	3,587,548			3,587,548
	<hr/>	<hr/>	<hr/>	<hr/>
Total Historical Cost	20,544,669	3,994,652		24,539,321
	<hr/>	<hr/>	<hr/>	<hr/>
Less accumulated depreciation for :				
Land Improvements	(413,510)	(34,355)		(447,865)
Building and improvements	(6,759,886)	(471,733)		(7,231,619)
Equipment	(2,873,049)	(257,603)		(3,130,652)
	<hr/>	<hr/>	<hr/>	<hr/>
Total accumulated depreciation	(10,046,445)	(763,691)		(10,810,136)
	<hr/>	<hr/>	<hr/>	<hr/>
Government activities capital assets, net	\$ 10,498,224	\$ 3,230,961	\$ -	\$ 13,729,185
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
				To A-1
 Business-Type Activities -				
 Business-Type Activities				
Capital Assets - Net	\$ -	\$ -	\$ -	\$ -
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

*Depreciation expense was charged to government functions as follows:

Instruction- Regular	\$ 8,517
Instruction- Vocational	115,490
Plant Operations and Maintenance	182,668
General Administration	6,163
Unallocated	450,853
	<hr/>
Total Depreciation Expense	\$ 763,691
	<hr/> <hr/>

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 8. GENERAL LONG-TERM DEBT

During the fiscal year ended June 30, 2016, the following changes occurred in long-term obligations:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts</u> <u>Due within</u> <u>One Year</u>	<u>Long-term</u> <u>Portion</u>
Governmental Activities:						
Capital Lease Payable	\$ 2,627,188	\$ 866,726	\$ (271,336)	\$ 3,222,578	\$ 90,639	\$ 3,131,939
Short-Term Loan Payable	460,334	464,939	(460,334)	464,939	464,939	
Compensated Absences	103,586	56,023		159,609	8,261	151,348
Governmental Activity Long Term Liabilities	<u>\$ 3,191,108</u>	<u>\$ 1,387,688</u>	<u>\$ (731,670)</u>	<u>\$ 3,847,126</u>	<u>\$ 563,839</u>	<u>\$ 3,283,287</u>
Business-Type Activities:						
Compensated absences payable	<u>\$ 14,814</u>	<u>\$</u>	<u>\$ (14,814)</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

A. Bonds Payable - Bonds and Loans are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds.

The District is organized as a Type 1 School District under New Jersey Statutes; therefore long-term debt is accounted for and financed by the County of Salem. The following is presented for "Memorandum Only" purposes.

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 125,000	\$ 19,500	\$ 144,500
2018	130,000	13,250	143,250
2019	135,000	6,750	141,750
	<u>\$ 390,000</u>	<u>\$ 39,500</u>	<u>\$ 429,500</u>

Bonds Authorized But Not Issued – As of June 30, 2016, the School District had no authorizations to issue additional bonded debt.

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 8. GENERAL LONG-TERM DEBT (CONT'D)

B. Capital Leases Payable – Energy Savings Upgrades

The School District was financing Energy Saving upgrades with a 15 year Capital Lease totaling \$3,190,699. In April 2014, the School District elected to refinance the Capital Lease, which reduced the interest rate from 4.74% to 3.00% at a premium of \$30,923 that will be amortized over 11 years. The following is a schedule of the future minimum lease payments at June 30, 2016:

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 193,882	\$ 72,046	\$ 265,928
2018	211,111	66,101	277,212
2019	229,278	59,633	288,911
2020	248,427	52,612	301,039
2021	268,602	45,009	313,611
2022	289,853	36,792	326,645
2023	312,229	27,930	340,159
2024	335,783	18,388	354,171
2025	360,475	8,130	368,605
	<u>\$ 2,449,640</u>	<u>\$ 386,641</u>	<u>\$ 2,836,281</u>

B. Capital Leases Payable – Various Technology Equipment, Playground Equipment and Vehicles

During the current 2015-16 fiscal school year, the District acquired Various Technology and Playground Equipment, along with Vehicles through a Capital Lease totaling \$216,726, with interest at 1.573%. The following is a schedule of the future minimum lease payments at June 30, 2016:

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 73,748	\$ 3,001	\$ 76,749
2018	142,978	2,249	145,227
	<u>\$ 216,726</u>	<u>\$ 5,250</u>	<u>\$ 221,976</u>

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 8. GENERAL LONG-TERM DEBT (CONT'D)

B. Capital Leases Payable – During the current 2015-16 fiscal school year, the District financed additional energy upgrades through a ten year Capital Lease totaling \$650,000 interest at 2.875%. The following is a schedule of the future minimum lease payments at June 30, 2016:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 55,951	\$ 15,592	\$ 71,543
2018	58,067	13,968	72,035
2019	60,256	12,283	72,539
2020	62,519	10,534	73,053
2021	59,197	8,761	67,958
2022	61,452	7,043	68,495
2023	63,785	5,259	69,044
2024	66,198	3,408	69,606
2025	68,787	1,488	70,275
	<u>\$ 556,212</u>	<u>\$ 78,336</u>	<u>\$ 634,548</u>

C. SHORT-TERM LOAN

There was also a short-term loan, resulting from the timing difference in the 19th and 20th state aid payments and other receivables. The loan was approved in the amount of \$464,939 for principal and \$658 for interest through July 8, 2016.

NOTE 9. AMORTIZATION OF DEBT REFINANCE

The School District elected to implement GASB Statement No. 65 during the 2012-13 year under audit and as a result, has reflected Capital Lease Debt Refinancing Cost as a Deferred Outflow of Resources on the Statement of Net Position, net of the portion amortized, as a component of interest expense over the life of the debt. During the 2015-16 School Year, \$2,062 of Debt Refinancing Costs was amortized, resulting in a balance in Deferred Outflows of Resources of \$25,348, as of June 30, 2016.

NOTE 10. OPERATING LEASES

A lease agreement was signed for the use of four rooms and two office spaces within the Salem Community College. In addition, the District has two outstanding lease agreements for copiers. Future minimum payments with respect to each lease are as follows:

June 30,	Copiers	Building
2017	\$ 31,331	\$ 22,756
2018	22,552	
2019	10,881	
2020	1,766	
Total	<u>\$ 66,530</u>	<u>\$ 22,756</u>

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 11. PENSION PLANS

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

The School District is billed annually for its normal contribution plus any accrued liability. The School District's contributions, which equal the required contribution for each fiscal year, were as follows:

Public Employees Retirement System

<u>Fiscal Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Total Liability</u>	<u>Funded by State</u>	<u>Paid by District</u>
2016	\$ 22,055	\$ 101,601	\$ 123,656	\$ N/A	\$ 123,656

Vesting and Benefit Provisions

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

Public Employees' Retirement System - The vesting and benefit provisions are set by N.J.S.A.43:15A and 43:3B. The PERS provides retirement, death and disability benefits. All benefits vest after 8 to 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 11. PENSION PLANS (CONT'D)

Vesting and Benefit Provisions (Cont'd)

The following represents the membership tiers for TPAF and PERS:

Tier Definition

- 1 Members enrolled before July 1, 2007
- 2 Members eligible for enrollment on or after July 1, 2007 and before November 2, 2008
- 3 Members eligible for enrollment on or after November 2, 2008 and on or before May 21, 2010
- 4 Members eligible for enrollment after May 21, 2010 and before June 28, 2011
- 5 Members eligible for enrollment on or after June 28, 2011

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

Contributions

Teachers' Pension and Annuity Fund - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.06% in State fiscal year 2016. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2015, the State's pension contribution was less than the actuarial determined amount. Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the School District and all other related non-contributing employers. No normal or accrued liability contribution by the School District has been required over several preceding fiscal years. These on-behalf contributions by the State of New Jersey are considered a special funding situation, under the definition of GASB 68, Accounting and Financial Reporting for Pensions.

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 11. PENSION PLANS (CONT'D)

Contributions (Cont'd)

Teachers' Pension and Annuity Fund (TPAF) (Cont'd) - For the year ended June 30, 2016, the District recognized pension expense of \$1,199,344 and revenue of \$1,199,344 for support provided by the State.

The School District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2016 because of the 100.00% special funding situation with the State of New Jersey.

Trend Information for TPAF (Paid on-behalf of the School District)

<u>Year</u> <u>Funding</u>		<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>			<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/16	\$	558,325	100	%	\$	N/A
6/30/15		434,744	100			N/A
6/30/14		349,167	100			N/A

During the fiscal year ended June 30, 2016, the State of New Jersey contributed \$254,859 to the TPAF for pension contributions and \$303,466 for normal and post-retirement benefits on behalf of the School. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the School District \$248,110 during the year ended June 30, 2016 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries.

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.06% in State fiscal year 2016. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State Treasurer has the right under the current law to make temporary reductions in rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist. The School District's contribution amounts are based on an actuarially determined rate which included the normal cost and unfunded accrued liability.

Contributions to the pension plan from the School District were \$130,277 for the fiscal year ended June 30, 2016. Employee contributions were \$80,944.70 for the fiscal year ended June 30, 2016.

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

Teachers' Pension and Annuity Fund - The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2016. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 11. PENSION PLANS (CONT'D)

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

Teachers' Pension and Annuity Fund (Cont'd) - At June 30, 2016, the School District was not required to report a liability for its proportionate share of the net pension liability because of a 100% reduction for State of New Jersey pension support provided to the School District.

Public Employees' Retirement System - At June 30, 2016, the School District reported a liability of \$3,401,593 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2015. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the School District's proportion was .015153%, which represents a .0035% decrease from the prior year.

For the fiscal year ended June 30, 2016, the School District recognized \$51,353 in the government-wide financial statements, for pension expense for PERS. At June 30, 2016, the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 81,150	\$
Changes of assumptions	365,304	
Net difference between projected and actual earnings on pension plan investments		54,691
Changes in proportion and differences between District contributions and proportionate share of contributions		795,325
District contributions subsequent to the measurement date	130,277	
Total	\$ 576,731	\$ 850,016

\$130,277 reported as deferred outflows of resources related to pensions will be included as a reduction of the net pension liability in the fiscal year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year		PERS
2017	\$	(63,952)
2018		(63,952)
2019		(63,952)
2020		(63,952)
2021		(63,952)
Thereafter		(83,801)
Total	\$	(403,562)

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 11. PENSION PLANS (CONT'D)

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

Public Employees' Retirement System (Cont'd) - Collective Balances at June 30, 2015 and 2016 are as follows:

	Actuarial Valuation Date	
	6/30/2015	6/30/2014
Collective deferred outflows of resources	\$ 5,086,138,484	\$ 1,032,618,058
Collective deferred inflows of resources	\$ 478,031,236	\$ 1,726,631,532
Collective net pension liability	\$ 22,447,996,119	\$ 18,722,735,003
District's Proportion	0.0151532140%	0.0186099811%

Actuarial Assumptions

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	PERS	TPAF
Measurement Date	June 30, 2015	June 30, 2015
Actuarial Valuation Date	July 1, 2014	July 1, 2014
Interest Rate	7.90%	7.90%
Salary Scale (Based on Age):		
2012-2021	2.15% - 4.40%	Varies based
Thereafter	3.15% - 5.40%	on Experience
Inflation	3.04%	2.50%

For TPAF, mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements were based on Scale AA. Preretirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Postretirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

For PERS, mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 11. PENSION PLANS (CONT'D)

Actuarial Assumptions (Cont'd)

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension and Benefits, the board of trustees and the actuaries.

Best estimates of arithmetic real rates of returns for each major asset class included in TPAF's and PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

Asset Class	PERS		TPAF	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	1.04%	5.00%	0.53%
U.S. Treasuries	1.75%	1.64%	1.75%	1.39%
Investment Grade Credit	10.00%	1.79%	13.50%	2.72%
Mortgages	2.10%	1.62%	2.10%	2.54%
High Yield Bonds	2.00%	4.03%	2.00%	4.57%
Inflation-Indexed Bonds	1.50%	3.25%	1.50%	1.47%
Broad US Equities	27.25%	8.52%	27.25%	5.63%
Developed Foreign Equities	12.00%	6.88%	12.00%	6.22%
Emerging Market Equities	6.40%	10.00%	6.40%	8.46%
Private Equity	9.25%	12.41%	9.25%	9.15%
Hedge Funds/Absolute Return	12.00%	4.72%	12.00%	14.57%
Real Estate (Property)	2.00%	6.83%	4.25%	3.97%
Commodities	1.00%	5.32%	1.00%	3.58%
Timber	n/a	n/a	1.00%	4.61%
Farmland	n/a	n/a	1.00%	4.61%
Global Debt ex US	3.50%	-0.40%	n/a	n/a
Real Estate (REITS)	4.25%	5.12%	n/a	n/a
Total	100%		100%	

Discount Rate - The discount rate used to measure the total pension liability was 4.13% and 4.68% for TPAF as of June 30, 2015 and 2014, respectively, and 4.90% and 5.39% for PERS as of June 30, 2015 and 2014, respectively. For TPAF and PERS, these single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/ Aa or higher. The projection of cash flows used to determine the discount rates for TPAF and PERS assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027 for TPAF and 2033 for PERS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027 for TPAF and 2033 for PERS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 11. PENSION PLANS (CONT'D)

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

Teachers' Pension and Annuity Fund (TPAF) - As indicated above, TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution.

Public Employees' Retirement System (PERS) - The following presents the School District's proportionate share of the net pension liability at June 30, 2016 calculated using a discount rate of 4.90% for PERS, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	1% Decrease (3.9%)	Current Discount (4.9%)	1% Increase (5.9%)
District's proportionate share of the net pension liability	\$ 4,227,764	\$ 3,401,593	\$ 2,708,937

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued New Jersey Division of Pension and Benefits financial report. Information on where to obtain the report is indicated at the beginning of this note.

NOTE 12. POST-EMPLOYMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or a disability retirement. P.L. 2007, c.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, 2015, there were 107,314 retirees receiving post retirement medical benefits and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994 c 62. Funding of post retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides employer paid 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 \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 13. COMPENSATED ABSENCES

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

District employees are granted varying amounts of vacation and sick leave in accordance with the School District's personnel policies. Upon termination, employees are paid for accrued vacation. The School District's policy permits employees to accumulated 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 agreement with the various employee unions.

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

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2016, a liability existed for compensated absences in the Governmental Activities of \$159,609.

NOTE 14. DEFERRED COMPENSATION

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

NOTE 15. RISK MANAGEMENT

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

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

Joint Insurance Pool – The School District is a member of the Gloucester, Cumberland, Salem School Districts Joint Insurance Fund. The Fund provides the School District with the following coverage:

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 15. RISK MANAGEMENT (CONT'D)

Joint Insurance Pool (Cont'd) -

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

Annual contributions to the Fund are determined by the Fund's Board of Trustees. The School District is jointly and personally liable for claims insured by the Fund and its members during the period of its membership, including liability for supplemental assessments, if necessary. The Fund's Board of Trustees may authorize refunds to its members in any fund year for which contributions exceed the amount necessary to fund all obligations for that year. The Fund publishes its own financial report for the year ended June 30, 2016, which can be obtained from the following address:

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

NOTE 16. INTERFUND RECEIVABLES AND PAYABLES

The following Interfund balances remained on the balance sheet at June 30, 2016:

Fund	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 147,480	\$ 373,830
Special Revenue Fund	12,605	139,330
Capital Project Fund		252
Enterprise Fund	400,727	1,617
Fiduciary Funds		45,783
Total	\$ <u>560,812</u>	\$ <u>560,812</u>

NOTE 17. DEFICIT FUND BALANCES

The School District does not have a deficit fund balance in the General Fund or Special Revenue Fund, as of June 30, 2016 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The Statute provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one records the June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the general fund balance deficit does not alone indicate that the School District is facing financial difficulties.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 17. DEFICIT FUND BALANCES (CONT'D)

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

NOTE 18. DEFICIT IN UNRESTRICTED NET POSITION

The governmental activities had a deficit in unrestricted Net Position of \$3,658,046, shown on Exhibit A-1, as of June 30, 2016. The primary cause of the deficit is attributable to the application of GASB 68 as described in Note 11, the allocation of compensated absences balances payable to unrestricted Net Position and the result from a delay in the June payments of state aid until the following fiscal year.

NOTE 19. FUND BALANCE APPROPRIATED

General Fund - Of the \$462,968 General Fund balance at June 30, 2016, \$1,495 is assigned for encumbrances; \$265,294 is restricted as excess surplus in accordance with N.J.S.A. 18A:7F-7, of which \$187,855 has been appropriated and included as anticipated revenue for the year ending June 30, 2017; \$12,200 has been restricted in the Capital Reserve Account; \$129,987 has been assigned, appropriated and included as anticipated revenue for the year ending June 30, 2017 and \$53,992 is unreserved and undesignated.

Legally Restricted

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

Legally Restricted for Capital Reserve Account – As of June 30, 2016, the balance in the capital reserve account is \$12,200. These funds are restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan (LRFP).

Committed For Encumbrances – The reserve for encumbrances was created to represent encumbrances outstanding at the end of the fiscal year based on purchase orders and contracts signed by the School District but not completed as of the close of the fiscal year. As of June 30, 2016, \$1,495 has been restricted for this purpose.

Unassigned - General Fund – The budgetary basis unassigned general fund balance at June 30, 2016 is \$519,861.

NOTE 20. CALCULATION OF EXCESS SURPLUS

The designation of reserved fun balance – excess surplus is the result of a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve general fund balance at the fiscal year end of June 3 if they did not appropriate a required minimum amount as budged find balance in their subsequent years' budget. The excess fund balance on a budgetary basis at June 30, 2016 is \$265,294, of which \$77,439 and will be appropriated and anticipated as revenue in the 2017-18 budget.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 21. LITIGATION

There was one Notice of Tort Claim submitted against the District during the 2015-16 School Year. However, no formal complaint has been filed with regard to this matter, as of November 28, 2016.

Legal counsel are not aware of any other matters pending or threatened, which are likely to have a material adverse effect on the financial position of the District.

NOTE 22. MERGE OF THE SALEM COUNTY SPECIAL SERVICES BOARD OF EDUCATION AND THE SALEM COUNTY VO-TECH BOARD OF EDUCATION

Effective, July 1, 2009, the Salem County Board of Chosen Freeholders adopted a resolution to disband the Salem County Special Services Board of Education and the Salem County Vo-Tech Board of Education, instituting a new Board named "The Board of Education for the Vocational School District and the Special Services School District for the County of Salem".

NOTE 24. IMPROVEMENTS TO THE SALEM COUNTY CAREER AND TECHNICAL HIGH SCHOOL

On December 3, 2014, a Bond Ordinance, in the amount of \$3,149,364 was approved by the Salem County Board of Chosen Freeholders, for the purpose of funding various capital improvements to the Salem County Career and Technical High School. As of June 30, 2016, the District had an unexpended balance of \$24,263 on this project.

NOTE 20. SUBSEQUENT EVENTS

There were no other events noted, between the year-end and the date of the audit report, requiring disclosure.

End of Notes to Financial Statements

REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
County of Salem Budget Appropriation	\$ 1,828,758	\$ -	\$ 1,828,758	\$ 1,828,758	\$ -
Tuition Charges - In County	1,962,500		1,962,500	1,827,459	(135,041)
Tuition Charges - Out of County	365,928		365,928	371,758	5,830
Unrestricted Miscellaneous Revenue	25,000		25,000	13,226	(11,774)
Total - Local Sources	4,182,186		4,182,186	4,041,201	(140,985)
State Sources:					
Categorical Aid					
Equalization Aid	4,180,454		4,180,454	4,180,454	
Categorical Special Education Aid	391,823		391,823	391,823	
Categorical Security Aid	22,326		22,326	22,326	
PARCC Readiness Aid	7,820		7,820	7,820	
Per Pupil Growth Aid	7,820		7,820	7,820	
Additional Adjustment Aid	1		1	1	
Other State Aid					
Adult Aid				49,344	49,344
Reimbursed TPAF Social Security Contributions (non-budgeted)				248,110	248,110
On-behalf TPAF pension contributions (non-budgeted)				254,859	254,859
On-behalf TPAF pension post-retirement med'l contrib (non-budgeted)				303,466	303,466
Total - State Sources	4,610,244		4,610,244	5,466,023	855,779
Total Revenues	8,792,430		8,792,430	9,507,224	714,794
EXPENDITURES:					
Current Expense:					
Regular Programs - Grade 9-12 - Instruction:					
Salaries of Teachers	1,033,144	58,370	1,091,514	1,087,194	4,320
Purchased Professional-Educational Services	6,310	4,000	10,310	9,995	315
Purchased Technical Services	6,000	(6,000)			
Other Purchased Services	2,050	1,190	3,240	2,251	989
General Supplies	24,950	36,426	61,376	58,225	3,151
Textbooks	32,800	(5,771)	27,029	26,966	63
Total Regular Programs - Instruction	1,105,254	88,215	1,193,469	1,184,631	8,838
Regular Programs - Home Instruction:					
Salaries of Teachers		4,341	4,341	4,341	
Regular Vocational Programs - Instruction:					
Salaries of Teachers	1,260,364	112,645	1,373,009	1,351,550	21,459
Purchased Professional-Educational Services	1,505,807	(10,400)	1,495,407	1,463,225	32,182
Purchased Technical Services	23,400	(3,317)	20,083	17,182	2,901
Other Purchased Services (400-500 series)	4,250	3,542	7,792	6,481	1,311
General Supplies	100,700	36,196	136,896	129,551	7,345
Textbooks	9,200	(1,616)	7,584	4,418	3,166
Other Objects	5,200	(1,400)	3,800	3,205	595
Total - Regular Vocational Programs - Instruction	2,908,921	135,650	3,044,571	2,975,612	68,959
School-Sponsored Co/Extra-Curr. Activities-Instruction					
Salaries	20,000		20,000	12,276	7,724
Purchased Services (300-500 series)	1,500	1,650	3,150	3,150	
Supplies and Materials	14,000	(12,050)	1,950	1,211	739
Other Objects	14,000	(8,311)	5,689	5,652	37
Total School-Spon. Co/Extra Curr. Actvts. - Inst	49,500	(18,711)	30,789	22,289	8,500
Undistributed Expenditures - Attendance & Social Work					
Salaries of Drop-Out Prevention Officer/Coordinator	78,395	10,722	89,117	89,116	1
Total Undistributed Expenditures - Attendance & Social Work	78,395	10,722	89,117	89,116	1

(Continued)

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Health Services:					
Salaries	\$ 56,465	\$ 2,500	\$ 58,965	\$ 58,965	\$ -
Purchased Professional and Technical Services	100	52	152	53	99
Other Purchased Services (400-500 series)	415		415	326	89
Supplies and Materials	675		675	528	147
Other Objects	100		100		100
Total Undistributed Expenditures - Health Services	57,755	2,552	60,307	59,872	435
Undistributed Expenditures - Speech, OT, PT and Related Services					
Purchased Professional - Educational Services		6,424	6,424	6,072	352
Total Undist. Expend. - Speech, OT, PT and Related Services		6,424	6,424	6,072	352
Undistributed Expenditures - Guidance					
Salaries of Other Professional Staff	260,264	5,047	265,311	261,339	3,972
Salaries of Secretarial and Clerical Assistants	29,551	784	30,335	30,335	
Purchased Professional-Educational Services	3,200	6,905	10,105	6,235	3,870
Other Purchased Services (400-500 series)	2,750	2,400	5,150	3,431	1,719
Supplies and Materials	8,500	(1,512)	6,988	6,988	
Total Undist. Expend. - Guidance	304,265	13,624	317,889	308,328	9,561
Undistributed Expenditures - Child Study Teams					
Purchased Professional - Educational Services		2,000	2,000	1,840	160
Total Undist. Expend. - Child Study Teams		2,000	2,000	1,840	160
Undistributed Expenditures - Improvement of Instruction Services					
Salaries of Other Professional Staff	71,104		71,104	71,062	42
Salaries of Secretarial and Clerical Assistants	41,873	1	41,874	41,873	1
Total Undist. Expend. - Improv of Inst. Serv.	112,977	1	112,978	112,935	43
Undistributed Expenditures - Educational Media Service/Sch Library					
Salaries	38,646	35,826	74,472	74,434	38
Purchased Professional and Technical Services	60,000	(9,981)	50,019	46,655	3,364
Other Purchased Services (400-500)	2,500	(1,745)	755	753	2
Supplies and Materials	121,600	(8,645)	112,955	102,191	10,764
Total Undist Expend-Edu. Media Serv. / Sch. Library	222,746	15,455	238,201	224,033	14,168
Undistributed Expenditures - Support Services - General Administration:					
Salaries	188,826	31,520	220,346	213,083	7,263
Legal Services	20,000	200	20,200	20,039	161
Audit Fee	30,000	(8,000)	22,000	21,960	40
Other Purchased Professional Services	73,887	(66,970)	6,917	3,243	3,674
Communications/Telephone	40,000	17,233	57,233	46,629	10,604
Other Purch Serv (400-500)	8,500	(3,135)	5,365	5,364	1
General Supplies	5,234	(4,100)	1,134	635	499
Miscellaneous Expenditures	15,750	(3,211)	12,539	12,539	
Total Undist. Expend. -Support Serv. -Gen. Admin.	382,197	(36,463)	345,734	323,492	22,242
Undistributed Expenditures - Support Services - School Administration					
Salaries of Principals / Assistant Principals	182,608	4,042	186,650	186,650	
Salaries of Secretarial and Clerical Assistants	75,861	10,165	86,026	86,026	
Other Purchased Services (400-500 series)	1,500		1,500	948	552
Supplies and Materials	13,000	(2,194)	10,806	10,334	472
Other Objects	5,300		5,300	5,290	10
Total Undist. Expend. -Support Serv. - School Adm.	278,269	12,013	290,282	289,248	1,034

(Continued)

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Central Services:					
Salaries	\$ 32,135	\$ -	\$ 32,135	\$ 31,851	\$ 284
Purchased Professional Services	59,734	(59,434)	300	300	
Purchased Technical Services	42,500	(10,615)	31,885	30,232	1,653
Misc. Purchased Services (400-500 Series)	15,000	(12,550)	2,450	1,800	650
Supplies and Materials	17,500	(12,233)	5,267	5,114	153
Interest on Lease Purchase Agreements		92,831	92,831	92,831	
Misc. Expenditures	7,500	(7,453)	47		47
Total Undistributed Expenditures - Central Services	174,369	(9,454)	164,915	162,128	2,787
Undistributed Expenditures - Required Maint for School Facilities					
Salaries	60,600	13,544	74,144	74,144	
Cleaning, Repair, and Maintenance Services	165,000	8,439	173,439	170,947	2,492
General Supplies	25,000	18,533	43,533	43,524	9
Other Objects	5,000	(4,563)	437	437	
Total Undist. Expend-Required Maint for Sch Fac.	255,600	35,953	291,553	289,052	2,501
Undistributed Expenditures - Other Oper & Maint of Plant					
Salaries	292,781	(23,419)	269,362	264,539	4,823
Cleaning, Repair, and Maintenance Services	50,000	(3,700)	46,300	46,297	3
Lease Purchase Payments - Energy Savings	77,493	(77,493)			
Insurance	105,000	(6,525)	98,475	98,475	
General Supplies	20,000	(2,000)	18,000	17,790	210
Energy (Natural Gas)	105,000	(24,520)	80,480	80,480	
Energy (Heat and Electricity)	259,664	(78,682)	180,982	180,981	1
Energy (Oil)	10,000	(3,453)	6,547	4,569	1,978
Total Undist. Expend-Oth. Oper & Maint of Plant	919,938	(219,792)	700,146	693,131	7,015
Undistributed Expenditures - Care & Upkeep of Grounds					
Cleaning, Repair, and Maintenance Services	20,000	(11,000)	9,000	9,000	
Total Care and Upkeep of Grounds	20,000	(11,000)	9,000	9,000	
Undistributed Expenditures - Security					
Cleaning, Repair, and Maintenance Services	4,500	(4,500)			
Total Security	4,500	(4,500)			
Total Undist. Expend-Oper & Maint of Plant Serv.	1,200,038	(199,339)	1,000,699	991,183	9,516
Undistributed Expenditures - Student Transportation Services:					
Contr Serv (Oth. Than Bet Home & Sch) - Vend	24,800	4,462	29,262	26,610	2,652
Total Undist. Expend. -Student Trans. Serv.	24,800	4,462	29,262	26,610	2,652
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	130,000	7,141	137,141	84,882	52,259
Other Retirement Contributions - PERS	156,029	(25,752)	130,277	119,430	10,847
Unemployment Compensation	22,000	853	22,853	22,049	804
Workmen's Compensation	83,000	(4,621)	78,379	78,379	
Health Benefits	1,284,439	(53,931)	1,230,508	1,181,400	49,108
Tuition Reimbursement	20,000	(12,763)	7,237	6,826	411
Other Employee Benefits	5,000	(2,477)	2,523	2,360	163
Total Unallocated Benefits - Employee Benefits	1,700,468	(91,550)	1,608,918	1,495,326	113,592

(Continued)

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Reimbursed TPAF Social Security Contributions (non-budgeted)	\$ -	\$ -	\$ -	\$ 248,110	\$ (248,110)
On-behalf TPAF pension contributions (non-budgeted)				254,859	(254,859)
On-behalf TPAF pension post-retirement contributions (non-budgeted)				303,466	(303,466)
Total On-behalf Contributions				806,435	(806,435)
Total Undistributed Expenditures	4,536,279	(269,553)	4,266,726	4,896,618	(629,892)
Total Current Expense	8,599,954	(60,058)	8,539,896	9,083,491	(543,595)
Capital Outlay:					
Interest Deposit to Capital Reserve					
Equipment:					
Undistributed Expenses					
Special Schools	16,350	60,960	77,310	72,460	4,850
Total Equipment	16,350	60,960	77,310	72,460	4,850
Facilities Acquisition and Construction Services:					
Construction Services		44,371	44,371	21,903	22,468
Other Objects - Debt Service Assessment					
Lease Purchase Agreements-Principal	177,548	93,788	271,336	271,336	
Infrastructure	100,000	(100,000)			
Assessment for Debt Service on SDA Funding	925		925	925	
Total Facilities Acquisition and Construction Services	278,473	38,159	316,632	294,164	22,468
Assets Acquired under Capital Leases (Non-budgeted)				216,726	(216,726)
Total Capital Outlay	294,823	99,119	393,942	583,350	(189,408)
Special Schools:					
Post-Secondary Vocational Programs - Instruction					
Salaries of Teachers		4,100	4,100	4,100	
Post-Secondary Vocational Programs - Support Services					
Salaries		16,574	16,574	16,573	1
Total Special Schools		20,674	20,674	20,673	1
Total Expenditures	8,894,777	59,735	8,954,512	9,687,514	(733,002)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(102,347)	(59,735)	(162,082)	(180,290)	(18,208)
Other Financing Sources (Uses)					
Proceeds from Capital Leases				216,726	216,726
Transfers from Enterprise Funds				133,420	133,420
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(102,347)	(59,735)	(162,082)	169,856	331,938
Fund Balances, July 1	758,981		758,981	758,981	
Fund Balances, June 30	\$ 656,634	\$ (59,735)	\$ 596,899	\$ 928,837	\$ 331,938
Recapitulation:					
Restricted Fund Balance:					
Capital Reserve				\$ 12,200	
Excess surplus				77,439	
Excess Surplus - Designated For Subsequent Years Expenditures				187,855	
Assigned Fund Balance:					
Year-end Encumbrances				1,495	
Designated for Subsequent Years Expenditures				129,987	
Unassigned Fund Balance				519,861	
				928,837	
Reconciliation to Governmental Funds Statements (GAAP):					
Last two State Aid Payments 2015-16 Not Recognized on GAAP Basis				(465,869)	
				\$ 462,968	

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Amendments / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
REVENUES:					
State Sources:					
Perkins Post Secondary		\$ 114,525	\$ 114,525	\$ 94,421	\$ (20,104)
County Vocational Competitive		343,902	343,902	74,985	(268,917)
Total - State Sources	-	458,427	458,427	169,406	(289,021)
Federal Sources:					
Perkins Secondary and Reserve		111,011	111,011	108,511	(2,500)
Adult Basic Skills-LA	150,034	167,770	317,804	154,119	(163,685)
Adult Basic Skills-Sub-grantee		350,000	350,000	347,699	(2,301)
I.D.E.A.	137,455	16,614	154,069	147,523	(6,546)
No Child Left Behind I A	191,274	58,569	249,843	158,374	(91,469)
No Child Left Behind II A	10,237	18,192	28,429	1,598	(26,831)
Total - Federal Sources	489,000	722,156	1,211,156	917,824	(293,332)
Other Sources:					
CASE Grant	244	5,000	5,244	221	(5,023)
Monsanto Garden Grant	10,000		10,000	8,593	(1,407)
PSE&G Grant	5,000		5,000	2,565	(2,435)
Total - Other Sources	15,244	5,000	20,244	11,379	(8,865)
Total Revenues	504,244	1,185,583	1,689,827	1,098,609	(591,218)

(Continued)

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Amendments / Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES:					
Instruction:					
Salaries of Teachers	\$ 99,063	\$ 178,041	\$ 277,104	\$ 196,356	\$ 80,748
Purchased Professional & Technical Services				38,383	(38,383)
Other Purchased Services		700	700	700	
General Supplies	29,089	23,852	52,941	44,418	8,523
Supplies and Materials		136,113	136,113	65,217	70,896
Total Instruction	128,152	338,706	466,858	345,074	121,784
Support Services:					
Salaries of Other Professional Staff		39,000	39,000	27,000	12,000
Personal Services - Employee Benefits	24,456	12,096	36,552	27,591	8,961
Purchased Professional Educational Services	150,034	367,427	517,461	352,009	165,452
Purchased Professional Technical Services	199,615	178,101	377,716	220,633	157,083
Other Purchased Services	1,987	34,429	36,416	5,489	30,927
Travel		16,079	16,079	4,176	11,903
Total Support Services	376,092	647,132	1,023,224	636,898	386,326
Facilities Acquisition and Construction Services:					
Instructional Equipment		199,745	199,745	116,637	83,108
Total Facilities Acquisition & Construction Services		199,745	199,745	116,637	83,108
Total Expenditures	504,244	1,185,583	1,689,827	1,098,609	591,218
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

**NOTES TO THE REQUIRED SUPPLEMENTARY
INFORMATION PART II**

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 Note to RSI
 For the Fiscal Year Ended June 30, 2016

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

	General Fund	Special Revenue Fund
Sources / Inflows of Resources:		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (C-series)	\$ 9,507,224	\$ 1,098,609
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Current Year		
Prior Year		3,275
The last two 14-15 State aid payments are recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33)		
	460,931	
The last two 15-16 State aid payments are recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33)		
	(465,869)	
	<u>\$ 9,502,286</u>	<u>\$ 1,101,884</u>
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 9,687,514	\$ 1,098,609
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Current Year		
Prior Year		3,275
	<u>\$ 9,687,514</u>	<u>\$ 1,101,884</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)		
	<u>\$ 9,687,514</u>	<u>\$ 1,101,884</u>

**REQUIRED SUPPLEMENTARY
INFORMATION PART III**

Schedules of Required Supplementary Information

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

Public Employee's Retirement System

	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Pension Liability(Asset)	0.01515%	0.01860%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 3,401,593	\$ 3,484,297
District's Covered-Employee Payroll	\$ 1,146,524	\$ 1,067,848
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its covered-employee Payroll	296.69%	326.29%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	52.08%

Note: The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

Schedules of Required Supplementary Information Part III

SCHEDULE OF THE DISTRICT CONTRIBUTIONS

Public Employee's Retirement System (PERS)

	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 130,277	\$ 153,418
Contributions in Relation to the Contractually Required Contribution	(130,277)	(153,418)
Contribution Deficiency (Excess)	<u>\$</u>	<u>\$</u>
District's Covered-Employee Payroll	\$ 1,146,524	\$ 1,067,848
Contributions as a Percentage of Covered-Employee Payroll	11.36%	14.37%

Schedules of Required Supplementary Information

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY

Teachers Pension Plan

	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Pension Liability(Asset)	0.031078%	0.031268%
State's proportionate share of the net pension liability (asset) associated with the District	\$ 19,642,384	\$ 16,711,990
District's Covered-Employee Payroll	\$ 3,248,683	\$ 3,212,474
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its covered-employee Payroll	604.63%	520.22%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	28.71%	33.64%

Note: The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

Township of Franklin School District

SCHEDULE OF THE DISTRICT CONTRIBUTIONS

Teachers' Pension Plan

The School District was not required to make any contributions towards TPAF.

Note: This schedule is required by GASB 68 to show information for a 10 year period. However, information is only currently available for three years. Additional years will be presented as they become available.

**NOTES TO THE REQUIRED SUPPLEMENTARY
INFORMATION PART III**

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Notes to the Required Supplementary Information Part III
Pension Schedules
For the Fiscal Year Ended June 30, 2016

Teachers' Pension and Annuity Fund (TPAF)

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

Change of assumptions. Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

Public Employees' Retirement System (PERS)

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

Change of assumptions. Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 Based on Projection Scale AA.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND DETAIL STATEMENTS

The Special Revenue Fund is 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.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
 Combining Schedule of Revenues and Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2015

	<u>Total</u>	<u>NCLB Title I, Part A 2015-16</u>	<u>NCLB 2014-15 Carryover</u>	<u>Title II A 2014-15 Carryover</u>	<u>Total Brought Forward</u>
REVENUES:					
Federal Sources	\$ 917,824	\$ 99,805	\$ 58,569	\$ 1,598	\$ 757,852
State Sources	169,406				169,406
Other Sources	11,379				11,379
Total Revenues	<u>1,098,609</u>	<u>99,805</u>	<u>58,569</u>	<u>1,598</u>	<u>938,637</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	196,356	55,060	12,150		129,146
Employee Benefits	-				-
Purchased Professional & Technical Services	38,383				38,383
Other Purchased Services	700				700
General Supplies	44,418				44,418
Supplies & Materials	65,217				65,217
Total Instruction	<u>345,074</u>	<u>55,060</u>	<u>12,150</u>		<u>277,864</u>
Support Services:					
Salaries of Other Professional Staff	27,000				27,000
Personal Services - Employee Benefits	27,591	20,575	929		6,087
Purchased Professional Educational Services	352,009				352,009
Purchased Professional Technical Services	220,633	24,170	45,490	1,200	149,773
Other Purchased Services	5,489			398	5,091
Travel	4,176				4,176
Total Support Services	<u>636,898</u>	<u>44,745</u>	<u>46,419</u>	<u>1,598</u>	<u>544,136</u>
Facilities Acquisition & Construction Services:					
Instructional Equipment	116,637				116,637
Total Facilities Acquisition & Construction Services	<u>116,637</u>				<u>116,637</u>
Total Expenditures	<u>\$ 1,098,609</u>	<u>\$ 99,805</u>	<u>\$ 58,569</u>	<u>\$ 1,598</u>	<u>\$ 938,637</u>

(Continued)

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
 Combining Schedule of Revenues and Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2016

	<u>Total Carried Forward</u>	<u>I.D.E.A. 2015-16</u>	<u>I.D.E.A. 2014-15 Carryover</u>	<u>County Vocational Competitive</u>	<u>Total Brought Forward</u>
REVENUES:					
Federal Sources	\$ 757,852	\$ 132,328	\$ 15,195		\$ 610,329
State Sources	169,406			\$ 74,985	94,421
Other Sources	11,379				11,379
Total Revenues	<u>938,637</u>	<u>132,328</u>	<u>15,195</u>	<u>74,985</u>	<u>716,129</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	129,146				129,146
Employee Benefits	-				-
Purchased Professional & Technical Services	38,383				38,383
Other Purchased Services	700				700
General Supplies	44,418				44,418
Supplies & Materials	65,217			659	64,558
Total Instruction	<u>277,864</u>			<u>659</u>	<u>277,205</u>
Support Services:					
Salaries of Other Professional Staff	27,000			9,000	18,000
Personal Services - Employee Benefits	6,087				6,087
Purchased Professional Educational Services	352,009				352,009
Purchased Professional Technical Services	149,773	132,328	15,195		2,250
Other Purchased Services	5,091			1,095	3,996
Travel	4,176			1,113	3,063
Total Support Services	<u>544,136</u>	<u>132,328</u>	<u>15,195</u>	<u>11,208</u>	<u>385,405</u>
Facilities Acquisition & Construction Services:					
Instructional Equipment	116,637			63,118	53,519
Total Facilities Acquisition & Construction Services	<u>116,637</u>			<u>63,118</u>	<u>53,519</u>
Total Expenditures	<u>\$ 938,637</u>	<u>\$ 132,328</u>	<u>\$ 15,195</u>	<u>\$ 74,985</u>	<u>\$ 716,129</u>

(Continued)

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
 Combining Schedule of Revenues and Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2015

	<u>Total Carried Forward</u>	<u>Sub-Grantee Adult Basic Skills 2015-16</u>	<u>Lead Agent Adult Basic Skills 2015-16</u>	<u>Total Brought Forward</u>
REVENUES:				
Federal Sources	\$ 610,329	\$ 347,699	\$ 154,119	\$ 108,511
State Sources	94,421			94,421
Other Sources	11,379			11,379
Total Revenues	<u>716,129</u>	<u>347,699</u>	<u>154,119</u>	<u>214,311</u>
EXPENDITURES:				
Instruction:				
Salaries of Teachers	129,146		124,746	4,400
Employee Benefits	-			
Purchased Professional & Technical Services	38,383		12,000	26,383
Other Purchased Services	700			700
General Supplies	44,418		6,420	37,998
Supplies & Materials	64,558			64,558
Total Instruction	<u>277,205</u>		<u>143,166</u>	<u>134,039</u>
Support Services:				
Salaries of Other Professional Staff	18,000			18,000
Personal Services - Employee Benefits	6,087		5,885	202
Purchased Professional Educational Services	352,009	347,699	4,310	
Purchased Professional Technical Services	2,250			2,250
Other Purchased Services	3,996			3,996
Travel	3,063		758	2,305
Total Support Services	<u>385,405</u>	<u>347,699</u>	<u>10,953</u>	<u>26,753</u>
Facilities Acquisition & Construction Services:				
Instructional Equipment	53,519			53,519
Total Facilities Acquisition & Construction Services	<u>53,519</u>			<u>53,519</u>
Total Expenditures	<u>\$ 716,129</u>	<u>\$ 347,699</u>	<u>\$ 154,119</u>	<u>\$ 214,311</u>

(Continued)

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
 Combining Schedule of Revenues and Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2015

	<u>Total Carried Forward</u>	<u>Perkins Secondary 2015-16</u>	<u>Perkins Secondary Reserve 2015-16</u>	<u>Perkins Post Secondary 2015-16</u>	<u>Total Brought Forward</u>
REVENUES:					
Federal Sources	\$ 108,511	\$ 82,593	\$ 25,918		
State Sources	94,421			\$ 94,421	\$ -
Other Sources	11,379				11,379
Total Revenues	<u>214,311</u>	<u>82,593</u>	<u>25,918</u>	<u>94,421</u>	<u>11,379</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	4,400	4,400			
Employee Benefits					
Purchased Professional & Technical Services	26,383	2,508		21,310	2,565
Other Purchased Services	700	700			
General Supplies	37,998			29,184	8,814
Supplies & Materials	64,558	38,640	25,918		
Total Instruction	<u>134,039</u>	<u>46,248</u>	<u>25,918</u>	<u>50,494</u>	<u>11,379</u>
Support Services:					
Salaries of Other Professional Staff	18,000			18,000	
Personal Services - Employee Benefits	202			202	
Purchased Professional Educational Services					
Purchased Professional Technical Services	2,250	2,250			
Other Purchased Services	3,996	2,742		1,254	
Travel	2,305	2,305			
Total Support Services	<u>26,753</u>	<u>7,297</u>	<u>-</u>	<u>19,456</u>	
Facilities Acquisition & Construction Services:					
Instructional Equipment	53,519	29,048		24,471	
Total Facilities Acquisition & Construction Services	<u>53,519</u>	<u>29,048</u>	<u>-</u>	<u>24,471</u>	
Total Expenditures	<u>\$ 214,311</u>	<u>\$ 82,593</u>	<u>\$ 25,918</u>	<u>\$ 94,421</u>	<u>\$ 11,379</u>

(Continued)

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
Combining Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2015

	<u>Total Carried Forward</u>	<u>CASE Grant 14-15</u>	<u>PSEG Grant</u>	<u>Monsanto Garden Grant</u>
REVENUES:				
Federal Sources				
State Sources	\$ -			
Other Sources	11,379	\$ 221	\$ 2,565	\$ 8,593
Total Revenues	<u>11,379</u>	<u>221</u>	<u>2,565</u>	<u>8,593</u>
EXPENDITURES:				
Instruction:				
Salaries of Teachers				
Purchased Professional & Technical Services	2,565		2,565	
Other Purchased Services				
General Supplies	8,814	221		8,593
Supplies & Materials				
Total Instruction	<u>11,379</u>	<u>221</u>	<u>2,565</u>	<u>8,593</u>
Support Services:				
Salaries of Other Professional Staff				
Personal Services - Employee Benefits				
Purchased Professional Educational Services				
Purchased Professional Technical Services				
Other Purchased Services				
Travel				
Total Support Services				
Facilities Acquisition & Construction Services:				
Instructional Equipment				
Total Facilities Acquisition & Construction Services				
Total Expenditures	<u>\$ 11,379</u>	<u>\$ 221</u>	<u>\$ 2,565</u>	<u>\$ 8,593</u>

CAPITAL PROJECTS FUND DETAIL STATEMENT

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Project Expenditures
For the Fiscal Year Ended June 30, 2016

<u>Project Title / Issue</u>	<u>Approval Date</u>	<u>Revised Budgetary Appropriations</u>	<u>GAAP Expenditures to Date</u>		<u>Unexpended Balance June 30, 2015</u>
			<u>Prior Years</u>	<u>Current Year</u>	
Construction Services-2011 Project	3/29/2011	\$ 893,818	\$ 603,101	\$ 290,717	\$ -
2010 School Energy Savings	4/27/2010	3,190,699	3,190,699		
Various Improvements to High School	12/3/2014	3,149,364	487,032	2,638,069	24,263
Energy Upgrades	8/5/2015	650,000		650,000	
		<u>\$ 7,883,881</u>	<u>\$ 4,280,832</u>	<u>\$ 3,578,786</u>	<u>\$ 24,263</u>
Unencumbered Balance					<u>\$ 24,263</u>

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
Summary Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budgetary Basis
For the Fiscal Year Ended June 30, 2016

Revenues and Other Financing Sources (Uses)

State Sources - SCC Grant	\$	
Capital Lease Proceeds		650,000
Interest		
Total Revenues		<u>650,000</u>

Expenditures and Other Financing Uses

Construction Services		3,566,926
Professional Services		11,860
Total Expenditures		<u>3,578,786</u>

Excess (Deficiency) of Revenues Over (Under) Expenditures (2,928,786)

Fund Balance - July 1 2,953,049

Fund Balance - June 30 \$ 24,263

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
 Schedule of Project Revenues, Expenditures, Project Balance and Project Status--Budgetary Basis
 School Energy Savings
 From Inception and for the Fiscal Year Ended June 30, 2016

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources (Uses)				
State Sources - SCC Grant				
Capital Lease Proceeds	\$ 3,190,699	\$ 650,000	\$ 3,840,699	\$ 3,840,699
Transfer from Capital Reserve	893,818		893,818	
Total Revenues	<u>4,084,517</u>	<u>650,000</u>	<u>4,734,517</u>	<u>3,840,699</u>
Expenditures and Other Financing Uses				
Construction Services-2011 Project	603,101	290,717	893,818	
Construction Services-ESIP Project	3,190,699		3,190,699	3,190,699
Construction Services-2015-16 Project		638,140	638,140	650,000
Professional Services-2015-16 Project		11,860	11,860	
Total Expenditures	<u>3,793,800</u>	<u>940,717</u>	<u>4,734,517</u>	<u>3,840,699</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 290,717</u>	<u>\$ (290,717)</u>	<u>\$</u>	<u>\$</u>

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	3,840,699
Additional Authorized Cost	0
Revised Authorized Cost	3,840,699
Percentage Increase over Original Authorized Cost	0.00%
Percentage Completion	100.00%
Original Target Completion Date	1/30/2012
Revised Target Completion Date	N/A

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
 Schedule of Project Revenues, Expenditures, Project Balance and Project Status--Budgetary Basis
 From Inception and for the Fiscal Year Ended June 30, 2016

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources (Uses)				
Bond Proceeds	\$ 3,149,364	\$	\$ 3,149,364	\$ 3,149,364
Total Revenues	<u>3,149,364</u>	<u></u>	<u>3,149,364</u>	<u>3,149,364</u>
Expenditures and Other Financing Uses				
Professional Services	487,032		487,032	491,907
Construction Services		2,638,069	2,638,069	2,657,457
Total Expenditures	<u>487,032</u>	<u>2,638,069</u>	<u>3,125,101</u>	<u>3,149,364</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 2,662,332</u>	<u>\$ (2,638,069)</u>	<u>\$ 24,263</u>	<u>\$</u>

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	3,149,364
Additional Authorized Cost	0
Revised Authorized Cost	3,149,364
Percentage Increase over Original Authorized Cost	0.00%
Percentage Completion	15.46%
Original Target Completion Date	N/A
Revised Target Completion Date	N/A

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.

Alternative High School Enterprise Fund – This fund provides for the operation of the District's Alternative High School.

Transportation Enterprise Fund – This fund provides for transportation services provided to other local educational associations.

Related Services Enterprise Fund – This fund provides for student support services which are provided to other local educational associations.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
 Enterprise Fund
 Combining Statement of Net Position
 June 30, 2016

	Business Type Activities- Enterprise Funds							Total
	Food Service	Regional Day School	The Learning Center	Summer Enrichment Program	BCCEC/ ETTC Program	Transitional Production Workshop	School Based Youth Services	
ASSETS:								
Current Assets:								
Cash and Cash Equivalents	\$ (20,386)		\$ (8,023)		\$ 253,845			\$ 225,436
Accounts Receivable:								
State	122							122
Federal	6,226							6,226
Other			16,475		183,063			199,538
Interfund Receivable	79,677				321,050			400,727
Inventories	7,016							7,016
Total Current Assets	<u>72,655</u>		<u>8,452</u>		<u>757,958</u>			<u>839,065</u>
Noncurrent Assets:								
Site Improvements								
Building								
Equipment								
Accumulated Depreciation								
Total Noncurrent Assets								
Total Assets	<u>72,655</u>		<u>8,452</u>		<u>757,958</u>			<u>839,065</u>
LIABILITIES:								
Current Liabilities:								
Accounts Payable	1,045				20,000			21,045
Interfund Payable	1,617							1,617
Unearned Revenue	3,943				10,000			13,943
Total Current Liabilities	<u>6,605</u>				<u>30,000</u>			<u>36,605</u>
Net Position:								
Invested in Capital Assets								
Net of Related Debt								
Unrestricted	66,050		8,452		727,958			802,460
Total Net Position	<u>\$ 66,050</u>		<u>\$ 8,452</u>		<u>\$ 727,958</u>			<u>\$ 802,460</u>

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
 Enterprise Fund
 Combining Statement of Revenues, Expenses and Changes in Fund Net Position
 For the Fiscal Year Ended June 30, 2016

	Business Type Activities- Enterprise Funds							Total
	Food Service	Regional Day School	The Learning Center	Summer Enrichment Program	BCCEC/ETTC Program	Transitional Production Workshop	School Based Youth Services	
OPERATING REVENUES:								
Charges for Services:								
Daily Sales - Reimbursable Programs	\$ 101,523							\$ 101,523
Daily Sales - Non-Reimbursable Programs	59,475							59,475
Tuition		411,670	46,500					458,170
Other Revenue	2,594				387,169			389,763
Total Operating Revenues	163,592	411,670	46,500		387,169			1,008,931
OPERATING EXPENSES:								
Salaries	120,298	398,855	68,096		252,555			839,804
Employee Benefits					92,289			92,289
Cost of Sales	131,531							131,531
Purchased Educational Services					13,401			13,401
Travel					966			966
Other Purchased Services	11,168							11,168
General Supplies	8,251		1,187		18,761			28,199
Textbooks					8,250			8,250
Miscellaneous					6,950			6,950
Total Operating Expenses	271,248	398,855	69,283		393,172			1,132,558
Operating Income / (Loss)	(107,656)	12,815	(22,783)		(6,003)			(123,627)
NONOPERATING REVENUES (EXPENSES):								
State Sources:								
State School Lunch Program	2,184							2,184
Federal Sources:								
Food Distribution Program	16,660							16,660
National School Lunch Program	75,657							75,657
National School Breakfast Program	25,671							25,671
Total Non-operating Revenues (Expenses)	120,172							120,172
Income(Loss) before Operating Transfers	12,516	12,815	(22,783)		(6,003)			(3,455)
OTHER FINANCING USES:								
Prior Period Cancellation:								
Compensated Absences		14,815						14,815
Accounts Receivable					(26,721)			(26,721)
Transfers		(12,815)	12,815					
Closeout to General Fund		(54,208)		(51,262)		(10,847)	(17,103)	(133,420)
Net Position -- July 1	53,534	39,393	18,420	51,262	760,682	10,847	17,103	951,241
Net Position -- June 30	\$ 66,050	\$	\$ 8,452	\$	\$ 727,958	\$	\$	\$ 802,460

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
 Enterprise Fund
 Combining Statement of Cash Flows
 For the Fiscal Year Ended June 30, 2016

	Business Type Activities- Enterprise Funds							Totals
	Food Service	Regional Day School	The Learning Center	Summer Enrichment Program	BCCEC/ETTC Program	Transitional Production Workshop	School Based Youth Services	
CASH FLOWS FROM OPERATING ACTIVITIES:								
Receipts from Customers	\$ 163,592	\$ 411,670	\$ 46,500	\$ -	\$ 380,219	\$ -	\$ -	\$ 1,001,981
Payments to Employees	(120,298)	(398,855)	(68,096)		(252,555)			(839,804)
Payments for Employee Benefits					(92,289)			(92,289)
Payments to Suppliers	(190,242)	(27,629)	(4,815)		(8,513)			(231,199)
Net Cash Provided by (used for) Operating Activities	(146,948)	(14,814)	(26,411)		26,862			(161,311)
Cash from (Used for) Operating Activities-Transfers to the General Fund		(39,393)		(51,262)	(26,721)	(10,847)	(17,103)	(145,326)
Total Cash Provided by (Used for) Operating Activities	(146,948)	(54,207)	(26,411)	(51,262)	141	(10,847)	(17,103)	(306,637)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:								
State Sources	2,184							2,184
Federal Sources	117,988							117,988
Net Cash Provided by (used for) Non-Capital Financing Activities	120,172							120,172
CASH FLOWS FROM INVESTING ACTIVITIES:								
Interest and Dividends								
Net Cash Provided by (used for) Investing Activities								
Net Increase (Decrease) in Cash and Cash Equivalents	(26,776)	(54,207)	(26,411)	(51,262)	141	(10,847)	(17,103)	(186,465)
Cash and Cash Equivalents -- July 1	6,390	54,207	18,388	51,262	253,704	10,847	17,103	411,901
Cash and Equivalents -- June 30	\$ (20,386)	\$ -	\$ (8,023)	\$ -	\$ 253,845	\$ -	\$ -	\$ 225,436
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:								
Operating Income (Loss)	\$ (107,656)	\$ 12,815	\$ (22,783)	\$ -	\$ (6,003)	\$ -	\$ -	\$ (123,627)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:								
Transfer		(12,815)	12,815					
Changes in Assets and Liabilities:								
Accounts Receivable (Increase)/Decrease	2,266		(16,443)		57,276			43,099
Interfund Receivable (Increase)/Decrease	(38,313)				(4,153)			(42,466)
Inventory (Increase)/Decrease	(2,615)							(2,615)
Accounts Payable Increase/(Decrease)	(4,990)				(2,045)			(7,035)
Unearned Revenue Increase/(Decrease)	3,943				(18,213)			(14,270)
Compensated Absences Payable Increase/(Decrease)		(14,814)						(14,814)
Interfund Payable Increase/(Decrease)	417							417
Net Cash Provided by (used for) Operating Activities	\$ (146,948)	\$ (14,814)	\$ (26,411)	\$ -	\$ 26,862	\$ -	\$ -	\$ (161,311)

FIDUCIARY FUNDS DETAIL STATEMENTS

Fiduciary Funds are used to account for funds received by the School District for a specific purpose.

Agency Funds are used to account for assets held by the School District as an agent for individuals, private organizations, other governments an/or other funds.

Student Activity Fund – This agency fund is used to account for student funds held at the schools.

Payroll Fund – This agency fund is used to account for the payroll transactions of the school district.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Fiduciary Net Position
June 30, 2016

	<u>Agency Funds</u>		
	<u>Student Activity</u>	<u>Payroll</u>	<u>Total</u>
ASSETS:			
Cash and Cash Equivalents	\$ 38,617	\$ 37,879	\$ 76,496
Total Assets	<u>\$ 38,617</u>	<u>\$ 37,879</u>	<u>\$ 76,496</u>
LIABILITIES:			
Payable to Student Groups	\$ 26,012	\$	\$ 26,012
Due to General Fund		33,178	33,178
Payroll Deductions and Withholdings		4,701	4,701
Due Special Revenue	12,605		12,605
Total Liabilities	<u>\$ 38,617</u>	<u>\$ 37,879</u>	<u>\$ 76,496</u>

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Fiduciary Funds
Student Activity Agency Fund Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2016

	<u>Balance</u> <u>June 30, 2015</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2016</u>
Vo Tech	\$ 16,209	\$ 201,674	\$ 191,871	\$ 26,012

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Fiduciary Funds
Payroll Agency Fund Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2016

	<u>Balance</u> <u>June 30, 2015</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>June 30, 2016</u>
ASSETS:				
Cash and Cash Equivalents	\$ 54,215	\$ 3,702,611	\$ 3,718,947	\$ 37,879
Total Assets	<u>\$ 54,215</u>	<u>\$ 3,702,611</u>	<u>\$ 3,718,947</u>	<u>\$ 37,879</u>
LIABILITIES:				
Due to General Fund	\$ 54,215	\$	\$ 21,037	\$ 33,178
Payroll Deductions and Withholdings		3,702,611	3,697,910	4,701
Total Liabilities	<u>\$ 54,215</u>	<u>\$ 3,702,611</u>	<u>\$ 3,718,947</u>	<u>\$ 37,879</u>

LONG-TERM DEBT SCHEDULES

The Long-Term Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding and obligations under capital leases.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
 Schedule of Obligations Under Capital Leases
 For the Fiscal Year Ended June 30, 2015

<u>Series</u>	<u>Date of Lease</u>	<u>Term of Lease</u>	<u>Amount of Original Issue Principal</u>	<u>Interest Rate Payable</u>	<u>Amount Outstanding June 30, 2015</u>	<u>Issued</u>	<u>Retired Current Year</u>	<u>Amount Outstanding June 30, 2016</u>
2014 Refinancing of Energy Savings Project	4/14/14	11 yrs.	\$ 2,796,142	3.00%	\$ 2,627,188		\$ 177,548	\$ 2,449,640
2016 Various Technology and Vehicles	2/1/15	3 yrs	425,899	1.573%		\$ 216,726		216,726
2016 Energy Project	10/15/15	10 yrs	650,000	2.875%		650,000	93,788	556,212
					<u>\$ 2,627,188</u>	<u>\$ 866,726</u>	<u>\$ 271,336</u>	<u>\$ 3,222,578</u>
					(a)			(a)

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

STATISTICAL SECTION

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities											
Invested in capital assets, net of related debt	\$ 8,352,039	\$ 8,592,297	\$ 8,456,488	\$ 8,632,392	\$ 8,275,193	\$ 7,585,773	\$ 7,745,536	\$ 6,884,811	\$ 7,627,048	\$ 7,898,446	\$10,531,955
Restricted	3,753,290	3,352,849	2,555,670	2,278,308	1,736,407	1,453,638	397,610	649,361	619,871	3,181,353	301,757
Unrestricted	26,661	68,779	481,692	(75,157)	(120,169)	(188,850)	(101,023)	(119,188)	(107,055)	(3,780,914)	(3,659,585)
Total governmental activities Net Position	\$ 12,131,990	\$ 12,013,925	\$ 11,493,849	\$ 10,835,544	\$ 9,891,431	\$ 8,850,561	\$ 8,042,123	\$ 7,414,984	\$ 8,139,864	\$ 7,298,885	\$ 7,174,127
Business-type activities											
Invested in capital assets, net of related debt	\$ 1,189,140	\$ 1,133,612	\$ 1,080,169	\$ 1,032,108	\$ 983,395	\$ 934,485	\$ 876,290	\$ 818,095	\$ -	\$ -	\$ -
Restricted				7,979	16,728	4,930	23,309	17,886			
Unrestricted	513,036	402,508	297,064	421,010	384,166	229,198	370,868	535,945	892,355	951,241	802,460
Total business-type activities Net Position	\$ 1,702,176	\$ 1,536,119	\$ 1,377,233	\$ 1,461,097	\$ 1,384,289	\$ 1,168,614	\$ 1,270,467	\$ 1,371,926	\$ 892,355	\$ 951,241	\$ 802,460
District-wide											
Invested in capital assets, net of related debt	\$ 9,541,179	\$ 9,725,908	\$ 9,536,657	\$ 9,664,501	\$ 9,258,588	\$ 8,520,258	\$ 8,621,826	\$ 7,702,906	\$ 7,627,048	\$ 7,898,446	\$10,531,955
Restricted	3,753,290	3,352,849	2,555,670	2,286,287	1,753,135	1,458,568	420,919	667,247	619,871	3,181,353	301,757
Unrestricted	539,697	471,286	778,755	345,853	263,997	40,349	269,845	416,757	785,300	(2,829,673)	(2,857,125)
Total District Net Position	\$ 13,834,166	\$ 13,550,044	\$ 12,871,082	\$ 12,296,641	\$ 11,275,720	\$ 10,019,174	\$ 9,312,590	\$ 8,786,910	\$ 9,032,219	\$ 8,250,126	\$ 7,976,587

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
Unaudited

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities										
Instruction										
Regular	\$ 1,027,440	\$ 973,428	\$ 1,108,781	\$ 1,167,138	\$ 1,650,755	\$ 1,859,555	\$ 1,652,817	\$ 1,392,817	\$ 1,450,057	\$ 1,545,838
Special Vocational Programs										
Vocational	1,991,462	2,150,347	2,377,718	2,524,598	2,796,045	2,754,285	2,834,358	3,058,443	3,277,086	3,091,102
Other instruction										
School Sponsored Co-Curricular Activities	25,775	33,528	28,393	33,711	39,236	24,173	28,120	21,868	20,823	22,289
Support Services:										
Attendance and Social Work				108,598	64,152	68,539	73,835	75,312	88,172	89,116
Health Services	36,070	38,224	39,339	42,905	53,618	54,825	55,242	56,496	61,459	59,872
Speech, OT, PT and Related Services										6,072
Students - Regular	1,482,731	1,295,086	1,095,181	1,209,421	986,591	1,053,612	1,675,738	1,282,486	803,389	947,066
Improvement of Instruction Services	103,932	72,619	99,932	103,739	115,507	164,186	148,632	135,650	170,250	112,935
Educational Media/School Library	157,393	175,709	261,741	213,095	151,945	157,649	175,315	219,420	183,199	224,033
General Administration	387,152	442,216	320,379	299,231	214,512	291,309	263,041	259,662	287,463	329,655
School Administrative	188,888	237,652	218,016	203,002	237,117	248,180	255,654	260,038	314,382	289,248
Central Services	373,251	428,650	466,584	396,299	444,854	(302)	304,308	279,719	95,866	162,128
Operation and Maintenance of Plant Services	1,129,284	1,244,916	1,223,044	1,135,174	995,817	80,495	925,595	852,937	1,084,502	1,173,851
Student Transportation Services	8,000	11,405	16,529	27,064	13,352		15,056	13,134	14,538	26,610
Unallocated benefits	1,082,835	1,171,454	1,121,058	1,245,674	1,492,726		1,871,773	1,453,811	2,840,999	3,246,493
Capital Outlay										
Special Schools										20,673
Interest on Long Term Debt										8,999
Unallocated depreciation	253,768	259,241	280,607	280,617	281,135	617,132	640,385	1,452,642	451,993	450,853
Total governmental activities expenses	8,247,981	8,534,474	8,657,303	8,990,265	9,537,364	7,373,638	10,919,869	10,814,435	11,144,178	11,806,833
Business-type activities:										
Food Service	175,930	195,153	193,588	185,570	176,170	184,435	226,700	262,300	320,379	271,248
Regional Day School	1,637,428	1,624,468	1,478,487	1,497,453	1,444,478	1,353,544	1,120,210	588,610	527,374	398,855
Summer Enrichment Program	194,246	157,356	123,096	105,019	92,092	120,662	60,888	32,885		
BCCEC/ETTC	73,391	76,435	23,577	38,626	97,998	162,525	286,422	183,126	355,677	393,172
Air Force Junior ROTC	2,026	578								
Transitional Production Workshop	13,151	13,275	276	1,024		841	145			
Consolidated Services	217,903	191,415	172,551	248,410	309,380	271,096	313,748			
School Based Youth Services	3,211	54		645	60,529	65,084	62,749	57,827	19,418	69,283
ETTC Program										
Total business-type activities expense	2,317,285	2,258,734	1,991,574	2,076,748	2,180,647	2,158,187	2,070,862	1,124,748	1,222,848	1,132,558
Total district expenses	\$ 10,565,266	\$ 10,793,207	\$ 10,648,878	\$ 11,067,013	\$ 11,718,010	\$ 9,531,825	\$ 12,990,731	\$ 11,939,183	\$ 12,367,026	\$ 12,939,391

Continued

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
Unaudited

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ 250,198	\$ 370,898	\$ 331,558	\$ 395,344	\$ 404,740	\$ 654,536	\$ 1,026,990	\$ 1,526,201	\$ 2,166,925	\$ 2,199,217
Operating grants and contributions	2,378,436	1,832,367	1,703,769	1,802,658	1,930,251	2,268,482	2,809,543	2,044,893	1,248,686	2,301,228
Capital grants and contributions										
Total governmental activities program revenues	<u>2,628,634</u>	<u>2,203,265</u>	<u>2,035,327</u>	<u>2,198,002</u>	<u>2,334,990</u>	<u>2,923,018</u>	<u>3,836,533</u>	<u>3,571,094</u>	<u>3,415,611</u>	<u>4,500,445</u>
Business-type activities:										
Charges for services:										
Food service	129,888	145,663	138,789	143,393	112,037	112,404	113,354	165,781	178,803	163,592
Regional Day School	1,584,111	1,556,507	1,556,902	1,389,762	1,202,642	1,325,281	1,145,218	521,970	547,187	411,670
Summer Enrichment Program	119,841	137,661	134,060	105,019	92,092	142,000	117,000	5,876		
BCCEC/ETTC	27,533	17,000	10,770	37,119	112,018	233,387	377,948	615,374	501,317	387,169
Air Force Junior ROTC	4,732	828								
Transitional Production Workshop	7,672	2,223	4,155	5,877	1,761	1,635	390			
Consolidated Services	217,903	191,415	172,551	248,410	309,380	300,733	284,111			
School Based Youth Services	10,000	10,000								
ETTC Program & The Learning Center					40,487	68,124	36,862	32,875	37,838	46,500
Operating grants and contributions	49,409	50,839	60,813	70,259	68,813	76,352	97,336	121,364	119,988	120,172
Total business type activities program revenues	<u>2,151,090</u>	<u>2,112,136</u>	<u>2,078,039</u>	<u>1,999,841</u>	<u>1,939,230</u>	<u>2,259,916</u>	<u>2,172,219</u>	<u>1,463,240</u>	<u>1,385,133</u>	<u>1,129,103</u>
Total district program revenues	<u>\$ 4,779,723</u>	<u>\$ 4,315,401</u>	<u>\$ 4,113,366</u>	<u>\$ 4,197,842</u>	<u>\$ 4,274,221</u>	<u>\$ 5,182,934</u>	<u>\$ 6,008,752</u>	<u>\$ 5,034,334</u>	<u>\$ 4,800,744</u>	<u>\$ 5,629,548</u>
Net (Expense)/Revenue										
Governmental activities	\$ 5,619,347	\$ 6,331,208	\$ 6,621,976	\$ 6,792,263	\$ 7,202,373	\$ 5,720,936	\$ 7,083,336	\$ 7,243,341	\$ 7,728,567	\$ 7,306,388
Business-type activities	166,196	146,597	(86,464)	76,907	241,417	(101,729)	(101,357)	(338,492)	(162,285)	3,455
Total district-wide net expense	<u>\$ 5,785,543</u>	<u>\$ 6,477,806</u>	<u>\$ 6,535,512</u>	<u>\$ 6,869,170</u>	<u>\$ 7,443,790</u>	<u>\$ 5,619,207</u>	<u>\$ 6,981,979</u>	<u>\$ 6,904,849</u>	<u>\$ 7,566,282</u>	<u>\$ 7,309,843</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
County of Salem Budget Appropriation	\$ 1,530,000	\$ 1,595,000	\$ 1,660,000	\$ 1,660,000	\$ 1,792,900	\$ 1,792,900	\$ 1,792,900	\$ 1,792,900	\$ 1,828,758	\$ 1,828,758
Federal and State Aid Unrestricted	3,505,863	3,848,080	4,086,043	3,993,785						
Federal and State Aid Restricted	136,454	95,516	103,025	82,470	4,344,679	4,567,036	4,638,225	4,631,699	4,738,192	5,206,226
Transferred Locations/ Use of Capital Assets										
Loss on Disposal of Capital Assets		(6,823)	(16,860)						(1,637)	
Bond Proceeds									3,149,364	
Capital Outlay Contributions			(2,387)							
Miscellaneous income	328,965	279,360	133,849	111,895	44,924	163,309	25,072	60,040	932,499	13,226
Transfers										133,420
Total governmental activities	<u>5,501,282</u>	<u>5,811,133</u>	<u>5,963,670</u>	<u>5,848,150</u>	<u>6,182,503</u>	<u>6,523,245</u>	<u>6,456,197</u>	<u>6,484,639</u>	<u>10,647,176</u>	<u>7,181,630</u>
Business-type activities:										
Miscellaneous Income	411	451	86	99	157	125	102	32	15	
PY Revenue Refund to State of NJ										
Prior Period Cancellations	(272)									
Transferred Locations/ Use of Capital Assets									(103,414)	(11,906)
Loss on Disposal of Capital Assets			(1,893)							
Returned to Grantor			(15,921)							
Capital Outlay Contributions			2,387		4,584					
Transfers										(133,420)
Total business-type activities	<u>139</u>	<u>451</u>	<u>(15,341)</u>	<u>99</u>	<u>4,741</u>	<u>125</u>	<u>102</u>	<u>32</u>	<u>(103,399)</u>	<u>(145,326)</u>
Total district-wide	<u>\$ 5,501,421</u>	<u>\$ 5,811,585</u>	<u>\$ 5,948,330</u>	<u>\$ 5,848,250</u>	<u>\$ 6,187,244</u>	<u>\$ 6,523,370</u>	<u>\$ 6,456,299</u>	<u>\$ 6,484,671</u>	<u>\$ 10,543,777</u>	<u>\$ 7,036,304</u>
Change in Net Position										
Governmental activities	\$ (118,065)	\$ (520,075)	\$ (658,306)	\$ (944,113)	\$ (1,019,870)	\$ 802,309	\$ (627,139)	\$ (758,702)	\$ 2,918,609	\$ (124,758)
Business-type activities	(166,057)	(146,146)	71,124	(76,808)	(236,675)	101,854	101,459	338,524	58,886	(148,781)
Total district	<u>\$ (284,122)</u>	<u>\$ (666,221)</u>	<u>\$ (587,182)</u>	<u>\$ (1,020,921)</u>	<u>\$ (1,256,545)</u>	<u>\$ 904,163</u>	<u>\$ (525,680)</u>	<u>\$ (420,178)</u>	<u>\$ 2,977,495</u>	<u>\$ (273,539)</u>

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Restricted	\$ 3,352,849	\$ 2,548,755	\$ 2,278,308	\$ 1,736,407	\$ 260,627	\$ 83,693	\$ 340,496	\$ 329,154	\$ 228,304	\$ 277,494
Unrestricted	184,949	195,894	(20,827)	(54,801)	(143,670)	(6,827)	(28,471)	16,725	69,746	185,474
Total general fund	<u>\$ 3,537,798</u>	<u>\$ 2,744,649</u>	<u>\$ 2,257,482</u>	<u>\$ 1,681,606</u>	<u>\$ 116,958</u>	<u>\$ 76,866</u>	<u>\$ 312,025</u>	<u>\$ 345,879</u>	<u>\$ 298,050</u>	<u>\$ 462,968</u>
All Other Governmental Funds										
Restricted										
Unrestricted, reported in:										
Special revenue fund	\$ (1,551)	\$ (1,551)								
Capital projects fund				\$ 2,233,489	\$ 1,311,982	\$ 351,785	\$ 351,785	\$ 290,717	\$ 2,953,049	\$ 24,263
Total all other governmental funds	<u>\$ (1,551)</u>	<u>\$ (1,551)</u>	<u>\$ -</u>	<u>\$ 2,233,489</u>	<u>\$ 1,311,982</u>	<u>\$ 351,785</u>	<u>\$ 351,785</u>	<u>\$ 290,717</u>	<u>\$ 2,953,049</u>	<u>\$ 24,263</u>

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
County of Salem Budget Appropriation	\$ 1,530,000	\$ 1,595,000	\$ 1,660,000	\$ 1,660,000	\$ 1,792,900	\$ 1,792,900	\$ 1,792,900	\$ 1,792,900	\$ 1,828,758	\$ 1,828,758
Tuition charges	250,198	370,898	331,558	395,344	404,740	654,536	1,026,990	1,526,201	2,166,925	2,199,217
Unrestricted Miscellaneous Revenue	328,965	279,360	133,849	111,895	44,924	172,709	25,072	60,040	33,237	24,605
State sources	4,518,118	4,693,360	4,963,369	4,150,346	5,056,789	5,276,031	5,618,464	5,593,383	5,443,182	5,633,766
Federal sources	1,495,260	1,082,322	918,479	1,727,758	1,218,141	1,550,087	1,829,304	1,083,254	711,713	917,824
Other sources	7,375	281	10,989	808					3,149,364	
Total revenue	8,129,915	8,021,221	8,018,244	8,046,152	8,517,493	9,446,263	10,292,730	10,055,778	13,333,179	10,604,170
Expenditures										
Instruction										
Regular instruction	983,306	928,343	1,059,979	1,118,335	1,601,862	1,752,228	1,545,490	1,376,360	1,436,103	1,537,321
Special Vocational Programs										
Vocational education	1,903,195	2,060,176	2,280,115	2,426,993	2,698,259	2,539,630	2,619,703	2,960,765	3,193,145	2,975,612
Other instruction										
School Sponsored Co/Extra Curricular Activities	25,775	33,528	28,393	33,711	39,236	24,173	28,120	21,868	20,823	22,289
Support Services:										
Attendance & Social Work				108,598	64,152	68,539	73,835	75,312	88,172	89,116
Health Services	36,070	38,224	39,339	42,905	53,618	54,825	55,242	56,496	61,459	59,872
Speech, OT, PT and Related Services										6,072
Students - Regular	1,482,731	1,295,086	1,095,181	1,209,421	986,591	1,053,612	1,675,738	1,282,486	803,389	947,066
Improvement of Instruction Services	103,932	72,619	99,932	103,739	115,507	164,186	148,632	135,650	170,250	112,935
Educational Media/School Library	157,393	175,709	261,741	213,095	151,945	157,649	175,315	219,420	183,199	224,033
General Administration	365,085	408,402	295,979	274,829	193,071	244,243	215,975	256,146	284,805	323,492
School Administrative	188,888	237,652	218,016	203,002	237,117	248,180	255,654	260,038	314,382	289,248
Central Services	376,903	428,650	466,584	396,299	413,033	383,020	303,383	278,092	95,866	162,128
Operation and Maintenance of Plant Services	1,133,275	1,222,373	1,186,443	1,098,572	959,147	872,938	846,215	851,069	1,089,659	991,183
Student Transportation Services	8,000	11,405	16,529	27,064	13,352	14,358	15,056	13,134	14,538	26,610
Unallocated Benefits	590,310	659,782	708,469	808,138	995,640	1,120,371	1,888,295	1,462,403	1,449,471	1,495,326
On Behalf Contributions	493,307	558,640	425,911	426,498	428,965	521,488	680,790	590,980	682,105	806,435
Special Schools										20,673
Capital outlay	640,848	321,867	683,164	1,088,040	2,031,154	1,227,112	230,128	242,728	831,310	4,278,773
Total expenditures	8,489,021	8,452,455	8,865,776	9,579,237	10,982,649	10,446,552	10,757,571	10,082,947	10,718,676	14,368,184
Excess (Deficiency) of revenues over (under) expenditures	(359,106)	(431,234)	(847,531)	(1,533,085)	(2,465,156)	(1,000,289)	(464,841)	(27,214)	2,614,503	(3,764,014)
Other Financing sources (uses)										
Capital Lease Proceeds				3,190,699						866,726
Transfers in		400,000	122,004							133,420
Transfers out		(400,000)	(122,004)		(21,000)					
Total other financing sources (uses)				3,190,699	(21,000)					1,000,146
Net change in fund balances	\$ (359,106)	\$ (431,234)	\$ (847,531)	\$ 1,657,614	\$ (2,486,156)	\$ (1,000,289)	\$ (464,841)	\$ (27,214)	\$ 2,614,503	\$ (2,763,868)
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.

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

General Fund:	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Tuition	\$ 250,198	\$ 370,898	\$ 331,558	\$ 395,344	\$ 392,340	\$ 654,536	\$ 1,026,990	\$ 1,526,201	\$ 2,166,925	\$ 2,199,217
Post Secondary	4,480	14,850	25,050	10,785	12,400					
Interest Earned on Capital Reserve Funds	41,944	43,485	6,000	6,000	6,000					
Interest on Investments	187,855	121,037	66,337	20,672	1,124	2,972	2,195	1,270	1,699	1,751
Child Care Revenue										
Refunds of Prior Year Expenditures		10,988		23,898	19,833	6,996	21,600	10,467		
Sale of Fixed Assets		10,001	6,215							
Rentals	1,191				1,000					
Supplement Services Provider					5,000					
NJ Schools Construction Corporation	15,854									
NJ Clean Energy Program				21,034		5,712				
PSE&G				10,000	10,000					
ESIP Incentive						144,610				
Miscellaneous	77,641	78,999	30,247	19,507	1,967	3,019	(1,336)	41,191	17,535	11,475
Total	<u>\$ 579,162</u>	<u>\$ 650,258</u>	<u>\$ 465,407</u>	<u>\$ 507,239</u>	<u>\$ 449,664</u>	<u>\$ 817,845</u>	<u>\$ 1,049,449</u>	<u>\$ 1,579,129</u>	<u>\$ 2,186,159</u>	<u>\$ 2,212,443</u>

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

Fiscal Year Ended June 30,	Governmental Activities					Business Type Activities	Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Early Retirement	Capital Leases	Short Term Loan	Bond Anticipation Notes (BANs)	Capital Leases			
2016			\$ 3,222,578	\$ 464,939			\$ 3,687,517	0.00135	\$ 58.04
2015			2,627,188	460,334			3,087,522	0.00110	48.19
2014			2,796,142				2,796,142	0.00100	43.02
2013			2,893,284				2,893,284	0.00108	44.47
2012			3,006,220				3,006,220	0.00112	45.79
2011			3,105,040				3,105,040	0.1152%	47.02
2010			3,190,699				3,190,699	0.1225%	48.35
2009								not available	
2008		\$ 15,462					15,462	0.0006%	0.23
2007		30,924					30,924	0.0013%	0.47

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

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

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

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

<u>Year</u>	<u>Population (3)</u>	<u>Personal Income (4)</u>	<u>Per Capita Personal Income (1)</u>	<u>Unemployment Rate (2)</u>
2016	63,538	\$ 2,728,059,816	\$ 42,936	7.0%
2015	64,180	2,752,863,113	42,893	7.1%
2014	64,670	2,771,109,500	42,850	8.2%
2013	65,062	2,684,588,244	41,262	8.8%
2012	65,656	2,679,880,952	40,817	11.0%
2011	66,031	2,695,253,358	40,818	10.8%
2010	65,998	2,604,281,080	39,460	7.4%
2009	66,342	2,575,064,730	38,815	10.7%
2008	66,194	2,574,417,048	38,892	6.3%
2007	65,981	2,415,564,410	36,610	4.9%

(1) Source: Regional Economic Information System

(2) Source: US Bureau of Economic Analysis

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

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

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

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Instruction										
Regular	11	11	12	16	14	17	17	23	23	24
Vocational	22	22	23	20	21	22	22	18	18	18
Support Services:										
Student & instruction related services	7	7	8	10	10	12	12	12	10	10
Health Services	1	1	1	1	1	1	1	1	1	1
General administration	3	3	3	2	2	2	2	2	2	2
School administrative services	5	5	5	5	5	5	5	5	3	3
Other administrative services	5	5	5	5	5	3	3	3	2	2
Central services	7	7	7	7	7	4	2	2	4	4
Administrative Information Technology								11	8	8
Plant operations and maintenance	10	10	10	11	12	11	11		8	8
Other:										
Cafeteria	3	3	3	3	3	4	4	4	4	4
Regional Day School	22	22	22	25	25	22	22	25		
Total	96	96	99	105	105	103	101	106	83	84

Source: District Personnel Records

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

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2016	903	\$ 10,089,411	\$ 11,173	-8.69%	43	na	na	20.75	881.0	837.0	9.03%	95.01%
2015	808	9,887,366	12,237	6.96%	41	na	na	14.71	808.0	768.0	-0.25%	95.05%
2014	884	9,840,219	11,131	-2.70%	41	na	na	22.67	789.6	742.8	63.68%	94.07%
2013	859	9,827,443	11,441	1.26%	39	na	na	22.03	482.4	452.5	-40.44%	93.80%
2012	816	9,219,440	11,298	6.40%	39	na	na	20.92	810.0	771.9	51.12%	95.30%
2011	843	8,951,495	10,619	-1.33%	35	na	na	24.09	536.0	504.0	-19.57%	94.03%
2010	789	8,491,197	10,762	-8.72%	35	na	na	22.54	666.4	635.5	3.40%	95.36%
2009	694	8,182,612	11,791	0.49%	35	na	na	19.83	644.5	611.6	13.27%	94.90%
2008	693	8,130,588	11,732	-1.78%	33	na	na	21.00	569.0	532.0	14.26%	93.50%
2007	657	7,848,173	11,945	-1.34%	33	na	na	19.91	498.0	466.4	5.73%	93.65%

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) and does not include Academy students.

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
District Building										
<u>Vocational School</u>										
Salem County Vocational (1973)										
Square Feet	136,356	136,356	136,356	136,356	136,356	136,356	136,356	136,356	136,356	136,356
Capacity (students)	630	630	630	630	630	630	630	630	630	630
Enrollment (Full-time equivalent)	506	540	560	677	686	695 *	859	884	808	903
Number of Schools at June 30, 2016										
Elementary = 0										
Middle School = 0										
Senior High School = 0										
Vo-Tech = 1	1	1	1	1	1	1	1	1	1	1

Source: District Facilities Office

* = includes academy students

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

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

Undistributed Expenditures - Required Maintenance for School Facilities

11-000-261-xxx

		<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
* School Facilities	<u>Project # (s)</u>										
Salem County Vocational School	N/A	\$ 469,447	\$ 514,030	\$ 424,413	\$ 337,165	\$ 221,957	\$ 181,183	\$ 202,435	\$ 254,598	\$ 306,498	\$ 289,052
Total School Facilities		<u>469,447</u>	<u>514,030</u>	<u>424,413</u>	<u>337,165</u>	<u>221,957</u>	<u>181,183</u>	<u>202,435</u>	<u>254,598</u>	<u>306,498</u>	<u>289,052</u>
Total		<u>\$ 469,447</u>	<u>\$ 514,030</u>	<u>\$ 424,413</u>	<u>\$ 337,165</u>	<u>\$ 221,957</u>	<u>\$ 181,183</u>	<u>\$ 202,435</u>	<u>\$ 254,598</u>	<u>\$ 306,498</u>	<u>\$ 289,052</u>

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Insurance Schedule
6/30/2016
Unaudited

	<u>Coverage</u>	<u>GCSSDJIF SIR Retention</u>	<u>District Deductible</u>
Property Policy	\$ 150,000,000	\$ 250,000	\$ 500
Boiler & Machinery / Equipment Breakdown	125,000,000	None	1,000
Crime Policy	500,000	250,000	500
General Liability and Automobile Policy	20,000,000	250,000	None
Workers' Compensation and Employer's Liability Policy	Statutory	250,000	None
Educator's Legal Liability Insurance Policy	20,000,000	175,000	None
Commercial Pollution and Mold Legal Liability Insurance	3,000,000	None	25,000
Cyber Liability	1,000,000	None	25,000
Violent Malicious Acts	1,000,000	None	15,000
Bonds			
Board Secretary/Business Administrator	10,000		
Treasurer of School Funds	150,000		

Source: District Records

SINGLE AUDIT SECTION

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Salem County Vocational Technical School District, in the County of Salem, State of New Jersey, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Board of Education of the Salem County Vocational Technical's basic financial statements and have issued our report thereon dated November 16, 2016. 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, and the audit requirements as prescribed by the Office of School Finance, Department of Education, and State of New Jersey.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We considered the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses, labeled Finding 2016-3, 6, 7 and 8.

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. We considered the deficiencies described in the accompanying schedule of findings and questioned costs to be significant, labeled Finding 2016-2, 5, 9 and 10.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. Given these limitations, additional material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Salem County Vocational Technical Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed three instances of noncompliance, or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and are described in the accompanying schedule of findings and questioned costs as items labeled finding 2016-1, 4 and 10.

Salem County Vocational Technical Board of Education's Response to Findings

Salem County Vocational Technical Board of Education's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Their response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of management, the Salem County Vocational Technical Board of Education, the New Jersey State Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915
November 28, 2016

NIGHTLINGER, COLAVITA & VOLPA

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**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON
INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE
OF EXPENDITURES REQUIRED BY THE UNIFORM ADMINISTRATIVE REQUIREMENTS,
COST PRINCIPLES AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS
(UNIFORM GUIDANCE) AND NEW JERSEY OMB CIRCULAR 15-08**

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Salem County Vocational Technical School District, in the County of Salem, State of New Jersey, compliance with the types of compliance requirements described in the *OMB Compliance Supplement and the New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Salem County Vocational Technical School District's major federal and state programs for the fiscal year ended June 30, 2016. The Salem County Vocational Technical Board of Education'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 each of its major federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Salem County Vocational Technical Board of Education's major federal and state compliance based on our audit of the types of compliance requirements referred above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and as prescribed by the Office of School Finance, *Department of Education, State of New Jersey, Uniform Guidance* and New Jersey OMB 15-08. Those standards, Uniform Guidance and New Jersey OMB 15-08, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the Salem County Vocational Technical Board of Education'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. Our audit does not provide a legal determination of Salem County Vocational Technical Board of Education's compliance with those requirements.

Opinion on Each Major Program

In our opinion, the Board of Education of the Salem County Vocational Technical School District, in the County of Salem, State of New Jersey, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of the Salem County Vocational Technical School District's Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to major federal and state programs. In planning and performing our audit, we considered Salem County Vocational Technical Board of Education's internal control over compliance with the requirements that could have a direct and material effect on a major federal or state program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance in accordance with Uniform Guidance and New Jersey OMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Salem County Vocational Technical School District Board of Education's internal control over compliance.

A *deficiency in internal control over compliance* 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 noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance; such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented or detected and corrected, on a timely basis. We considered the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness, labeled Finding 2016-7.

A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a major 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. We considered the deficiency described in the accompanying schedule of findings and questioned costs to be significant, labeled Finding 2016-11.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above or any instance of deficiency in internal control over compliance that we have to report to the Board of Education in a separate report entitled *Auditors' Management Report on Administrative Findings-Financial, Compliance and Performance* dated November 16, 2016. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance and New Jersey OMB 15-08.

This report is intended solely for the information and use of the audit committee, management, the Salem County Vocational Technical Board of Education, the New Jersey State Department of Education, other state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915
November 28, 2016

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards, Schedule A
For the Fiscal Year Ended June 30, 2016

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2015		Budgetary Expenditures Pass Through Funds	Budgetary Expenditures Direct	Total Budgetary Expenditures	Adjustment	Balance June 30, 2016							
					From	To	Unearned Revenue (Accounts Receivable)	Cash Received					(Accounts Receivable)	Unearned Revenue	Due to Grantor at June 30, 2016					
Special Revenue Fund:																				
U.S. Department of Education:																				
Passed-Through State Department of Education:																				
Title I	84.010A	S010A150030	NCLB464016	\$ 191,274	7/1/15	6/30/16		\$ 54,387	\$ (99,805)	\$ (99,805)			\$ (45,418)							
Title I	84.010A	S010A150030	NCLB464015	117,907	7/1/14	6/30/15	\$ (59,338)	117,907	(58,569)	(58,569)										
Title I	84.010A	S010A150030	NCLB464014	86,528	7/1/13	6/30/14	105				\$ (105)									
Title II Part A	84.367A	S367A150029	NCLB464016	10,237	7/1/15	6/30/16														
Title II Part A	84.367A	S367A150029	NCLB464015	9,096	7/1/14	6/30/15		1,598	(1,598)	(1,598)										
Title II Part A	84.367A	S367A150029	NCLB464014	8,507	7/1/13	6/30/14	1,133				(1,133)									
Title II Part A	84.367A	S367A150029	NCLB464013	4,282	9/1/12	8/31/13	10,389				(10,389)									
IDEA	84.027	H027A150100	IDEA464016	137,455	7/1/15	6/30/16		132,328	(132,328)	(132,328)										
IDEA	84.027	H027A150100	IDEA464015	127,530	7/1/14	6/30/15	(23,390)	38,585	(15,195)	(15,195)										
Perkins - Secondary	84.048A	V048A140030	PERK 464016	84,436	7/1/15	6/30/16		82,593	(82,593)	(82,593)										
Perkins - Secondary	84.048A	V048A140030	PERK 464015	71,115	7/1/14	6/30/15	(651)	651												
Perkins - Secondary	84.048A	V048A140030	PERK 464014	66,590	7/1/13	6/30/14	17,377				(17,377)									
Perkins - Secondary Reserve	84.048A	V048A140030	PERK 464016	30,089	7/1/15	6/30/16		25,918	(25,918)	(25,918)										
Perkins - Secondary Reserve	84.048A	V048A140030	PERK 464015	29,527	7/1/14	6/30/15	(25,294)	25,294												
Perkins - Secondary Reserve	84.048A	V048A140030	PERK 464014	27,269	7/1/13	6/30/14	812				(812)									
21th Century	84.287C	S287C150030	NGO-11-K17-HO5	500,000	9/1/12	8/31/13	(61)						(61)							
Total U.S. Department of Education													(78,918)	479,261	(416,006)	(416,006)	(29,816)	(45,479)		
U.S. Department of Labor:																				
Passed-Through State Department of Labor and Workforce Development:																				
Adult Basic Skills	84.002	V002A150031	Sub grantee	374,000	7/1/15	6/30/16		242,145	(347,699)	(347,699)			(105,554)							
Adult Basic Skills	84.002	V002A140031	Sub grantee	333,677	7/1/14	6/30/15	(100,034)	100,034												
Adult Basic Skills	84.002	V002A150031	Lead Agent	143,770	7/1/15	6/30/16		81,310	(154,119)	(154,119)			(72,809)							
Adult Basic Skills	84.002	V002A140031	Lead Agent	128,653	7/1/14	6/30/15	(42,367)	42,367												
Adult Basic Skills	84.002	V002A100031	Lead Agent	406,477	7/1/10	6/30/11	4,862				(4,862)									
Passed-Through Salem County One-Stop Management Team:																				
Workforce Investment Act (In School)	17.250	Unknown	WIA-269-2012-02	67,392	9/1/11	8/31/12	793				(793)									
Workforce Investment Act (Out of School)	17.250	Unknown	WIA-269-2013-01	42,166	9/1/12	8/31/13	1,348				(1,348)									
Total U.S. Department of Labor													(135,378)	465,856	(501,818)	(501,818)	(7,023)	(178,363)		
Total Special Revenue Fund														(214,296)	945,117	(917,824)	(917,824)	(36,839)	(223,842)	
Enterprise Fund:																				
U.S. Department of Agriculture:																				
Passed Through State Department of Education:																				
Food Distribution Program	10.565	Unknown	N/A	16,875	7/1/15	6/30/16		16,875	(16,660)	(16,660)				\$ 215						
National School Breakfast Program	10.553	16161NJ304N1099	N/A	25,671	7/1/15	6/30/16		23,890	(25,671)	(25,671)			(1,781)							
National School Breakfast Program	10.553	16161NJ304N1099	N/A	18,540	7/1/14	6/30/15	(1,643)	1,643												
National School Lunch Program	10.555	16161NJ304N1099	N/A	75,657	7/1/15	6/30/16		71,212	(75,657)	(75,657)			(4,445)							
National School Lunch Program	10.555	16161NJ304N1099	N/A	81,695	7/1/14	6/30/15	(6,004)	6,004												
Total U.S. Department of Agriculture and Enterprise Funds													(7,647)	119,624	(117,988)	(117,988)	(6,226)	215		
Total Federal Financial Awards														\$ (221,943)	\$ 1,064,741	\$ (1,035,812)	\$ (1,035,812)	\$ (36,839)	\$ (230,068)	\$ 215
(A) Canceled / Adjustment																				

The accompanying Notes to Financial Statements and Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule. These funds were audited in accordance with the Uniform Guidance since the total of all grant expenditures exceeded \$750,000.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
 Schedule of Expenditures of State Financial Assistance, Schedule B
 For the Fiscal Year Ended June 30, 2016

EXHIBIT K-4

State Grantor/ Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2015	Cash Received	Budgetary Expenditures	Adjustment	Balance June 30, 2016			Memo		
			From	To	Unearned Revenue (Accounts Receivable)				(Accounts Receivable)	Unearned Revenue	Due to Grantor at 6/30/16	Budgetary Receivable June 30, 2016	Cumulative Total Expenditures	
State Department of Education (State Aid):														
General Fund:														
Special Education Aid	15-495-034-5120-089	\$ 391,823	7/1/14	6/30/15	\$ (39,174)	\$ 39,174								
Special Education Aid	16-495-034-5120-089	391,823	7/1/15	6/30/16		352,648	\$ (391,823)		\$ (39,175)			\$ (39,175)	\$ 391,823	
Equalization Aid	15-495-034-5120-078	4,180,454	7/1/14	6/30/15	(417,961)	417,961								
Equalization Aid	16-495-034-5120-078	4,180,454	7/1/15	6/30/16		3,762,489	(4,180,454)		(417,965)			(417,965)	4,180,454	
Security Aid	15-495-034-5120-084	22,326	7/1/14	6/30/15	(2,232)	2,232								
Security Aid	16-495-034-5120-084	22,326	7/1/15	6/30/16		20,094	(22,326)		(2,232)			(2,232)	22,326	
PARCC Readiness Aid	15-495-034-5120-098	7,820	7/1/14	6/30/15	(782)	782								
PARCC Readiness Aid	16-495-034-5120-098	7,820	7/1/15	6/30/16		7,038	(7,820)		(782)			(782)	7,820	
Per Pupil Growth Aid	15-495-034-5120-097	7,820	7/1/14	6/30/15	(782)	782								
Per Pupil Growth Aid	16-495-034-5120-097	7,820	7/1/15	6/30/16		7,038	(7,820)		(782)			(782)	7,820	
Additional Adjustment Aid	16-495-034-5120-085	1	7/1/15	6/30/16		1	(1)						1	
Adult Education Program Aid	16-100-034-5120-510	49,344	7/1/15	6/30/16		44,411	(49,344)		(4,933)			(4,933)	49,344	
Reimbursed TPAF Social Security Contrib.	15-495-034-5095-002	247,361	7/1/14	6/30/15	(23,667)	23,667								
Reimbursed TPAF Social Security Contrib.	16-495-034-5095-002	248,110	7/1/15	6/30/16		236,178	(248,110)		(11,932)				248,110	
Total General Fund					(484,598)	4,914,495	(4,907,698)		(477,801)			(465,869)	4,907,698	
Special Revenue Fund:														
State Department of Education:														
Carl D. Perkins - Post Secondary	PERK464015	111,011	7/1/15	6/30/16		91,416	(94,421)		(3,005)				(94,421)	
Carl D. Perkins - Post Secondary	PERK464014	96,129	7/1/14	6/30/15	10,817			\$ (12,317)	(1,500)					
Carl D. Perkins - Post Secondary	PERK464013	85,768	7/1/12	6/30/13	30			(30)						
County Vocational Competitive Grant	15E00146	343,902	4/1/15	6/30/18		68,021	(74,985)		(6,964)				(74,985)	
Total State Department of Education					10,847	159,437	(169,406)		(12,347)				(169,406)	
State Department of Human Services:														
School Based Youth Services	SBYS14XXSP	278,182	7/1/13	6/30/14	30,324			(12,382)			\$ 17,942			
Total State Department of Human Services					30,324			(12,382)			17,942			
Total Special Revenue Fund					41,171	159,437	(169,406)		(24,729)			17,942	(169,406)	
Enterprise Fund:														
State School Lunch Program	16-100-010-3350-023	2,184	7/1/15	6/30/16		2,062	(2,184)		(122)					
State School Lunch Program	15-100-010-3350-023	2,416	7/1/14	6/30/15	(235)	235								
Total Enterprise Funds					(235)	2,297	(2,184)		(122)					
Total State Financial Assistance Subject to OMB 15-08					\$ (443,662)	\$ 5,076,229	\$ (5,079,288)	\$ (24,729)	\$ (489,392)			\$ 17,942	\$ (465,869)	\$ 4,738,292
On Behalf TPAF Contributions Not Subject to OMB 15-08														
On Behalf Pension Contributions	16-495-034-5095-006	254,859	7/1/15	6/30/16		\$ 254,859	\$ (254,859)							
On Behalf TPAF Post Retirmt. Medical	16-495-034-5095-001	303,466	7/1/15	6/30/16		303,466	(303,466)							
Total State Financial Assistance						\$ 5,634,554	\$ (5,637,613)							

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

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2016

NOTE 1: GENERAL

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

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented 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 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements 2 CFR 200- *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB 15-08. 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 schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last 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 revenues, whereas the 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*.

The net adjustment was (\$4,938) to reconcile from the budgetary basis to the GAAP basis for the general fund and an adjustment in the special revenue fund of \$3,275. See Note 1 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2016

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$	\$ 5,461,085	\$ 5,461,085
Special Revenue Fund	917,824	172,681	1,090,505
Food Service Fund	<u>117,988</u>	<u>2,184</u>	<u>120,172</u>
Total Awards & Financial Assistance	\$ <u>1,035,812</u>	\$ <u>5,635,950</u>	\$ <u>6,671,762</u>

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5: FEDERAL AND STATE LOANS OUTSTANDING

The Salem County Vocational Technical School District has one outstanding short-term loan, resulting from the timing difference in the 19th and 20th state aid payments and other receivables. The loan was approved in the amount of \$460,939 for principal and \$658 for interest through July 8, 2016.

NOTE 6: OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2016. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2016.

NOTE 7: SCHOOLWIDE PROGRAM FUNDS

As the District's Federal Programs are on a targeted student group basis, there are no schoolwide programs in the District.

NOTE 8: MAJOR PROGRAMS

The award designated as a major program is identified in the Summary of Auditor's Results Section of the Schedule of Findings and Questioned Cost.

NOTE 9: ADJUSTMENTS

There was an adjustment of \$36,839 on schedule A of Federal Awards and an adjustment of \$24,729 reflected on Schedule B of the State Financial Assistance.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- 1) Material weakness (es) identified? X yes no
- 2) Significant deficiencies identified? X yes none reported

Noncompliance material to basic financial statements noted? X yes no

Federal Awards

Internal control over major programs:

- 1) Material weakness (es) identified? X yes no
- 2) Significant deficiencies identified? yes X reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section .516(a) of Uniform Guidance? X yes no

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.002	V002A150031	Adult Basic Skills

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? yes X no

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(continued)

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

State Awards

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? _____ yes X no

Internal control over major programs:

1) Material weakness (es) identified? _____ yes X no

2) Significant deficiencies identified that are not considered to be material weaknesses? X yes _____ none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 15-08 X yes _____ no

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
16-495-034-5120-078	Equalization Aid
16-495-034-5120-089	Special Education Categorical Aid
16-495-034-5120-084	Security Aid
16-495-034-5120-098	PARCC Readiness Aid
16-495-034-5120-097	Per Pupil Growth Aid
16-100-034-5120-510	Adult and Post Graduate Program Aid

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(continued)

Section II - Financial Statement Findings

This section identifies the significant deficiencies, material weakness, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements for which Government Auditing Standards and with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey that requires reporting in the Uniform Guidance, New Jersey OMB Circular 15-08 audit.

Finding: 2016-1 (AMR Finding 2016-1)

Criteria or specific requirement:

N.J.S.A. 18A:17-32 requires that the Surety Bond coverage for a school treasurer be maintained in accordance with the limits set forth in N.J.A.C. 6A:23A-16.4.

Condition:

The current Treasurer does not have a surety bond.

Context:

The District did not obtain Surety Bond coverage for the most recently hired Treasurer during the 2015-16 school year.

Effect:

The internal control benefit of insurance was limited, as surety bond coverage of the Treasurer was not maintained in accordance with the prescribed schedule.

Cause:

Inadvertent oversight

Recommendation:

A surety bond should be acquired to cover the Treasurer in the amount of \$175,000.

Management's response:

Management is aware of the finding and agrees with the recommendation.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(continued)

Section II - Financial Statement Findings (Continued)

Finding: 2016-2 (AMR Finding 2016-2)

Criteria or specific requirement:

N.J.S.A. 18A: 17-19 states that the chief school administrator or board designee other than the secretary shall prepare the monthly reconciliation of bank account statements and in conjunction with the secretary take any steps necessary to bring the cash record balance and reconciled bank balance into agreement prior to completion of the secretary's monthly report.

Condition:

Bank transfers between the Regular Account and Payroll Agency, were frequently not in agreement with amounts reflected in the District's accounting software program.

Context:

Numerous non-reconciling items were reflected on the Treasurer's bank reconciliations, resulting from discrepancies between actual bank transfers and amounts reflected in the Client's accounting software program.

Effect:

Reconciliation discrepancies resulted between the Board Secretary's Report and Treasurer's Report.

Cause:

Insufficient monitoring of bank transfer duties, resulting in general ledger posting errors.

Recommendation:

Procedures to record bank transfers between the General Account and Payroll Agency should be reviewed and revised, in order to ensure that actual bank transfers agree to amounts recorded in the District's accounting software program. This may partially be accomplished by the District's decision to bring payroll accounting in-house, utilizing the integrated functions of the software package in the area of coding and reconciling the bank account.

Management's response:

Management is aware of the finding and agrees with the recommendation.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(continued)

Section II - Financial Statement Findings (Continued)

Finding: 2016-3 (AMR Finding 2016-3)

Criteria or specific requirement:

GAAP accounting and the New Jersey Department of Education Accounting Manual, as they relate to capital expenditures, along with capital lease accounting, requires certain specific budget account coding and budget treatment.

Condition:

There were several expenditures made under a capital lease that were improperly coded as either supplies or equipment. In addition, the approved capital lease was made jointly for two related Districts, without any clear cut distribution of expenditures, as well as the receipt or redemption of lease principle.

Context:

There was one joint capital lease for two related School Districts without any defined allocation of lease proceeds, redemption or specific assets purchased. In addition, it was not clear what assets were intended to be acquired under the capital lease.

Effect:

As a result of the above condition, adjusting journal entries were identified and submitted to the Board Office, as of June 30, 2016, to allocate proceeds from the capital lease, the budgeted lease principle payment and the specific budget account codes utilized.

Cause:

Per inquiry, it was not clear why a joint capital lease was utilized and that certain budget ramifications were not entertained.

Recommendation:

In the future, expenditures for supplies or equipment should be clearly and specifically identified for proper account coding, with the receipt and redemption of any related capital lease amounts clearly and separately allocated.

Management's response:

Management is aware of the finding and agrees with the recommendation.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(continued)

Section II - Financial Statement Findings (Continued)

Finding: 2016-4 (AMR Finding 2016-4)

Criteria or specific requirement:

N.J.A.C. 6A:23A-16.10 states that a District Board shall only approve an expenditure that, when added to the total of existing expenditures, does not exceed the amount appropriated by the District Board of Education.

Condition:

During the course of our audit, it was determined that the District budget did contain adequate provisions for the various purchases made through a capital lease. As a result, the Capital Outlay section of the budget was overexpended.

Context:

The District Budget did not provide for sufficient funds to avoid an overexpenditure in the Capital Outlay section.

Effect:

The Capital Outlay section of the District Budget reflects an overexpenditure of \$189,408, as of June 30, 2016.

Cause:

Per inquiry, it was not clear why a joint capital lease was utilized and that certain budget ramifications were not entertained.

Recommendation:

The Board Office should monitor the issuance and payment of purchase orders that would cause an overexpenditure in any line item account charged, prior to the Board approving a requested transfer of appropriations to cover such orders.

Management's response:

Management is aware of the finding and agrees with the recommendation.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(continued)

Section II - Financial Statement Findings (Continued)

Finding: 2016-5 (AMR Finding 2016-5)

Criteria or specific requirement:

N.J.S.A. 18A: 17-19 states that the chief school administrator or board designee other than the secretary shall prepare the monthly reconciliation of bank account statements and in conjunction with the secretary take any steps necessary to bring the cash record balance and reconciled bank balance into agreement prior to completion of the secretary's monthly report.

Condition:

While the Treasurer's records for the Net Payroll , Payroll Agency and Student Activity accounts were generally in agreement with the records of the Board Secretary, they were not in agreement with the bank accounts, as determined during the audit.

Context:

The June 30, 2016, Net Payroll and Payroll Agency bank reconciliations contained numerous reconciling items.

Effect:

As a result of the above condition, adjusting journal entries were identified and submitted to the Board Office, as of June 30, 2016.

Cause:

Insufficient Oversight

Recommendation:

All District bank accounts should be properly reconciled and in agreement with the records of the Board Secretary.

Management's response:

Management is aware of the finding and agrees with the recommendation.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(continued)

Section II - Financial Statement Findings (Continued)

Finding: 2016-6 (AMR Finding 2016-6)

Criteria or specific requirement:

The N.J. Department of Education, as well as Federal requirements, stipulates that allowable expenditures be properly recorded under the Grant or budget line items and accurately reflected on the appropriate periodic reports.

Condition:

The General Ledger in the Special Revenue Fund was not sufficiently analyzed with regard to adjusting accounts receivable for Title I. This includes amounts inaccurately being closed into a fund balance account.

Context:

The June 30, 2016 Accounts Receivable balance reflected in the District's General Ledger for Title I was not in agreement with the supporting grant documentation.

Effect:

As a result of the above condition, adjusting journal entries were identified and submitted to the Board Office, as of June 30, 2016.

Cause:

An adequate review of ending accounts receivable and unearned revenue, within the Special Revenue Fund, was not performed prior to the year-end financial close-out.

Recommendation:

As part of the year end close out procedures, an additional review of the Special Revenue Fund accounts receivable should be conducted, in order to provide complete and accurate Title I balances for reporting in the District's financial statements.

Management's response:

Management is aware of the necessary procedures to be updated and followed.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(continued)

Section II - Financial Statement Findings (Continued)

Finding: 2016-7 (AMR Finding 2016-7)

Criteria or specific requirement:

The N.J. Department of Education, as well as Federal requirements, stipulates that allowable expenditures be properly recorded under the budget line items within each Grant and accurately reflected on the appropriate periodic reports.

Condition:

The General Ledger in the Special Revenue Fund was not sufficiently analyzed with regard to adjusting accounts receivable for the Adult Basic Skills program. This includes amounts inaccurately being closed into a fund balance account.

Context:

The June 30, 2016 Accounts Receivable balance, reflected in the District's General Ledger for the Adult Basic Skills program, was not in agreement with the supporting grant documentation.

Effect:

As a result of the above condition, adjusting journal entries were identified and submitted to the Board Office, as of June 30, 2016.

Cause:

An adequate review of ending accounts receivable and unearned revenue, within the Special Revenue Fund, was not performed prior to the year-end financial close-out.

Recommendation:

As part of the year end close out procedures, an additional review of the Special Revenue Fund accounts receivable should be conducted, in order to provide complete and accurate Adult Basic Skills program balances for reporting in the District's financial statements.

Management's response:

Management is aware of the necessary procedures to be updated and followed.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(continued)

Section II - Financial Statement Findings (Continued)

Finding: 2016-8 (AMR Finding 2016-8)

Criteria or specific requirement:

The N.J. Department of Education, as well as Federal requirements, stipulates that allowable expenditures be properly recorded under the budget line items within each Grant and accurately reflected on the appropriate periodic reports.

Condition:

Funds received by the District for the 2013-14 School Based Youth Services grant exceeded actual expenditures for the specified grant period.

Context:

It was determined the School Based Youth Services grant required a reimbursement of \$17,942 for unspent funds received during the 2013-14 grant period.

Effect:

Remittal of grant receipts was required.

Cause:

An adequate review of School Based Youth Services Grant expenditures was not performed.

Recommendation:

As part of the year end close out procedures, an additional review of the Special Revenue Fund accounts receivable should be conducted, in order to provide complete and accurate School Based Youth Services grant balances for reporting in the District's financial statements.

Management's response:

Management is aware of the necessary procedures to be updated and followed.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(continued)

Section II - Financial Statement Findings (Continued)

Finding: 2016-9 (AMR Finding 2016-9)

Criteria or specific requirement:

In accordance with N.J.A.C. 6A:23A-16.10(a) (2), a District Board of Education shall only approve the recording of revenues when measurable and available, in accordance with accounting principles generally accepted in the United States of America (GAAP), unless otherwise authorized pursuant to N.J.S.A. 18A22:-44.2(a).

Condition:

Accounts receivable for various tuition and other revenue billings in the BCCEC/ETTC Enterprise Fund did not appear to be properly reviewed for collection or other proper disposition.

Context:

The BCCEC/ETTC Enterprise Fund needed cancellation of certain prior period accounts receivables, upon determining certain balances to be uncollectible.

Effect:

As a result of the above condition, adjusting journal entries were identified and submitted to the Board Office, as of June 30, 2016.

Cause:

An adequate review of ending accounts receivable, within the BCCEC/ETTC Enterprise Fund, was not performed prior to the year-end financial close-out.

Recommendation:

Procedures should be reviewed and revised to include additional efforts necessary to strengthen internal control over accounts receivable in the BCCEC/ETTC enterprise fund. This includes determining collectability, as well as removing items through proper disposition or adjusting revenue recognition in other funds.

Management's response:

Management is aware of the necessary procedures to be updated and followed.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(continued)

Section II - Financial Statement Findings (Continued)

Finding: 2016-10 (AMR Finding 2016-10)

Criteria or specific requirement:

N.J.A.C. 6A:23A-16.12(c) requires the book balance of a student activity accounts to be reconciled with the bank account.

Condition:

While the cash balance at June 30, 2016 was reconciled to the Student Activity Fund bank account, it did not appear that the District was reconciling this account on a monthly basis during the year.

Context:

The subsidiary ledgers maintained for the Student Activity Fund were not reconciled to the bank account on a monthly basis during the year.

Effect:

Internal control over the Student Activity Fund was not considered adequate, where Bank reconciliations were not prepared on a monthly basis.

Cause:

Inadvertent oversight.

Recommendation:

Procedures to reconcile the Student Activity bank account should be reviewed and revised, in order assure that reconciliations are properly prepared on a monthly basis.

Management's response:

Management is aware of the necessary procedures to be updated and followed.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(continued)

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

This section identifies the audit findings required to be reported by 2 CFR 200 section .516 of the *Uniform Guidance Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB Circular Letter 15-08, as applicable, for State Financial Assistance.

FEDERAL AWARDS

Finding: 2016-7 (AMR 2016-7)

Information on the federal program:

Adult Basic Skills (84.002)

Criteria or specific requirement:

The N.J. Department of Education, as well as Federal requirements, stipulates that allowable expenditures be properly recorded under the Grant or budget line items and accurately reflected on the appropriate periodic reports.

Condition:

The Special Revenue Fund General Ledger was not sufficiently analyzed with regard to adjusting accounts receivable for the Adult Basic Skills program. This includes amounts inaccurately being closed into a fund balance account.

Questioned Costs: None

Context:

The June 30, 2016 Accounts Receivable balance reflected in the District's General Ledger for the Adult Basic Skills program was not in agreement with the supporting grant documentation.

Effect:

As a result of the above condition, adjusting journal entries were identified and submitted to the Board Office, as of June 30, 2016.

Cause:

An adequate review of ending accounts receivable and unearned revenue, within the Special Revenue Fund, was not performed prior to the year-end financial close-out.

Recommendation:

As part of the year end close out procedures, an additional review of the Special Revenue Fund accounts receivable should be conducted, in order to provide complete and accurate Adult Basic Skills program balances for reporting in the District's financial statements.

Management's response:

Management is aware of the necessary procedures to be updated and followed.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(continued)

Section III - Federal Awards and State Financial Assistance
Findings and Questioned Costs (Continued)

STATE AWARDS

Finding: 2016-11 (AMR 2016-11)

Information on the state program:

Equalization Aid	16-495-034-5120-078
Special Education Categorical Aid	16-495-034-5120-089
Security Aid	16-495-034-5120-084

Criteria or specific requirement:

Districts are required by the N.J. Dept. of Education Division of Finance to properly complete an ASSA report (Application for State School Aid), including workpapers that document the compilation of data and provide an audit trail for testing such data.

Condition:

While reviewing the supporting workpaper detail of the ASSA Report, the total count was off in two categories due to some information being mis-categorized.

Questioned Costs: None

Context:

ASSA information is utilized by New Jersey State Department of Education, to calculate the amount of aid a school is entitled to, based on state statute and related formulas.

Effect:

The proper information was not available for the New Jersey State Department of Education to calculate the correct amount of school aid.

Cause:

Inadvertent oversight.

Recommendation:

An additional checking step of the individual schools information should be performed, in order to insure correct entry on the ASSA Report.

Management's response:

Management is aware of the necessary procedures to be updated and followed.

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

This section identifies the status of prior - year findings related to the basic financial statements and Federal Awards and State Financial Assistance that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, US OMB *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* section .511(a)(b) and New Jersey OMB's Circular 04-04 and/or 15-08, as applicable.

STATUS OF PRIOR - YEAR FINDINGS

Finding: 2015-1

Condition: Bank transfers between the Regular Account and Payroll Agency were not always in agreement with amounts reflected in the Client's accounting software program.

Current Status: Unresolved, see Finding 2016-2

Finding: 2015-2

Condition: The Treasurer's records were not in agreement with the records of the Board Secretary or in agreement with the reconciled cash balance as determined during the audit.

Current Status: Unresolved, see Finding 2016-5

Finding: 2015-3

Condition: The General Ledger in the Special Revenue Fund was not sufficiently analyzed with regard to adjusting accounts receivable for Title I.

Current Status: Unresolved, see Finding 2016-6

Finding: 2015-4

Condition: The General Ledger in the Special Revenue Fund was not sufficiently analyzed with regard to adjusting accounts receivable for IDEA, Perkins Secondary and the Opportunity for New Jersey grants.

Current Status: Resolved

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

STATUS OF PRIOR - YEAR FINDINGS (Continued)

Finding: 2015-5

Condition: Certain prior period expenditures for the Perkins Secondary and Post Secondary Grant's were deemed unallowable, thus requiring remittal of reimbursements received from these charges. In addition, funds received by the District for the 2012-13, exceeded actual expenditures for the specified grant period.

Current Status: Unresolved, as to the School Based Youth Services grant (see Finding 2016-8)

Finding: 2015-6

Condition: Accounts receivable for various tuition and other revenue billings in the BCCEC/ETTC Enterprise Fund did not appear to be properly reviewed for collection or other proper disposition.

Current Status: Unresolved, see Finding 2016-9

Finding: 2015-7

Condition: The General Ledger in the Special Revenue Fund was not sufficiently analyzed with regard to adjusting accounts receivable and unearned revenue for Workforce Development – Adult Basic Skills.

Current Status: Resolved

Finding: 2015-8

Condition: The reimbursement to the State for the amount of the expenditure charged to the current year's Final Reports for all federal awards for the school district to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the school district for those employees whose salaries are identified as being paid from federal funds was made subsequent to the 90 days required by N.J.S.A. 18A:66-90. Accordingly, the expenditure was not in accordance with State law (90 days).

Current Status: Resolved

Finding: 2015-9

Condition: During our examination of the ASSA Report, we noted one student that was counted twice, which was the result of a name change.

Current Status: Resolved