

# **Comprehensive Annual Financial Report**

**of the**

**Essex County Vocational Schools**

**Newark, New Jersey**

**For the Fiscal Year Ended June 30, 2017**

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**INTRODUCTORY SECTION**



# Essex County Vocational Technical Schools BOARD OF EDUCATION

REV. EDWIN D. LEAHY, O.S.B.  
PRESIDENT

ADRIANNE DAVIS  
VICE PRESIDENT

MEMBERS

SALVATORE CARNOVALE  
LUIS M. LOPEZ  
LEESANDRA MEDINA  
DR. CHRIS T. PERNELL  
KEVIN RYAN

DR. JAMES M. PEDERSEN  
SUPERINTENDENT

DICXIANA A. CARBONELL, Ed.S.  
ASSISTANT SUPERINTENDENT OF SCHOOLS  
FOR CURRICULUM & INSTRUCTION

BERNETTA DAVIS  
BUSINESS ADMINISTRATOR

LORI TANNER  
BOARD SECRETARY

M. MURPHY DURKIN, ESQ.  
BOARD ATTORNEY

December 4, 2017

Honorable President and Members  
of the Board of Education  
Essex County Schools District  
County of Essex  
Newark, New Jersey 07102

Dear Board Members:

The Comprehensive Annual Financial Report (CAFR) of the Essex County Vocational Schools District for the fiscal year ended June 30, 2017 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 Essex County Vocational Schools Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and reported in a manner designed to present fairly the financial position and results of operations of various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter and a list of principal officials. The financial section includes the general-purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and New Jersey OMB's Circulars 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid (NJOMB 15-08). Information related to this single audit including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.



## 1. REPORTING ENTITY AND ITS SERVICES

As the county regional vocational school system, the district provides a full range of vocational and technical training to adult and high school students residing in Essex County. Over 96% of the district's high school students are full-time and receive a full range of educational services, academic programs and vocational-technical training in grades 9 to 12. The high school programs serve a wide range of students including special education programs for handicapped students and advanced tech prep programs for academically talented students.

Apart from full-time day and evening adult programs, the District oversees all apprenticeship training in the County and provides a wide-range of part-time vocational-technical training programs, customized training programs and basic skills, GED and ESL programs for adults.

The District reflected a 8.0% decrease in average daily enrollment for high school students in 2016-2017. The District operated at full capacity and received more than two applications for every one student that it accepts into the 9<sup>th</sup> grade. The following details the changes in the student enrollment of the district over the last ten (10) years.

<u>Year</u>	<u>Average Daily Enrollment</u>	<u>Average Daily Attendance</u>	<u>Attendance Percent</u>	<u>in Average Daily Enrollment</u>
2016-17	2,152	2,013	N/A	-8.00
2015-16	2,338	2,157	N/A	2.50
2014-15	2,282	2,094	94.1	0.17
2013-14	2,215	2,109	95.2	0.50
2012-13	2,492	2,361	94.7	-0.30
2011-12	2,057	1,955	95.0	1.70
2010-11	2,023	1,892	93.5	-1.20
2009-10	2,048	1,882	91.9	-2.20
2008-09	2,095	1,937	92.4	0.30
2007-08	2,089	1,892	90.6	-2.30
2006-07	2,138	1,935	90.5	3.80

## 2. ECONOMIC CONDITIONS

The County of Essex continues to be a vital economic region being a center for insurance, health care, retail trade and transportation services. The total assessed valuation for property in Essex County and the unemployment rate for Essex County in 2016-2017 was 6.0%.

## 3. STATE CERTIFICATION AND PROGRAM IMPROVEMENT

The District has achieved continuous improvement over the last eight years. All four of its schools and the district itself has achieved No Child Left Behind Annual Yearly Performance goals for two or more years and is under no monitoring status. The District continues to add rigorous academic and career and technical education curriculum to its offerings. Additionally, two of its four schools have been awarded with National Blue Ribbon Awards by the U.S. Department of Education for achievement.



#### **4. INTERNAL ACCOUNTING CONTROLS**

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable assurance and recognized 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 and GASB 34.

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

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

#### **5. BUDGETARY CONTROL**

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 appropriate budget approved by the Board of School Estimate. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is 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, 2017.

#### **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 1.

## 7. FINANCIAL INFORMATION OF FISCAL YEAR-END

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the general fund and special revenue fund revenues for the fiscal year ended June 30, 2017, and the amount and percentages of increases in relation to prior year revenues.

<u>Revenue</u>	<u>Amount</u>	<u>% of Total</u>
Local Sources	\$ 5,562,480	12.43
Tuition	13,560,954	30.30
State Sources	25,562,916	57.12
Federal Sources	<u>70,564</u>	<u>0.16</u>
<b>Total</b>	<b><u>\$ 44,756,914</u></b>	<b><u>100.00</u></b>

The following schedule presents a summary of general fund and special revenue expenditures for the fiscal year ended June 30, 2017:

<u>Expenditures</u>	<u>Amount</u>	<u>% of Total</u>
Instruction	\$ 15,539,416	36.59
Support	26,528,896	62.47
Special School	346,547	0.82
Capital Outlay	<u>52,853</u>	<u>0.12</u>
<b>Total</b>	<b><u>\$ 42,467,712</u></b>	<b><u>100.00</u></b>

## 8. CASH MANAGEMENT

The investment policy of the District is guided in large part by State statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit 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 where the funds are secured in accordance with the Act.

## 9. RISK MANAGEMENT

The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

## **10. OTHER INFORMATION**

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Samuel Klein and Company was selected by the Board to audit the financial statements for the year ended June 30, 2017. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and New Jersey OMB's Circulars 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid (NJOMB 15-08). The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditors' report related specifically to the single audit is included in the single audit section of this report.

## **11. ACKNOWLEDGMENTS**

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

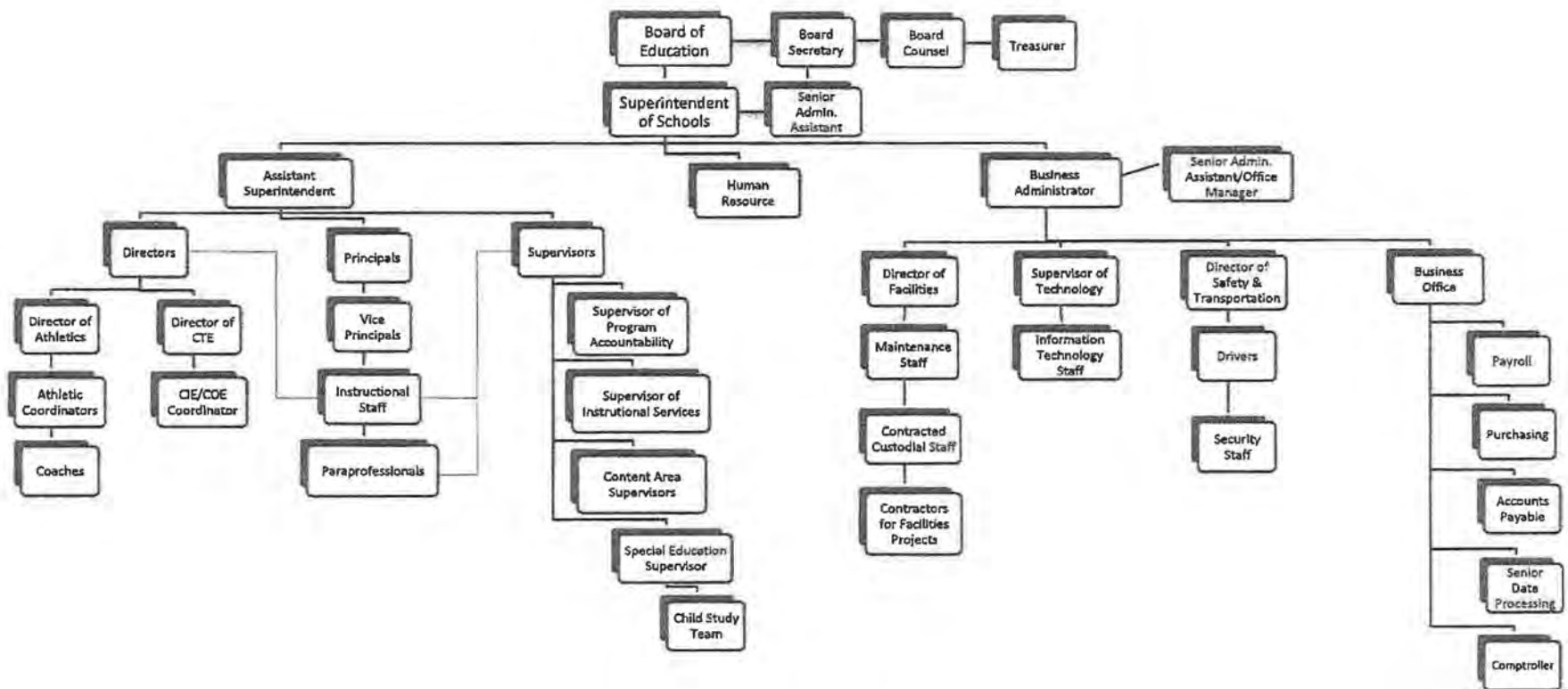
Respectfully submitted,

Bernetta Davis  
Business Administrator

Lori Tanner  
Board Secretary

# ESSEX COUNTY VOCATIONAL TECHNICAL SCHOOLS

## 2016-17 ORGANIZATIONAL CHART



ESSEX COUNTY VOCATIONAL SCHOOLS  
NEWARK, NEW JERSEY

ROSTER OF OFFICIALS

JUNE 30, 2017

	<u>Term Expires</u>
Reverend Edwin D. Leahy, President	10/31/14*
Adrienne Davis, Vice President	10/31/15*
<b><u>Board Members</u></b>	
Kevin J. Ryan	10/31/17
Salvatore Carnovale	10/31/16*
Lee Sandra Medina	10/31/17
Dr. Chris T. Pernell	10/31/17
<b><u>Other Officials</u></b>	
Dr. James M. Pedersen, Superintendent	
Dicxiana A. Carbonell, Assistant Superintendent for Curriculum and Instruction	
Bernetta Davis, Business Administrator	
Lori Tanner, Board Secretary	
M. Murphy Durkin, Esq., Board Attorney	

\*Carryovers

**ESSEX COUNTY VOCATIONAL SCHOOLS  
CONSULTANTS AND ADVISORS**

**Audit Firm**

Samuel Klein and Company  
Certified Public Accountants  
550 Broad Street  
Newark, New Jersey 07102-4517

**Attorney**

Durkin & Durkin, LLP  
1120 Bloomfield Avenue  
P.O. Box 1289  
West Caldwell, New Jersey 07007-9452

**Official Depository**

New Jersey Cash Management Fund (NJCMF)

Wells Fargo  
599 Bloomfield Avenue  
Verona, New Jersey 07044

MBIA Asset Management  
113 King Street  
Armonk, New York 10504

**FINANCIAL SECTION**



# SAMUEL KLEIN AND COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

550 BROAD STREET, 11TH FLOOR  
NEWARK, NJ 07102-9939  
PHONE (973) 624-6100  
FAX (973) 624-6101

36 WEST MAIN STREET, SUITE 303  
FREEHOLD, NJ 07728-2291  
PHONE (732) 780-2600  
FAX (732) 780-1030

## INDEPENDENT AUDITOR'S REPORT

The Honorable President and Members  
of the Board of Education  
Essex County Vocational Schools District  
County of Essex  
Newark, New Jersey 07102

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the Board of Education of the Essex County Vocational Schools District, County of Essex, State of New Jersey, as of and for the year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the Board'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 Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Board'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 Board's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Board of Education of the Essex County Vocational Schools District, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison Information 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 Essex County Vocational Schools District's basic financial statements. The introductory section, combining and individual nonmajor 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 schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards and state financial assistance 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 nonmajor fund financial statements, the schedule of expenditures of federal awards and schedule of state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2017, on our consideration of the Board of Education of the Essex County Vocational Schools District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Essex County Vocational Schools internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Essex County Vocational Schools District's internal control over financial reporting and compliance.

  
JOSEPH J. FACCONO  
Licensed Public School Accountant #194

  
SAMUEL KLEIN AND COMPANY  
CERTIFIED PUBLIC ACCOUNTANTS

Newark, New Jersey  
December 4, 2017

**REQUIRED SUPPLEMENTARY INFORMATION - PART I**

December 4, 2017

Honorable President and Members  
of the Board of Education  
Essex County Vocational Schools  
Leroy F. Smith Jr. Public Safety Building  
60 Nelson Place - 1 North  
Newark, New Jersey 07102

Dear Board Members:

**Management's Discussion and Analysis for the Fiscal Year Ended June 30, 2017 (Unaudited)**

The discussion and analysis of the Essex County Vocational Schools District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

**Using this Generally Accepted Accounting Principals Report (GAAP)**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Essex County Vocational Schools as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending.

The fund financial statements also look at the School District's most significant funds. In the case of the Essex County Vocational Schools, the General Fund is by far the most significant fund.

## **Reporting the School District as a Whole**

### **Statement of Net Position and the Statement of Activities**

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2017?" The Statement of Net Position and the Statement of Activities answers this question. These statements include all assets and liabilities using the actual 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. Nonfinancial factors include the county's property tax base, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District reports governmental 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 extracurricular activities. The School District maintains one business-like activity, the Food Service Program.

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

### **Fund Financial Statements**

The analysis of the School District's major funds begins on page 27. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude 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.

### **Governmental Funds**

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 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.

### **The School District as a Whole**

Recall that 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 2017 and 2016.



**Table 1**  
**Net Position**

	June 30, 2017		June 30, 2016	
	Governmental Activities	Business- Type Activities	Governmental Activities	Business- Type Activities
<b><u>ASSETS</u></b>				
Current and Other Assets	\$ 90,325,012	\$ 578,851	\$ 148,043,893	\$ 447,614
Capital Assets, Net	<u>162,193,480</u>	<u>40,542</u>	<u>102,797,599</u>	<u>49,948</u>
Total Assets	<u>\$ 252,518,492</u>	<u>\$ 619,393</u>	<u>\$ 250,841,492</u>	<u>\$ 497,563</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>				
Amount Related to Pension	<u>\$ 5,438,157</u>		<u>\$ 2,444,720</u>	
<b><u>LIABILITIES</u></b>				
Current Liabilities	\$ 546,158	\$ 179,510	\$ 925,437	\$ 179,511
Noncurrent Liabilities	<u>19,185,603</u>	<u></u>	<u>14,946,269</u>	<u></u>
Total Liabilities	<u>19,731,761</u>	<u>179,510</u>	<u>15,871,705</u>	<u>179,511</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>				
Amount Related to Pension	<u>115,378</u>		<u>352,147</u>	
<b><u>NET POSITION</u></b>				
Investment in Capital Assets	162,092,991	49,948	102,618,285	49,948
Restricted for:				
Capital Projects	48,878,861		54,571,133	
Other Purposes	39,909,679		92,090,729	
Unrestricted	<u>(12,772,021)</u>	<u>389,934</u>	<u>(12,217,787)</u>	<u>268,104</u>
Total Net Position	<u>238,109,510</u>	<u>439,882</u>	<u>237,062,360</u>	<u>318,052</u>
Total Liabilities and Net Position	<u>\$ 257,956,649</u>	<u>\$ 619,392</u>	<u>\$ 253,286,212</u>	<u>\$ 497,563</u>

Due to the requirement that the Essex County Vocational Schools prepares its financial statements following GASB Statement 34, compensated absences, along with capital assets (net of accumulated depreciation) are now shown on the Statement of Net Position. The amount recorded under noncurrent liabilities is detailed below:

Compensated Absences	<u>\$ 1,218,631.84</u>
----------------------	------------------------

It must be noted that compensated absences due to retirements or other circumstances have always been paid through current budget appropriations and will continue to be paid. The School District has never failed to meet its contractual obligations.



**Table 2**  
**Change in Net Position**

Table 2 shows the Changes in Net Position for fiscal year 2017 and fiscal year 2016.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b><u>Revenues</u></b>				
Program Revenues:				
Charges for Services	\$	\$	\$ 280,215	\$ 264,438
Operating Grants and Contributions	8,941,280	7,336,886	1,261,824	1,252,350
General Revenues:				
County Appropriation	4,450,000	4,450,000		
Grants and Entitlements	20,179,987	20,903,906		
Tuition	13,560,954	13,870,912		
Other	1,140,820	143,477,467		
<b>Total Revenues</b>	<u>48,273,041</u>	<u>190,039,172</u>	<u>1,542,039</u>	<u>1,516,788</u>
<b><u>Expenditures</u></b>				
Program Expenses:				
Instruction	25,626,231	24,791,487		
Support Services:				
Student and Instruction Related	6,439,208	6,084,372		
Administration	6,838,217	6,729,234		
Operation and Plant Maintenance	6,154,353	6,195,932		
Pupil Transportation	567,433	535,429		
Special Schools	505,171	352,811		
Unallocated Depreciation	1,095,278	1,083,694	9,407	9,407
Cost of Sales			668,713	601,053
Salaries and Benefits			594,914	584,920
Other			147,175	103,801
<b>Total Expenses</b>	<u>47,225,891</u>	<u>45,772,960</u>	<u>1,420,209</u>	<u>1,299,180</u>
<b>Increase in Net Position</b>	<u>\$ 1,047,150</u>	<u>\$ 144,266,212</u>	<u>\$ 121,830</u>	<u>\$ 217,608</u>

**Governmental Activities**

A portion of the revenue for the Essex County Vocational Schools is provided by Essex County. Each year the Vocational School's Board of Education prepares and delivers to the Essex County Board of School Estimate an itemized statement of the amount of money necessary for the general fund expenses. The Board of School Estimate determines and certifies by action taken at a public meeting an amount of money to be appropriated for the use by the County Vocational Schools. The Essex County Board of Chosen Freeholders appropriates the amount so certified, which is assessed, levied and collected in the same manner as moneys appropriated for other purposes in Essex County. Moneys from the County Tax Levy made up 9.22% of revenues for the general fund for the fiscal year ended June 30, 2017.

Instruction comprises 54.26% of district expense and support services of 45.74%.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**Table 3**  
**Net Cost of Service**

	<u>2017</u>
Governmental Activities:	
Instruction:	
Regular	\$ 9,487,288
Other Special Instruction	2,222,601
Vocational	6,525,788
Other Instruction	1,504,328
Support Services:	
Student and Instruction Related Services	4,497,083
General and Business Administrative Services	1,744,168
School Administration Services	2,289,682
Central Services	954,794
Administration of Information Technology	1,198,508
Plant Operations and Maintenance	4,568,510
Security	1,237,761
Pupil Transportation	525,379
Special Schools	433,444
	<u>\$ 37,189,334</u>

A description of each service provided by the School District is detailed as follows:

Instruction expenditures include activities directly dealing with the teaching of pupils and the interaction between teacher and pupils.

Student and Instructional Related Services expenditures include the activities involved with assisting staff with the content and process of teaching to pupils.

Also included are Attendance and Social Work Services, Health Services and Guidance, Child Study and Educational Media Services.

Board of Education, Administration, Fiscal and Business expenditures are associated with administration and financial supervision of the District.

Operation and Maintenance of Plant expenditures involve keeping the school grounds, buildings and equipment in an effective working condition.

Pupil Transportation expenditures include activities involved in the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Employee Benefits expenditures include health insurance benefits, social security contributions, unemployment and workers compensations and tuition reimbursement.

Special Schools' expenditures include the post-secondary program, summer school and adult education.

**Business-Type Activities**

The School District operates business-type activities for the Food Service Program. The Food Service operations are managed by Maschio's Food Services, Inc. The management company receives a fee for each meal served. For fiscal year 2017, a total of 527,902 meals were served to students.

For the current school year, after adjustment of fixed asset valuation, the food service had an increase in net position of \$121,829.88. Ending net position for the food service shows an excess of \$439,882.21. This excess is shown as follows:

Capital Assets	\$ 49,948.44
Unrestricted	389,933.77

**General Fund Budgetary Highlights**

The School District budget is prepared according to New Jersey Law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

**General Fund Budgetary Highlights**

Exhibit C-1 details variations between the final budget amounts and actual results for the General Fund.

**Capital Assets**

At the end of fiscal year 2017, the School District had \$162,193,480.31 invested in land, buildings and equipment, net of accumulated depreciation.

**For the Future**

The Essex County Vocational and Technical School District, through the efforts of our teachers, administrators and support staff, will continue to provide the highest quality of education to all students attending our schools.

**BASIC FINANCIAL STATEMENTS**

**A. DISTRICT-WIDE FINANCIAL STATEMENTS**

**ESSEX COUNTY VOCATIONAL SCHOOLS**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2017**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 21,242,437.46	\$ 490,719.56	\$ 21,733,157.02
Receivables, Net	68,903,064.19	73,168.91	68,976,233.10
Inventories		14,962.43	14,962.43
Interfunds Receivable	179,510.46		179,510.46
Total Current Assets	<u>90,325,012.11</u>	<u>578,850.90</u>	<u>90,903,863.01</u>
Noncurrent Assets:			
Capital Assets, Net (Note 5)	162,193,480.31	40,541.77	162,234,022.08
Total Noncurrent Assets	<u>162,193,480.31</u>	<u>40,541.77</u>	<u>162,234,022.08</u>
Total Assets	<u>252,518,492.42</u>	<u>619,392.67</u>	<u>253,137,885.09</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount Related to Pension	<u>5,438,157.00</u>		<u>5,438,157.00</u>
Total Assets and Deferred Outflows	<u>257,956,649.42</u>	<u>619,392.67</u>	<u>258,576,042.09</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable and Accrued Expenses	297,821.67		297,821.67
Intergovernmental Accounts Payable	2,267.54		2,267.54
Interfunds Payable		179,510.46	179,510.46
Unearned Revenue	210,423.56		210,423.56
Due Within One Year	35,645.67		35,645.67
Total Liabilities	<u>546,158.44</u>	<u>179,510.46</u>	<u>725,668.90</u>
Long-Term Liabilities:			
Contingent Liability	844,565.50		844,565.50
Due Beyond One Year	18,341,037.03		18,341,037.03
	<u>19,185,602.53</u>		<u>19,185,602.53</u>
Total Liabilities	<u>19,731,760.97</u>	<u>179,510.46</u>	<u>19,911,271.43</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amount Related to Pension	<u>115,378.00</u>		<u>115,378.00</u>
<b>NET POSITION</b>			
Invested in Capital Assets, Net of Related Debt	162,092,991.45	49,948.44	162,142,939.89
Restricted for:			
Capital Projects	48,878,860.60		48,878,860.60
Other Purposes	39,909,679.08		39,909,679.08
Unrestricted	(12,772,020.68)	389,933.77	(12,382,086.91)
Total Net Position	<u>238,109,510.45</u>	<u>439,882.21</u>	<u>238,549,392.66</u>
Total Liabilities and Net Position	<u>\$257,956,649.42</u>	<u>\$ 619,392.67</u>	<u>\$258,576,042.09</u>

The accompanying notes to financial statements are an integral part of this statement.

ESSEX COUNTY VOCATIONAL SCHOOLS  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

A-2

Function/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Change In Net Position		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business- Type Activities	
Governmental Activities:						
Instruction:						
Regular	\$ 13,713,289.22	\$	\$ 4,226,000.93	\$ (9,487,288.30)	\$	\$ (9,487,288.30)
Other Special Instruction	2,675,972.09		453,370.81	(2,222,601.28)		(2,222,601.28)
Vocational Education	7,531,170.85		1,005,382.47	(6,525,788.38)		(6,525,788.38)
Other Instruction	1,705,799.15		201,471.65	(1,504,327.50)		(1,504,327.50)
Support Services:						
Student and Instruction Related Services	6,439,207.69		1,942,125.30	(4,497,082.39)		(4,497,082.39)
General and Business Administration	1,879,219.20		135,051.25	(1,744,167.95)		(1,744,167.95)
School Administration Services	2,650,670.00		360,987.90	(2,289,682.10)		(2,289,682.10)
Central Services	1,109,820.03		155,026.31	(954,793.72)		(954,793.72)
Administration of Information Technology	1,198,508.25		-	(1,198,508.25)		(1,198,508.25)
Plant Operations and Maintenance	4,699,958.64		131,448.46	(4,568,510.18)		(4,568,510.18)
Security	1,454,394.41		216,633.15	(1,237,761.26)		(1,237,761.26)
Pupil Transportation	567,433.13		42,053.97	(525,379.16)		(525,379.16)
Unallocated Depreciation	1,095,277.54		-	(1,095,277.54)		(1,095,277.54)
Special Schools	505,171.28		71,727.57	(433,443.72)		(433,443.72)
Total Governmental Activities	47,225,891.49		8,941,279.76	(38,284,611.73)		(38,284,611.73)
Business-Type Activities:						
Food Services	1,420,209.22	280,215.25	1,261,823.85		121,829.88	121,829.88
Total Primary Government	\$ 48,646,100.71	\$ 280,215.25	\$ 10,203,103.61	\$ (38,284,611.73)	\$ 121,829.88	\$ (38,162,781.85)
General Revenues:						
County Appropriation				\$ 4,450,000.00	\$	\$ 4,450,000.00
Tuition				13,560,954.26		13,560,954.26
Unrestricted Federal and State Aid				20,179,987.44		20,179,987.44
Miscellaneous				1,140,820.32		1,140,820.32
Total General Revenue				39,331,762.02		39,331,762.02
Change in Net Position				1,047,150.29	121,829.88	1,168,980.17
Net Position - Beginning				237,062,360.16	318,052.33	237,380,412.49
Net Position - Ending				\$ 238,109,510.45	\$ 439,882.21	\$ 238,549,392.66



**B. FUND FINANCIAL STATEMENTS**

**GOVERNMENTAL FUNDS**

**ESSEX COUNTY VOCATIONAL SCHOOLS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2017**

<u>ASSETS</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Cash and Cash Equivalents	\$ 10,140,530.65	\$	\$ 11,747,163.51	\$ 21,887,694.16
Accounts Receivable:				
Federal		489,142.47		489,142.47
State	62,095.77	591,989.78		654,085.55
Tuition	2,527,973.30			2,527,973.30
Other		6,662.87	65,225,000.00	65,231,662.87
Interfunds	179,510.46	1,733.16		181,243.62
<b>Total Assets</b>	<u>\$ 12,910,110.18</u>	<u>\$ 1,089,728.28</u>	<u>\$ 76,972,163.51</u>	<u>\$ 90,972,001.97</u>
 <u>LIABILITIES</u>				
Cash Overdraft	\$	\$ 645,256.70	\$	\$ 645,256.70
Interfunds Payable	1,733.16			1,733.16
Accounts Payable	63,773.65	234,048.02		297,821.67
Intergovernmental Accounts Payable - State	2,267.54			2,267.54
Commitments and Contingencies	844,565.50			844,565.50
Unearned Revenue		210,423.56		210,423.56
<b>Total Liabilities</b>	<u>912,339.85</u>	<u>1,089,728.28</u>		<u>2,002,068.13</u>
 <u>FUND BALANCES</u>				
Restricted Fund Balance:				
Excess Surplus Designated for Subsequent Years Expenditures	4,405,964.00			4,405,964.00
Excess Surplus Capital Projects	5,067,709.16		48,878,860.60	5,067,709.16
Committed Fund Balance:				
Year End Encumbrances	1,304,618.96		28,093,302.91	29,397,921.87
Assigned Fund Balance:				
Designated for Subsequent Expenditures	1,019,990.00			1,019,990.00
ARRA/Semi Designated for Subsequent Expenditures	18,094.05			18,094.05
Unassigned Fund Balance	181,394.16			181,394.16
<b>Total Fund Balances</b>	<u>11,997,770.33</u>		<u>76,972,163.51</u>	<u>88,969,933.84</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 12,910,110.18</u>	<u>\$ 1,089,728.28</u>	<u>\$ 76,972,163.51</u>	<u>\$ 90,972,001.97</u>
Total Fund Balance above:				\$ 88,969,933.84
Amounts reported for governmental activities in the Statement of Net Position (A-1) are different because:				
Deferred outflows related to pension contributions subsequent to the net position liability measurement date and other deferred items are not current financial resources and therefore are not reported in the fund statements.				5,438,157.00
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of capital assets is \$184,208,492.51 and the accumulated depreciation is \$22,015,012.20 (See Note 5).				162,193,480.31
Deferred inflows related to pension actuarial gains from experience and differences in actual return and assumed returns and other deferred items are not reported as liabilities in the fund statements				(115,378.00)
Accounts payable for subsequent pension payment is not payable in the funds statements				
Long-term liabilities, including bonds, loans and leases payable are not payable in the current period and therefore are not reported as liabilities in the funds (See Note 5).				(18,376,682.70)
<b>Net Position of Governmental Activities (A-1)</b>				<u>\$ 238,109,510.45</u>

**ESSEX COUNTY VOCATIONAL SCHOOLS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<u>REVENUES</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Local Sources:				
County Appropriation	\$ 4,450,000.00	\$	\$	\$ 4,450,000.00
Tuition from Other LEA's	13,560,954.26			13,560,954.26
Other Restricted Miscellaneous Revenue			28,341.06	28,341.06
Unrestricted Miscellaneous Revenue	1,112,479.26			1,112,479.26
Total Revenues - Local Sources	<u>19,123,433.52</u>		<u>28,341.06</u>	<u>19,151,774.58</u>
Private Sources		15,401.83		15,401.83
State Sources	25,562,916.31	231,346.78		25,794,263.09
Federal Sources	70,564.44	3,241,037.84		3,311,602.28
Total Revenues	<u>44,756,914.27</u>	<u>3,487,786.45</u>	<u>28,341.06</u>	<u>48,273,041.78</u>
 <u>EXPENDITURES</u>				
Current:				
Regular Instruction	7,298,040.20	2,418,926.16		9,716,966.36
Other Special Instruction	1,673,348.31			1,673,348.31
Vocational Education	5,307,780.31			5,307,780.31
Other Instruction	1,260,247.15			1,260,247.15
Support Services and Undistributed Costs:				
Student and Instruction Related	3,787,724.73	799,093.11		4,586,817.84
General and Business Administrative	1,580,555.08			1,580,555.08
School Administration Services	1,852,349.85			1,852,349.85
Central Services	766,981.32			766,981.32
Administration of Information Technology	1,198,508.25			1,198,508.25
Plant Operations and Maintenance	4,409,262.05			4,409,262.05
Security	975,312.95			975,312.95
Pupil Transportation	474,431.32			474,431.32
Employee Benefits	11,483,770.44			11,483,770.44
Special Schools	346,546.68			346,546.68
Capital Outlay	52,853.00	269,767.18	60,168,538.82	60,491,159.00
Total Expenditures	<u>42,467,711.64</u>	<u>3,487,786.45</u>	<u>60,168,538.82</u>	<u>106,124,036.91</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>2,289,202.63</u>		<u>(60,140,197.76)</u>	<u>(57,850,995.13)</u>
Fund Balances, July 1,	<u>9,708,567.70</u>		<u>137,112,361.27</u>	<u>146,820,928.97</u>
Fund Balances, June 30	<u>\$ 11,997,770.33</u>	<u>\$ -</u>	<u>\$ 76,972,163.51</u>	<u>\$ 88,969,933.84</u>

**ESSEX COUNTY VOCATIONAL SCHOOLS  
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Ref.</u>	
Total Net Change in Balances - Governmental Funds	B-2	\$ (57,850,995.13)
Amount Reported for Governmental Activities in the Statement of Activities (A-2) are different because:		
<p>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.</p>		
Depreciation Expense		\$ (1,095,277.54)
Capital Outlays		<u>60,491,159.00</u>
		59,395,881.46
<p>Payment of 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.</p>		
		78,824.61
<p>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 cost, administrative costs, investment returns and experience/assumptions. This is the amount by which net position liability and deferred inflows/outflows relate to pension changes during the period.</p>		
		(675,601.00)
<p>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 (+).</p>		
		<u>99,040.35</u>
Change in Net Position of Governmental Activities	A-2	<u>\$ 1,047,150.29</u>

**PROPRIETARY FUNDS**

**ESSEX COUNTY VOCATIONAL SCHOOLS  
COMBINING SCHEDULE OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2017**

Business-Type  
Activities  
Enterprise Fund  
Food  
Service

ASSETS

## Current Assets:

Cash and Cash Equivalents

\$ 490,719.56

Accounts Receivable:

State Sources

737.42

Federal Sources

72,431.49

Inventories:

Food

9,258.38

USDA Commodity

1,487.67

Supplies

4,216.38

Total Current Assets

578,850.90

## Noncurrent Assets:

Furniture, Machinery and Equipment

423,519.91

Less Accumulated Depreciation

(382,978.14)

Total Noncurrent Assets

40,541.77

Total Assets

\$ 619,392.67LIABILITIES

Due to General Fund

\$ 179,510.46

Total Liabilities

\$ 179,510.46NET POSITION

Invested in Capital Assets, Net

of Related Debt

\$ 49,948.44

Unrestricted

389,933.77

Total Net Position

\$ 439,882.21



**ESSEX COUNTY VOCATIONAL SCHOOLS**  
**COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2017**

	Business-Type Activities <u>Enterprise Fund</u> Food <u>Service</u>
Operating Revenues:	
Charges for Services:	
Daily Sales - Nonreimbursable Programs	\$ 280,215.25
Total Operating Revenues	<u>280,215.25</u>
Operating Expenses:	
Cost of Sales	668,713.10
Personnel Costs	594,914.35
General Supplies	50,960.20
Other Purchased Professional Services	80,000.00
Repairs and Maintenance	16,214.90
Depreciation	9,406.67
Total Operating Expenses	<u>1,420,209.22</u>
Operating Loss	<u>(1,139,993.97)</u>
Nonoperating Revenues (Expenses):	
State Sources:	
- School Lunch Program	12,417.39
Federal Sources:	
School Breakfast Program	495,177.31
School Lunch Program	679,833.62
Performanced Based Lunch	13,767.18
Food Distribution Program	60,628.35
Total Nonoperating Revenues (Expenses)	<u>1,261,823.85</u>
Change in Net Position	121,829.88
Total Net Position - Beginning	<u>318,052.33</u>
Total Net Position - Ending	<u>\$ 439,882.21</u>

**ESSEX COUNTY VOCATIONAL SCHOOLS  
COMBINING SCHEDULE OF CASH FLOWS  
PROPRIETARY FUNDS  
JUNE 30, 2017**

Business-Type  
Activities  
Enterprise Fund  
Food  
Service

Cash Flows from Operating Activities

Receipts from Customers	\$ 280,215.25
Payments to Vendor	(1,348,616.68)
Net Cash Provided by (Used for) Operating Activities	<u>(1,068,401.43)</u>

Cash Flows from Noncapital Financing Activities

State Sources	12,331.13
Federal Sources	1,181,809.06
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>1,194,140.19</u>

Net Decrease in Cash 125,738.76

Balance - Beginning of Year 364,980.80

Balance - End of Year \$ 490,719.56

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

Operating Loss \$ (1,139,993.97)

Adjustments to Reconcile Operating Loss to

Cash Provided (Used) by Operating Activities:

    Depreciation 9,406.67

    Food Distribution Program 60,628.35

    Change in Assets and Liabilities:

        (Increase)/Decrease in Inventory 1,557.52

Total Adjustments 71,592.54

Net Cash Used by Operating Activities \$ (1,068,401.43)

**FIDUCIARY FUNDS**

**ESSEX COUNTY VOCATIONAL SCHOOLS  
COMBINING STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2017**

<u>ASSETS</u>	<u>Unemployment Compensation Trust</u>	<u>Agency Fund</u>
Cash and Cash Equivalents	<u>\$ 33,065.53</u>	<u>\$ 149,603.07</u>
Total Assets	<u>\$ 33,065.53</u>	<u>\$ 149,603.07</u>
 <u>LIABILITIES</u>		
Payroll Deductions and Withholdings Due to Student Groups		<u>\$ 6,703.38</u> <u>142,899.69</u>
Total Liabilities		<u>\$ 149,603.07</u>
 <u>NET POSITION</u>		
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 33,065.53</u>	

**ESSEX COUNTY VOCATIONAL SCHOOLS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Unemployment  
Compensation  
Trust

Additions:	
Contributions:	
Plan Members	\$ 58,600.30
Total Additions	<u>58,600.30</u>
Reductions:	
Payments to Department of Labor	64,668.25
Total Reductions	<u>64,668.25</u>
Change in Net Position	(6,067.95)
Total Net Position - Beginning	<u>39,133.48</u>
Total Net Position - Ending	<u>\$ 33,065.53</u>

**NOTES TO FINANCIAL STATEMENTS**

## ESSEX COUNTY VOCATIONAL SCHOOLS

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017

#### 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Essex County Vocational Schools is a county regional vocational school system. The District provides a full range of vocational and technical training to adult and high school students residing in Essex County. A full range of educational services, academic programs, and vocational-technical training in grades 9 to 12 are provided. The District functions independently of the County Board of Chosen Freeholders through an appointed board of seven members. The District had an approximate enrollment at June 30, 2017 of 2,184 students.

As a reporting entity, the school system is considered a component unit of the primary government County of Essex, State of New Jersey. As a component unit, the Essex County Vocational Schools is responsible for general operations, food service, and student related activities of the School District.

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

##### A. Basis of Presentation

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.

##### 1. Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statement of net position presents the financial condition of the governmental activities of the School District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program of function of the School District's governmental activities.

Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### A. Basis of Presentation (Continued)

#### 2. Fund Financial Statements

During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance.

Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column.

### B. Fund Accounting

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.

#### 1. Governmental Funds

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

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

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

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes, and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by Board resolution.

**Special Revenue Fund** - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

**Capital Projects Fund** - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from 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.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### B. Fund Accounting (Continued)

#### 1. Governmental Funds (Continued)

**Debt Service Fund** - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction, and improvement programs.

**Permanent Fund** - The Permanent 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. Resources are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting entity's programs - that is for the benefit of the school district. The District presently has no resources that are considered Permanent Funds.

#### 2. Proprietary Fund Type

The focus of Proprietary Fund measurement is upon determination of net income, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary fund of the District:

**Enterprise Fund** - The Enterprise Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the District is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the 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 District's Enterprise Fund is comprised of the Food Service Fund.

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 position) 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 position.

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:

Food Service Fund:	
Equipment	12 Years
Light Trucks and Vehicles	4 Years
Heavy Trucks and Vehicles	6 Years

**Internal Service Funds** - These funds may be used to report any activity that provides goods or services to other funds, departments or agencies of the primary entity and its component units, or to other governments, on a cost-reimbursement basis. In addition, internal service funds are used only if the reporting school district is the predominant participant in the activity. The School does not currently utilize any internal service funds.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### B. Fund Accounting (Continued)

#### 3. Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net position. They are used to account for assets held in a trustee or agency capacity for others and therefore cannot be used to support the District's own programs. Fiduciary fund categories include pension (and other employee benefits) trust funds, investment trust funds, private-purpose trust funds, and agency funds. The overarching rule for these funds is that they should never be used to report resources that can be used for programs of the reporting district.

**Unemployment Insurance Trust** - The SUI Trust Fund accounts for resources held and administered while acting in a fiduciary capacity for individuals or other government agencies. Assets are held in trust for members of the defined contribution plan.

**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.

#### 4. Long-Term Debt

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt, not in the governmental funds. This includes the outstanding principal balance on capital leases, lease-purchase agreements, compensated absences, claims and judgments and early retirement incentive programs

### C. Measurement Focus

#### 1. Government-Wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the School District are included on the Statement of Net Position.

#### 2. Fund Financial Statements

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

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total position) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total position.

Fiduciary funds are reported using the economic resources measurement focus.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### D. Basis of Accounting

The modified accrual basis of accounting is used for measuring financial position and operating results of all governmental fund types, expendable trust funds, and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both 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. State equalization monies are recognized as revenue during the period in which they are appropriated. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general long-term debt which are recorded when due.

Ad Valorem (Property) Taxes are susceptible to accrual and under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered an "accounts receivable".

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.

### E. 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. 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.

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

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and 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 overexpenditures related to on-behalf payments in the general fund are due to the inclusion of the nonbudgeted on-behalf payments made by the State of New Jersey as district expenditures. These amounts are offset by related revenues and as such do not represent budgetary overexpenditures.



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgets/Budgetary Control (Continued)

The following presents a reconciliation of the General Fund Revenue and Special Revenue Fund revenue from the budgetary basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General, Special Revenue and Debt Service Funds to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types.

Explanation of Differences Between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b><u>Sources/Inflows of Resources</u></b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule.	\$ 44,771,831.27	\$ 3,518,648.10
Difference - Budget-to-GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		(30,861.65)
State aid payment recognized for GAAP statements in the current year previously recognized for budgetary statements.	2,065,078.00	
State aid payments recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(2,079,995.00)</u>	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 44,756,914.27</u>	<u>\$ 3,487,786.45</u>
<b><u>Uses/Outflows of Resources</u></b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule.	\$ 42,467,711.64	\$ 3,518,648.10
Differences - Budget-to-GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		<u>(30,861.65)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds including transfers.	<u>\$ 42,467,711.64</u>	<u>\$ 3,487,786.45</u>

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### F. 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 District has received advances, are reflected in the balance sheet as deferred inflows 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.

### G. Cash, Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds, cash in banks and all liquid investments with 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 to the types of investments and types of financial institutions they may invest in. New Jersey State 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include savings and loan institutions, banks, (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

### H. Tuition Receivable

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

### I. Tuition Payable

Tuition charges for the fiscal years of 2015-16 and 2016-17 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

### J. 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.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### K. Capital Assets

General capital assets 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.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of two thousand dollars. Improvements are capitalized; the costs 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 for land 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>Depreciation</u>	<u>Estimated Lives</u>
Building and Improvements	50 - 100 Years
Furniture and Equipment	5 - 20 Years
Vehicles	18 Years

### L. Deferred Outflows/Inflows of Resources

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

### M. 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.

The entire sick leave and vacation leave liabilities are reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

In the proprietary and similar trust funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### N. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

In general, payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the governmental funds. However, the noncurrent portion of capital leases, compensated absences and loans payable 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.

### O. Net Position

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

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

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

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

### P. Unearned Revenue

Deferred inflows in the special revenue fund represents cash that has been received but not earned.

### Q. Fund Equity

Contributed capital represents the amount of fund capital contributed to the proprietary funds from other funds. Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

### R. Fund Balance

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB 54") established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Under GASB 54, fund balances in the governmental funds financial statements are reported under the modified accrual basis of accounting and classified into the following five (5) categories, as defined below:

- a. Nonspendable - includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Assets included in this fund balance category include prepaid assets, inventories, noncurrent receivables and corpus of any permanent funds.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### R. Fund Balance (Continued)

- b. Restricted - includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers or through enabling legislation.
- c. Committed - includes amounts that can be used only for the specific purposes imposed by a formal action of the government's highest level of decision-making authority. The District's highest level of decision-making authority is the Board of Education (the "Board") and formal action is taken by resolution of the Board at publicly held meetings. Once committed, amounts cannot be used for other purposes unless the Board revised or changes the specified use by taking the same action (resolution) taken to originally commit these funds.
- d. Assigned - amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Interest is expressed by either the Board or Business Administrator, to whom the Board has delegated the authority to assign amounts to be used for specific purposes, including the encumbering of funds.
- e. Unassigned - includes all spendable amounts not contained in the other classifications in the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a position unassigned fund balance amount. In the other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. For the unrestricted fund balance, the District first spends committed funds, then assigned funds, and finally, unassigned funds.

### S. Proprietary Funds Revenues and Expenses

Proprietary Funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a Proprietary Fund's principal ongoing operations. The principal operating revenues of the School District Enterprise Fund, (the Food Service) are charges to customers for sales of food service. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expense and depreciation on Capital Assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

### T. Rebatable Arbitrage

Rebatable arbitrage results from investing the proceeds of borrowed funds either directly or indirectly into investments that are higher in yield than the bond yield incurred on the borrowed funds. In accordance with GASB 34, rebatable arbitrage is treated like a claim or judgment. All interest income is reported as revenue of the Capital Projects Fund. The liability, if any, is recorded in the "Statement of Net Position".

### U. Allocation of Expenses

The school reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the direct expense column of the Statement of Activities.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### U. Allocation of Expenses (Continued)

Depreciation expense that could not be attributed to a specific function is reported separately on the Statement of Activities. No expenses were allocated as "Indirect Expenses".

### V. 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.

### W. Accounting and Financial Reporting for Pensions

In fiscal year 2015, the District implemented GASB 68. This Statement amends GASB Statement No. 27. It improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions 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 pensions with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirement of Statement No. 27, *Accounting for Pension by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this statement. This statement is effective for periods beginning after June 15, 2014.

The District has also implemented GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* - an amendment to GASB No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

### X. Other Accounting Standards

The District is currently reviewing the following for applicability and potential impact on the financial statements:

- *GASB Statement 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).

Effective Date: The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged. The District does not expect this Statement to impact its financial statements.

- *GASB Statement No. 82. Pension Issues - an Amendment of GASB Statements No. 67, No. 68 and No. 73.* 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.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### X. Other Accounting Standards (Continued)

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. The District does not expect this Statement to impact its financial statements.

- *GASB Statement No. 83. Certain Asset Retirement Obligations.* This Statement addresses accounting and financial reporting for certain asset retirement obligations (ARO's). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The District does not expect this Statement to impact its financial statements.

- *GASB Statement No. 84. Fiduciary Activities.* The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify component units and postemployment benefit arrangements that are fiduciary activities.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The District does not expect this Statement to impact its financial statements.

- *GASB Statement No. 85. Omnibus 2017.* The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 27, 2017. The District does not expect this Statement to impact its financial statements.

- *GASB Statement No. 86. Certain Debt Extinguishment Issues.* The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 27, 2017. The District does not expect this Statement to impact its financial statements.



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### X. Other Accounting Standards (Continued)

- *GASB Statement No. 87. Leases.* The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

## 3. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

Investments are stated at cost, which approximates market. The Board classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments. The District is in compliance with GASB Statement No. 3 as amended by GASB Statement No. 40.

### Deposits

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

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

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

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

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

### Investments

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

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America. This includes instruments such as Treasury bills, notes, and bonds.
- Government money market mutual funds.
- Any federal agency or instrumentality obligation authorized by Congress that matures within 397 days from the date of purchase, and has a fixed rate of interest not dependent on any index or external factors.

### 3. CASH, CASH EQUIVALENTS AND INVESTMENTS

#### Investments (Continued)

- Bonds or other obligations of the school district or local unit of which the school district is a part.
- Any other obligations with maturities not exceeding 397 days, as permitted by the Division of Investments, New Jersey State Department of Treasury.
- Local government investment pools.
- New Jersey State Cash Management Fund.
- Repurchase agreements of fully collateralized securities, subject to special conditions.

#### Risk Category

As of June 30, 2017, the Board had funds invested and on deposit in checking and money market accounts. These funds constitute "deposits with financial institutions" as defined by GASB Statement No. 3 as amended by GASB No. 40.

As of June 30, 2017, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents
Checking Accounts	<u>\$ 17,477,032.93</u>

For fiscal year 2017 the Board did not hold any investments.

#### 4. CAPITAL ASSETS

	Beginning Balance July 1, 2016	Additions	Retirements	Ending Balance June 30, 2017
<u>Governmental Activities</u>				
Nondepreciable:				
Land	\$ 37,112,000.00	\$	\$	\$ 37,112,000.00
Construction-in-Progress	39,909,246.53	59,130,673.47		99,039,920.00
	<u>77,021,246.53</u>	<u>59,130,673.47</u>	-	<u>136,151,920.00</u>
Depreciable:				
Buildings and Improvements	40,332,425.17	1,037,865.35		41,370,290.52
Machinery and Equipment	6,363,661.81	322,620.18		6,686,281.99
	<u>46,696,086.98</u>	<u>1,360,485.53</u>		<u>48,056,572.51</u>
	<u>123,717,333.51</u>	<u>60,491,159.00</u>	-	<u>184,208,492.51</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(16,280,493.98)	(685,596.73)		(16,966,090.71)
Machinery and Equipment	(4,639,240.68)	(409,680.81)		(5,048,921.49)
Total Accumulated Depreciation	<u>(20,919,734.66)</u>	<u>(1,095,277.54)</u>		<u>(22,015,012.20)</u>
Assets Net of Depreciation	<u>25,776,352.32</u>	<u>265,207.99</u>	-	<u>26,041,560.31</u>
Governmental Activities - Net Capital Assets	<u>\$ 102,797,598.85</u>	<u>\$ 59,395,881.46</u>	\$ -	<u>\$ 162,193,480.31</u>
<u>Business-Type Activities</u>				
Machinery and Equipment	\$ 423,519.91	\$	\$	\$ 423,519.91
Less Accumulated Depreciation: Machinery and Equipment	<u>(373,571.47)</u>	<u>(9,406.67)</u>		<u>(382,978.14)</u>
Business-Type Activities Capital Assets - Net	<u>\$ 49,948.44</u>	<u>\$ (9,406.67)</u>	\$ -	<u>\$ 40,541.77</u>

#### 5. GENERAL LONG-TERM DEBT

During the fiscal year ended June 30, 2017, the following changes occurred in liabilities reported in the general long-term debt account group:

	Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017	Amounts Due Within One Year	Long-Term Portion
Capital Leases	\$ 179,313.47	\$	\$ 78,824.61	\$ 100,488.86	\$ 35,645.67	\$ 64,843.19
Net Pension Liability	12,640,102.00	4,417,460.00		17,057,562.00		17,057,562.00
Compensated Absences	1,317,672.19		99,040.35	1,218,631.84		1,218,631.84
	<u>\$ 14,137,087.66</u>	<u>\$ 4,417,460.00</u>	<u>\$ 177,864.96</u>	<u>\$ 18,376,682.70</u>	<u>\$ 35,645.67</u>	<u>\$ 18,341,037.03</u>

## 6. PENSION PLANS

### Description of Plans

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

### Teachers' Pension and Annuity Fund (TPAF)

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

### Public Employees' Retirement System (PERS)

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

### Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6 for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Pension benefits for members enrolled in PERS after May 21, 2010 would be based on 1/60<sup>th</sup> of the average annual compensation for the last five years of service or any five fiscal years of membership that provide the largest benefit to the member of the member's beneficiary. Early retirement is available to those under age 60 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above-mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55). The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the system.

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.



## 6. PENSION PLANS (Continued)

### Significant Legislation

P.L. 2011, c. 78, effective June 28, 2011, made various changes to the manner in which TPAF and PERS operates and to the benefit provisions of those systems.

This new legislation's provisions impacting employee pension and health benefits include:

New members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of  $\frac{1}{4}$  to 1 percent for each month that the member is under age 65.

The eligibility age to qualify for a service retirement in the TPAF and PERS is increased from age 62 to 65 for Tier 5 members.

Active member contribution rates will increase. TPAF and PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for TPAF and PERS members will take place in July of each subsequent fiscal year.

The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.

In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

### Contribution Requirements

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation.

In accordance with the provisions of Chapter 78, P.L. 2011, employee pension contribution rates for TPAF and PERS is currently 7.20% of employees' annual compensation, as defined.

Employers are required to contribute at an actuarially determined rate in both PERS and TPAF. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the TPAF and PERS. In the PERS and TPAF, the employer contribution includes funding for post-retirement medical premium. Under current statute, the school is a noncontributing employer of the TPAF.

### Three-Year Trend Information for PERS

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Net Cost</u> <u>to</u> <u>District</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>
June 30, 2017	\$ 511,653.00	\$ 511,653.00	100%
June 30, 2016	484,101.00	484,101.00	100%
June 30, 2015	453,168.00	453,168.00	100%

## 6. PENSION PLANS (Continued)

### Contribution Requirements (Continued)

#### Three-Year Trend Information for TPAF (Paid On-Behalf of the 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>Long-Term</u> <u>Disability</u> <u>Insurance</u>	<u>Post-</u> <u>Retirement</u> <u>Medical</u> <u>Benefits</u>
June 30, 2017	\$ 1,919,316.00	100%	\$ 4,960.00	\$ 1,599,227.00
June 30, 2016	1,347,118.00	100%		1,604,045.00
June 30, 2015	935,919.00	100%		1,485,770.00

During the fiscal year ended June 30, 2017, the State of New Jersey contributed \$1,919,316.00 to the TPAF for normal pension, \$1,599,227.00 for post-retirement medical benefits and \$4,960.00 for long-term disability insurance On-Behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$1,254,389.31 during the year ended June 30, 2017 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the basic financial statements and the individual fund statements and schedules as a revenue and expenditure in accordance with GASB 27.

### Teachers' Pension and Annuity Fund (TPAF)

#### Summary of Significant Accounting Policies

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

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

The employer contributions for the district are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, the district (employer) is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the district (employer) does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the district. However, the State's portion of the net pension liability that was associated with the district was \$132,360,334, as measured on June 30, 2016 and \$109,415,599 as measured on June 30, 2015.

For the year ended June 30, 2017, the district recognized pension expense of \$9,945,037 and revenue of \$9,945,037 for support provided by the State. The measurement period for the pension expense and revenue reported in the district's financial statements (A-2) at June 30, 2017 is based upon changes in the collective net pension liability with a measurement period of June 30, 2015 through June 30, 2016. Accordingly, the pension expense and the related revenue associated with the support provided by the State is based upon the changes in the collective net pension liability between July 1, 2015 and June 30, 2016.

Although the district does not report net pension liability or deferred outflows or inflows related to the TPAF, the following schedule illustrates the collective net pension liability and deferred items and the State's portion of the net pension liability associated with the district. The collective amounts are the total of all New Jersey local governments participating in the TPAF plan.

6. PENSION PLANS (Continued)

Teachers' Pension and Annuity Fund (TPAF) (Continued)

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

	<u>June 30, 2015</u>	<u>June 30, 2016</u>
Collective Deferred Outflows of Resources	\$ 7,521,378,257	\$ 17,414,701,002
Collective Deferred Inflows of Resources	554,399,005	134,532,594
Collective Net Pension Liability (Nonemployer - State of New Jersey)	63,204,270,305	78,666,367,052
State's Portion of the Net Pension Liability that was Associated with the District	109,415,599	132,360,334
State's Portion of the Net Pension Liability that was Associated with the District as a Percentage of the Collective Net Pension Liability	0.1731141617%	0.1682553069%

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation:	2.5%
Salary Increases:	Varies Based on Experience
Investment Rate of Return:	7.65%

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

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

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the TPAF's target asset allocation as of June 30, 2016 are summarized in the following table:

6. PENSION PLANS (Continued)

Teachers' Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.39%
U.S. Government Bonds	1.50%	1.28%
U.S. Credit Bonds	13.00%	2.76%
U.S. Mortgages	2.00%	2.38%
U.S. Inflation-Indexed Bonds	1.50%	1.41%
U.S. High Yield Bonds	2.00%	4.70%
U.S. Equity Market	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.91%
Emerging Markets Equities	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

Discount Rate

The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 30% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

Since the District has no proportionate share of the net pension liability because of the special funding situation, the district would not be sensitive to any changes in the discount rate. Detailed information about the pension plan's sensitivity of the collective net pension liability to changes in the discount rate is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/pdf/financial/gasb68-tpaf17.pdf>.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rpts-home.shtml>.



6. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS)

Summary of Significant Accounting Policies

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 PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

At June 30, 2017, the District reported a liability of \$17,057,562 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2015. The District's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2016 and 2015. At June 30, 2016, the District's proportion was 0.0575935649%, which was an increase of 0.0012851909% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$1,187,224. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 317,219	\$
Changes of Assumptions	3,533,416	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	650,420	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	425,449	115,378
District Contributions Subsequent to the Measurement Date	<u>511,653</u>	
	<u>\$ 5,438,157</u>	<u>\$ 115,378</u>

6. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

The \$511,653 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2017 the plan measurement date is June 30, 2016) will be recognized as a reduction of the net pension liability measured as of June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended</u> <u>June 30</u>	<u>Amount</u>
2017	\$ 1,013,371.72
2018	1,013,371.72
2019	1,174,025.12
2020	986,352.79
2021	313,933.66
	<u>\$ 4,501,055.01</u>

Additional Information:

Collective balances at June 30, 2015 and 2016 are as follows:

	<u>June 30, 2015</u>	<u>June 30, 2016</u>
Collective Deferred Outflows of Resources	\$ 3,578,755,666	\$ 8,675,338,380
Collective Deferred Inflows of Resources	993,410,455	870,133,595
Collective Net Pension Liability (Non-State - Local Group)	22,447,996,119	29,617,131,759
District's Portion of Net Pension Liability	12,640,102	17,057,562
District's Proportion %	0.0563083740%	0.0575935649%

Actuarial Assumptions

The collective total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	3.08%
Salary Increases	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.65%

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-214 projection scale. Post-retirement mortality rates were based on the RP-2000 combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years males and set forward 1 year for females).

## 6. PENSION PLANS (Continued)

### Public Employees' Retirement System (PERS) (Continued)

#### Actuarial Assumptions (Continued)

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

#### Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Returns	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex U.S.	5.00%	-0.25%
REIT	5.25%	5.63%

#### Discount Rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**6. PENSION PLANS (Continued)**

**Public Employees' Retirement System (PERS) (Continued)**

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

The following presents the District's proportionate share of the net pension liability measured as of June 30, 2016, calculated using the discount rate of 3.98%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.98%) or one percentage point higher (4.98%) than the current rate:

	<u>1% Decrease (2.98%)</u>	<u>Current Discount Rate (3.98%)</u>	<u>1% Increase (4.98%)</u>
District's Proportionate Share of the Net Pension Liability	\$ 20,902,051.00	\$ 17,057,562.00	\$ 13,883,603.00

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Division of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>.

**7. DEFINED CONTRIBUTION RETIREMENT PROGRAM**

**Description of System**

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. The program provides eligible members, with a minimum base salary of \$1,500.00 or more, with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial.

If the eligible elected or appointed official will earn less than \$5,000.00 annually, the official may choose to waive participation in the DCRP for that office or position. This waiver is irrevocable.

As of May 21, 2010, the municipal base salary required for eligibility in the DCRP was increased to \$5,000.00.

This retirement program is a new pension system where the value of the pension is based on the amount of the contribution made by the employee and employer and through investment earnings. It is similar to a Deferred Compensation Program where the employee has a portion of tax deferred salary placed into an account that the employee manages through investment options provided by the employer.

The law requires that three classes of employees enroll in the DCRP, detailed as follows:

- All elected officials taking office on or after July 1, 2007, except that a person who is reelected to an elected office held prior to that date without a break in service may remain in the Public Employees' Retirement System (PERS).
- A Governor appointee with the advice and consent of the Legislature or who serves at the pleasure of the Governor only during that Governor's term of office.
- Employees enrolled in the PERS on or after July 1, 2007 who earn salary in excess of established "maximum compensation" limits.



## **7. DEFINED CONTRIBUTION RETIREMENT PROGRAM (Continued)**

### **Description of System (Continued)**

- Employees otherwise eligible to enroll in the PERS on or after November 2, 2008 who do not earn the minimum salary for PERS Tier 3, but who earn salary of at least \$5,000.00.
- Employees otherwise eligible to enroll in the PERS after May 21, 2010, who do not work the minimum number of hours per week required for PERS Tier 4 or Tier 5 enrollment (32 hours per week) but who earn salary of at least \$5,000.00 annually.

Notwithstanding the foregoing requirements, other employees who hold a professional license or certificate or meet other exceptions are permitted to remain to join or remain in PERS.

### **Contributions Required and Made**

Contributions made by employees for DCRP are currently at 5.5% of their base wages. Member contributions are matched by a 3.0% employer contribution.

## **8. POST-RETIREMENT BENEFITS**

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of 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, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 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 prefunding 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 (ABP) who retired from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at:

<http://www.nj.gov/treasury/pensions/pdf/financial/2015divisioncombined.pdf>

## **9. COMPENSATED ABSENCES**

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

**9. COMPENSATED ABSENCES (Continued)**

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

It is the policy of the Board to pay teachers, secretaries, and administrators for accumulated sick days upon retirement after at least 15 years of service. The employee shall receive terminal leave allowance of one day's salary for each four days of accumulated unused sick leave. The accrued leave is capped at \$15,000.00 for teachers, maintenance workers, security guards and drivers. The accrued leave is capped at \$12,000.00 for secretaries, paraprofessionals, systems network administration and parent coordinators. This became effective July 1, 1954. The liability of the board at June 30<sup>th</sup> for the three prior years is as follows:

<u>Year</u>	<u>Amount</u>
2017	\$ 1,218,631.84
2016	1,317,672.19
2015	1,233,239.17

These amounts were recorded in the General Long-Term Debt Account Group, since they do not require the use of available spendable resources.

The liability for vested compensated absences of the governmental fund types is recorded in the Statement of Net Position. The current portion of the compensated absences balance of the governmental funds is reported separately on the Statement of Net Position.

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, 2017, no liability existed for compensated absences in the Food Service Fund.

**10. DEFERRED COMPENSATION**

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

- Third Party Administrator:
  - TSA Consulting Group, Inc.
- 403B Plan Providers:
  - Great American
  - Prudential
  - NEA - Travelers Companies
  - VALIC
  - Met Life Investors (Capital Equitable - EquiVest)
  - Vanguard
  - Fidelity Investments
  - Equitable

**11. RISK MANAGEMENT**

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

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

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

<u>Fiscal Year</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016 - 2017	\$58,600.30	\$64,668.25	\$33,065.53
2015 - 2016	56,346.64	57,730.06	39,133.48
2014 - 2015	56,197.22	36,452.54	40,516.90

**12. INTERFUND RECEIVABLES AND PAYABLES**

The following interfund balances remained on the balance sheet at June 30, 2017:

	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General Fund	\$ 179,510.46	\$ 1,733.16
Special Revenue Fund	1,733.16	
Proprietary Fund		179,510.46
<b>Total</b>	<u>\$ 181,243.62</u>	<u>\$ 181,243.62</u>

**13. INVENTORY**

Inventory in the Food Service Fund at June 30, 2017 consisted of the following:

USDA Commodities	\$ 1,487.67
Food and Supplies	13,474.76

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1984) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

#### 14. FUND BALANCE APPROPRIATED

**General Fund** - Of the \$11,997,770.33 General Fund fund balance reported in Statement "B-1" at June 30, 2017, \$4,405,964.00 Restricted for Excess Surplus Designated for Subsequent Years Expenditures, \$5,067,709.16 Restricted for Excess Surplus, \$1,304,618.96 Committed for Year End Encumbrances, \$1,019,990.00 Assigned to Designated for Subsequent Expenditures, \$18,094.05 Assigned to ARRA/ Semi Designated for Subsequent Expenditures and \$181,394.16 is Unassigned.

#### 15. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18:7F-7, the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. There is \$5,067,709.16 excess surplus as of June 30, 2017.

#### 16. RECONCILIATION OF FUND BALANCE - GENERAL FUND

	Unreserved and <u>Designated</u>
The Surpluses are Presented on a GAAP Basis and a Reconciliation from the Budget Basis to the GAAP Basis is as follows:	
Balance on a Budget Basis on the General Fund Budgetary Basis Comparison	\$ 14,077,765.33
Less: Allocation of State Aid Payment of \$2,065,078.00 Not Recognized on a GAAP Basis	<u>2,079,995.00</u>
Balances on a GAAP Basis on the Governmental Fund Balance Sheet	<u>\$ 11,997,770.33</u>

#### 17. CONTINGENT LIABILITIES

##### A. Litigation

The Board Attorney's letter did not indicate any litigation, claims or contingent liabilities that are either not covered by the Board's insurance carrier or would have a material financial impact on the Board.

##### B. Federal and State Awards

The School District participates in several federal and state grant and aid programs which are governed by various rules and regulations of the grantor agencies, therefore, to the extent that the School District has not complied with the rules and regulations governing the grants or aid, refunds of any money received may be required and the collectivity of any related receivable at June 30, 2017 may be impaired. In the opinion of the management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants, therefore no provisions have been recorded in the accompanying general-purpose financial statements for such contingencies.

##### C. Commitments and Contingencies

In October 2006 the School District was approved for funding to have a vendor install network cable runs to the District's four schools. This was completed and in accordance with e-rate rules the District paid the vendor 10% or \$143,139.50 of the cost of the project. USAC paid the balance of \$1,288,255.50 directly to the vendor.

## 17. CONTINGENT LIABILITIES (Continued)

### C. Commitments and Contingencies (Continued)

In June 2008 the Universal Service Administrative Company (USAC), the administrator of the Universal Services Schools and Library Programs (e-rate), initialed a Cost Effectiveness Review (CER) of the School District's funding request.

If the USAC rules against the District, the USAC will issue a Commitment Adjustment (COMAD) letter reducing the funding approval to \$ - 0 - and requesting the District pay \$844,565.50 within 30 days.

Management has indicated that given the unprecedented review of a funding request after payment has been made, and in consultation with their e-rate consultant who believes the District will not prevail, it is only prudent to establish this liability on the balance sheet under Commitments and Contingencies.

## 18. SUBSEQUENT EVENT

The Essex County Vocational School District has evaluated subsequent events that occurred after the balance sheet date but before December 4, 2017. No items were determined to require disclosure.

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**C. BUDGETARY COMPARISON SCHEDULES**



ESSEX COUNTY VOCATIONAL SCHOOLS  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
<b>REVENUES</b>					
Local Sources:					
County Tax Levy	\$ 4,450,000.00	\$	\$ 4,450,000.00	\$ 4,450,000.00	\$
Tuition from LEA's	13,890,402.00		13,890,402.00	13,560,954.26	(329,447.74)
Other Restricted Miscellaneous Revenue	200,000.00		200,000.00	1,112,479.26	912,479.26
Total - Local Sources	<u>18,540,402.00</u>		<u>18,540,402.00</u>	<u>19,123,433.52</u>	<u>583,031.52</u>
State Sources:					
Special Education Aid	1,303,998.00		1,303,998.00	1,303,998.00	
Equalization Aid	19,162,333.00		19,162,333.00	19,162,333.00	
Security Aid	220,501.00		220,501.00	220,501.00	
Additional Adjustment Aid	45,849.00		45,849.00	45,849.00	
PARCC Readiness Aid	22,300.00		22,300.00	22,300.00	
Per Pupil Growth Aid	22,300.00		22,300.00	22,300.00	
Prof. Learning Comm. Aid	22,660.00		22,660.00	22,660.00	
On-Behalf TPAF Pension Contributions (Nonbudgeted)				1,919,316.00	1,919,316.00
On-Behalf TPAF OPEB (Post-Retirement Medical) Contribution (Nonbudgeted)				1,599,227.00	1,599,227.00
On-Behalf TPAF Long-Term Disability Contribution (Nonbudgeted)				4,960.00	4,960.00
TPAF Social Security (Reimbursed - Nonbudgeted)				1,254,389.31	1,254,389.31
Total State Sources	<u>20,799,941.00</u>		<u>20,799,941.00</u>	<u>25,577,833.31</u>	<u>4,777,892.31</u>
Federal Sources:					
Medicaid Reimbursement	27,812.00		27,812.00	67,524.61	39,712.61
SEMI - ARRA				3,039.83	3,039.83
Total - Federal Sources	<u>27,812.00</u>		<u>27,812.00</u>	<u>70,564.44</u>	<u>42,752.44</u>
<b>Total Revenues</b>	<u>39,368,155.00</u>		<u>39,368,155.00</u>	<u>44,771,831.27</u>	<u>5,403,676.27</u>
<b>EXPENDITURES</b>					
Current Expense:					
<b>Regular Programs - Grade 9-12 - Instruction:</b>					
Salaries of Teachers	7,195,716.00	(342,388.00)	6,853,328.00	6,667,572.12	185,755.88
Purchased Professional-Educational Services		344,200.00	344,200.00	322,555.00	21,645.00
Purchased Technical Services	12,000.00		12,000.00	10,600.00	1,400.00
General Supplies	111,500.00	1,117.25	112,617.25	82,066.31	30,550.94
Textbooks	100,000.00	154,397.50	254,397.50	156,572.50	97,825.00
Other Objects	80,750.00	(5,435.24)	75,314.76	25,077.18	50,237.58
<b>Regular Programs - Home Instruction:</b>					
Salaries of Teachers	15,000.00	(6,500.00)	8,500.00		8,500.00
Other Purchased Services (400-500 Series)	30,000.00	6,500.00	36,500.00	33,597.09	2,902.91
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<u>7,544,866.00</u>	<u>151,891.51</u>	<u>7,696,857.51</u>	<u>7,298,040.20</u>	<u>398,817.31</u>
<b>SPECIAL EDUCATION - INSTRUCTION:</b>					
<b>Resource Room/Resource Center:</b>					
Salaries of Teachers	1,457,100.00	(34,317.00)	1,422,783.00	1,329,433.97	93,349.03
Other Salaries for Instruction	302,043.00	34,317.00	336,360.00	336,358.60	1.40
General Supplies	19,300.00		19,300.00	7,555.74	11,744.26
<b>Total Resource Room/Resource Center</b>	<u>1,778,443.00</u>	<u>-</u>	<u>1,778,443.00</u>	<u>1,673,348.31</u>	<u>105,094.69</u>
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>	<u>1,778,443.00</u>	<u>-</u>	<u>1,778,443.00</u>	<u>1,673,348.31</u>	<u>105,094.69</u>



ESSEX COUNTY VOCATIONAL SCHOOLS  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
<b>Bilingual Education - Instruction:</b>					
Salaries of Teachers	\$ 203,951.00	\$ 1,576.09	\$ 205,527.09	\$ 205,527.00	\$ 0.09
Other Salaries for Instruction	149,917.00	(1,576.09)	148,340.91	147,699.04	641.87
General Supplies	2,600.00		2,600.00	1,472.39	1,127.61
<b>Total Bilingual Education - Instruction</b>	<b>356,468.00</b>	<b>-</b>	<b>356,468.00</b>	<b>354,698.43</b>	<b>1,769.57</b>
<b>Regular Vocational Programs - Instruction:</b>					
Salaries of Teachers	4,770,505.00	(19,959.34)	4,750,545.66	4,381,999.78	368,545.88
Other Purchased Services (400-500 Series)	21,000.00	9,489.05	30,489.05	29,430.93	1,058.12
General Supplies	472,600.00	2,199.84	474,799.84	381,135.95	93,663.89
Textbooks	9,000.00		9,000.00	5,517.71	3,482.29
Other Objects	27,000.00	23,384.95	50,384.95	46,824.92	3,560.03
<b>Total Regular Vocational Programs - Instruction</b>	<b>5,300,105.00</b>	<b>15,114.50</b>	<b>5,315,219.50</b>	<b>4,844,909.29</b>	<b>470,310.21</b>
<b>Special Vocational Programs - Instruction:</b>					
Salaries of Teachers	96,000.00		96,000.00	95,319.59	680.41
Purchased Technical Services		1,000.00	1,000.00	500.47	499.53
General Supplies	13,300.00	322.48	13,622.48	12,352.53	1,269.95
<b>Total Special Vocational Programs - Instruction</b>	<b>109,300.00</b>	<b>1,322.48</b>	<b>110,622.48</b>	<b>108,172.59</b>	<b>2,449.89</b>
<b>School-Sponsored Cocurricular Activities - Instruction:</b>					
Salaries	110,000.00	30,540.18	140,540.18	140,540.18	
General Supplies	87,500.00	(23,100.00)	64,400.00	25,980.21	38,419.79
Other Objects	36,000.00	6,700.00	42,700.00	35,208.64	7,493.36
<b>Total School-Sponsored Cocurricular Activities - Instruction</b>	<b>233,500.00</b>	<b>14,140.18</b>	<b>247,640.18</b>	<b>201,727.03</b>	<b>45,913.15</b>
<b>School-Sponsored Cocurricular Athletics - Instruction:</b>					
Salaries	800,000.00	(22,540.18)	777,459.82	756,683.48	20,776.34
Rental	6,000.00		6,000.00	5,676.00	324.00
Travel	1,500.00		1,500.00	58.96	1,441.04
Other Purchased Services (400-500 Series)	100,000.00	(2,300.00)	97,700.00	77,457.00	20,243.00
General Supplies	175,000.00	20,456.00	195,456.00	175,774.68	19,681.32
Other Objects	56,000.00		56,000.00	42,870.00	13,130.00
<b>Total School-Sponsored Cocurricular Athletics - Instruction</b>	<b>1,138,500.00</b>	<b>(4,384.18)</b>	<b>1,134,115.82</b>	<b>1,058,520.12</b>	<b>75,595.70</b>
<b>TOTAL INSTRUCTION</b>	<b>16,461,282.00</b>	<b>178,084.49</b>	<b>16,639,366.49</b>	<b>15,539,415.97</b>	<b>1,099,950.52</b>
<b>Undistributed Expenditures - Health Services:</b>					
Salaries of Other Professional Staff	407,358.00	238.00	407,596.00	407,576.00	20.00
Other Purchased Services (400-500 Series)	52,000.00		52,000.00	42,358.07	9,643.93
General Supplies	20,150.00	692.78	20,842.78	13,112.17	7,730.61
<b>Total Undistributed Expenditures - Health Services</b>	<b>479,508.00</b>	<b>930.78</b>	<b>480,438.78</b>	<b>463,044.24</b>	<b>17,394.54</b>
<b>Undistributed Expenditures - Guidance:</b>					
Salaries of Other Professional Staff	988,212.00	(12,079.00)	976,133.00	968,999.76	7,133.24
Salaries of Secretarial and Clerical Assistants	218,377.00	10,780.00	229,157.00	228,034.98	1,122.02
Other Salaries	51,000.00	256.99	51,256.99	41,804.14	9,452.85
Travel	1,000.00	248.31	1,248.31	248.31	1,000.00
Supplies and Materials	14,600.00	11,708.00	26,308.00	23,971.58	2,336.42
<b>Total Undistributed Expenditures - Guidance</b>	<b>1,273,189.00</b>	<b>10,914.30</b>	<b>1,284,103.30</b>	<b>1,263,058.77</b>	<b>21,044.53</b>

ESSEX COUNTY VOCATIONAL SCHOOLS  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
<b>Undistributed Expenditures - Child Study Team:</b>					
Salaries of Other Professional Staff	\$ 739,103.00	\$ (30,292.00)	\$ 708,811.00	\$ 674,721.74	\$ 34,089.26
Salaries of Secretarial and Clerical Assistants	64,951.00		64,951.00	64,764.97	186.03
Travel	500.00		500.00	11.28	488.72
Other Purchased Services (400-500 Series)	15,000.00	23,112.00	38,112.00	13,912.00	24,200.00
General Supplies	23,500.00	(3,112.00)	20,388.00	5,794.98	14,593.02
Other Objects	3,000.00		3,000.00	520.00	2,480.00
<b>Total Undistributed Expenditures - Child Study Team</b>	<b>846,054.00</b>	<b>(10,292.00)</b>	<b>835,762.00</b>	<b>759,724.97</b>	<b>76,037.03</b>
<b>Undistributed Expenditures - Improvement of Instructional Services:</b>					
Salaries of Supervisor of Instruction	935,438.00		935,438.00	926,236.20	9,201.80
Salaries of Other Professional Staff	149,766.00		149,766.00	146,829.64	2,936.16
Travel	1,500.00		1,500.00	118.79	1,381.21
General Supplies		300.00	300.00	294.60	5.40
<b>Total Undistributed Expenditures - Improvement of Instructional Services</b>	<b>1,086,704.00</b>	<b>300.00</b>	<b>1,087,004.00</b>	<b>1,073,479.43</b>	<b>13,524.57</b>
<b>Undistributed Expenditures - Educational Media Services/School Library:</b>					
Salaries of Other Professional Staff	169,539.00	445.00	169,984.00	169,905.00	79.00
General Supplies	36,000.00	261.49	36,261.49	13,409.20	22,852.29
<b>Total Undistributed Expenditures - Educational Media Services/School Library</b>	<b>205,539.00</b>	<b>706.49</b>	<b>206,245.49</b>	<b>183,314.20</b>	<b>22,931.29</b>
<b>Undistributed Expenditures - Instructional Staff Training Services:</b>					
Salaries of Supervisors of Instruction	3,000.00	(48.84)	2,951.16		2,951.16
Other Salaries	20,000.00		20,000.00	8,950.00	11,050.00
Other Purchased Services (400-500 Series)	20,000.00	5,000.00	25,000.00	24,610.00	390.00
Travel	10,000.00	3,697.55	13,697.55	9,126.93	4,570.62
Other Objects	12,000.00	(5,000.00)	7,000.00	2,416.19	4,583.81
<b>Total Undistributed Expenditures - Instructional Staff Training Services</b>	<b>65,000.00</b>	<b>3,648.71</b>	<b>68,648.71</b>	<b>45,103.12</b>	<b>23,545.59</b>
<b>Undistributed Expenditures - Support Services - General Administration:</b>					
Salaries	12,000.00	800.00	12,800.00	12,734.88	65.12
Salaries of Other Professional Staff	411,197.00	(14.00)	411,183.00	410,920.28	262.72
Salaries of Secretarial and Clerical Assistants	141,242.00	37,161.00	178,403.00	177,775.24	627.76
Legal Services	100,000.00	(500.00)	99,500.00	14,151.74	85,348.26
Audit Services	36,500.00	500.00	37,000.00	37,000.00	
Purchased Technical Services	4,000.00	4,000.00	8,000.00	7,059.11	940.89
Communications/Telephone	1,365,000.00	(102,947.00)	1,262,053.00	811,883.52	450,169.48
Other Purchased Services (400-500 Series)	110,000.00	(13,500.00)	96,500.00	36,550.91	59,949.09
Travel	5,500.00		5,500.00	2,815.08	2,684.92
General Supplies	25,000.00	10,008.04	35,008.04	24,797.62	10,210.42
Judgments Against the School District	50,000.00		50,000.00	300.00	49,700.00
Miscellaneous Expenditures	25,000.00	4,500.00	29,500.00	28,905.00	595.00
BOE Membership Dues and Fees	16,000.00		16,000.00	15,661.70	338.30
<b>Total Undistributed Expenditures - Support Services - General Administration</b>	<b>2,301,439.00</b>	<b>(59,991.96)</b>	<b>2,241,447.04</b>	<b>1,580,555.08</b>	<b>660,891.96</b>
<b>Undistributed Expenditures - Support Services - School Administration:</b>					
Salaries of Principals/Assistant Principals	1,112,596.00	13,563.00	1,126,159.00	1,121,558.48	4,600.52
Salaries of Secretarial and Clerical Assistants	440,764.00	35,921.25	476,685.25	474,575.75	2,109.50
Other Salaries		12,000.00	12,000.00	11,471.00	529.00
Other Purchased Professional and Technical Services	300,000.00	(55,055.00)	244,945.00	90,259.85	154,685.15
Travel		2,450.36	2,450.36	1,650.36	800.00
General Supplies	180,000.00	(14,713.12)	165,286.88	138,025.78	27,261.10
Other Objects	19,000.00	6,034.59	25,034.59	14,808.63	10,225.96
<b>Total Undistributed Expenditures - Support Services - School Administration</b>	<b>2,052,360.00</b>	<b>201.08</b>	<b>2,052,561.08</b>	<b>1,852,349.85</b>	<b>200,211.23</b>

ESSEX COUNTY VOCATIONAL SCHOOLS  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
<b>Undistributed Expenditures - Central Services:</b>					
Salaries of Other Professional Staff	\$ 160,000.00	\$ 48,000.00	\$ 208,000.00	\$ 206,146.62	\$ 1,853.38
Salaries of Secretarial and Clerical Assistants	638,370.00	(139,856.42)	498,513.58	484,239.69	14,273.89
Purchased Professional Services	20,000.00	30,000.00	50,000.00	28,750.00	21,250.00
Miscellaneous Purchased Services (400-500 Series Other Than Residential Costs)	30,000.00	(5,000.00)	25,000.00	24,855.86	144.14
General Supplies	20,000.00	2,000.00	22,000.00	20,330.69	1,669.31
Miscellaneous Expenditures	5,000.00	5,000.00	10,000.00	2,658.46	7,341.54
<b>Total Undistributed Expenditures - Central Services</b>	<b>873,370.00</b>	<b>(59,856.42)</b>	<b>813,513.58</b>	<b>766,981.32</b>	<b>46,532.26</b>
<b>Undistributed Expenditures - Administration of Information Technology:</b>					
Salaries of Other Professional Staff	498,975.00	(40,000.00)	458,975.00	451,377.59	7,597.41
Salaries of Secretarial and Clerical Assistants					
Other Salaries	15,000.00	10,354.31	25,354.31	24,609.88	744.43
Other Purchased Services (400-500 Series)	30,000.00	30,000.00	60,000.00	60,000.00	
Travel	2,000.00		2,000.00	739.99	1,260.01
Miscellaneous Purchased Services (400-500 Series Other Than Residential Costs)	500,000.00	1,772.90	501,772.90	389,349.80	112,423.10
General Supplies	400,000.00	(29,524.00)	370,476.00	272,430.99	98,045.01
<b>Total Undistributed Expenditures - Administration of Information Technology</b>	<b>1,445,975.00</b>	<b>(27,386.79)</b>	<b>1,418,578.21</b>	<b>1,198,508.25</b>	<b>220,069.96</b>
<b>Undistributed Expenditures - Required Maintenance for School Facilities:</b>					
Salaries	653,406.00	(54,443.89)	598,962.11	481,825.40	117,136.71
Cleaning, Repair and Maintenance Services	640,000.00	52,847.50	692,847.50	613,407.45	79,440.05
General Supplies	200,000.00	2,566.62	202,566.62	148,804.32	53,762.30
Other Objects	10,000.00	2,000.00	12,000.00	11,213.59	786.41
<b>Total Undistributed Expenditures - Required Maintenance for School Facilities</b>	<b>1,503,406.00</b>	<b>2,970.23</b>	<b>1,506,376.23</b>	<b>1,255,250.76</b>	<b>251,125.47</b>
<b>Undistributed Expenditures - Custodial Services:</b>					
Salaries	120,000.00	15,685.21	135,685.21	103,560.50	32,124.71
Cleaning, Repair and Maintenance Services	400,000.00	6,917.50	406,917.50	201,964.49	204,953.01
Other Purchased Property Services	62,000.00	23,000.00	85,000.00	53,631.50	31,368.50
Insurance	350,000.00	(10,000.00)	340,000.00	302,300.99	37,699.01
Other Purchased Services (400-500 Series)	1,361,000.00	(103,000.00)	1,258,000.00	1,126,176.04	131,823.96
Energy (Electricity)	1,100,000.00	(80,000.00)	1,020,000.00	839,891.28	180,108.72
Energy (Natural Gas)	700,000.00	(50,000.00)	650,000.00	329,487.49	320,512.51
<b>Total Undistributed Expenditures - Custodial Services</b>	<b>4,093,000.00</b>	<b>(197,397.29)</b>	<b>3,895,602.71</b>	<b>2,957,012.29</b>	<b>938,590.42</b>
<b>Undistributed Expenditures - Care and Upkeep of Grounds:</b>					
Cleaning, Repair and Maintenance Services	220,000.00		220,000.00	196,999.00	23,001.00
<b>Total Undistributed Expenditures - Care and Upkeep of Grounds</b>	<b>220,000.00</b>		<b>220,000.00</b>	<b>196,999.00</b>	<b>23,001.00</b>
<b>Undistributed Expenditures - Security:</b>					
Salaries	1,174,870.00	(11,602.44)	1,163,267.56	964,743.10	198,524.46
General Supplies	25,000.00		25,000.00	10,569.85	14,430.15
<b>Total Undistributed Expenditures - Security</b>	<b>1,199,870.00</b>	<b>(11,602.44)</b>	<b>1,188,267.56</b>	<b>975,312.95</b>	<b>212,954.61</b>
<b>Total Undistributed Expenditures - Operation and Maintenance of Plant</b>	<b>7,016,276.00</b>	<b>(206,029.50)</b>	<b>6,810,246.50</b>	<b>5,384,575.00</b>	<b>1,425,671.50</b>
<b>Undistributed Expenditures - Student Transportation Services:</b>					
Salaries for Pupil Transportation (Between Home and School) - Special	201,009.00		201,009.00	187,281.00	13,728.00
Cleaning, Repair and Maintenance Services	30,000.00	(13,046.00)	16,954.00	16,953.72	0.28
Contract Services (Other than Between Home and School) - Vendors	320,000.00	428,098.12	748,098.12	270,196.60	477,901.52
<b>Total Undistributed Expenditures - Student Transportation Services</b>	<b>551,009.00</b>	<b>415,052.12</b>	<b>966,061.12</b>	<b>474,431.32</b>	<b>491,629.80</b>

ESSEX COUNTY VOCATIONAL SCHOOLS  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
<b>UNALLOCATED BENEFITS:</b>					
Group Insurance	\$ 40,000.00	\$	\$ 40,000.00	\$ 21,698.53	\$ 18,301.47
Social Security Contributions	650,000.00	(40,052.12)	609,947.88	483,718.01	126,229.87
Other Retirement Contributions - PERS	560,000.00		560,000.00	520,188.59	39,811.41
Other Retirement Contributions - DCRP	2,000.00		2,000.00		2,000.00
Unemployment Compensation	100,000.00		100,000.00		100,000.00
Workmen's Compensation	225,000.00		225,000.00	198,974.01	26,025.99
Health Benefits	6,960,000.00		6,960,000.00	5,297,040.12	1,662,959.88
Tuition Reimbursement	50,000.00	5,161.00	55,161.00	55,160.31	0.69
Other Employee Benefits	280,000.00	81,403.54	361,403.54	129,098.56	232,304.98
<b>TOTAL UNALLOCATED BENEFITS</b>	<u>8,867,000.00</u>	<u>46,512.42</u>	<u>8,913,512.42</u>	<u>6,705,878.13</u>	<u>2,207,634.29</u>
On-Behalf TPAF Pension Contributions (Nonbudgeted)				1,919,316.00	(1,919,316.00)
On-Behalf TPAF OPEB (Post-Retirement Medical) Contribution (Nonbudgeted)				1,599,227.00	(1,599,227.00)
On-Behalf TPAF Long-Term Disability Contribution (Nonbudgeted)				4,960.00	(4,960.00)
Reimbursed TPAF Social Security Contributions (Nonbudgeted)				1,254,389.31	(1,254,389.31)
<b>TOTAL ON-BEHALF CONTRIBUTIONS</b>				<u>4,777,892.31</u>	<u>(4,777,892.31)</u>
<b>TOTAL PERSONNEL SERVICES - EMPLOYEE BENEFITS</b>	<u>8,867,000.00</u>	<u>46,512.42</u>	<u>8,913,512.42</u>	<u>11,483,770.44</u>	<u>(2,570,258.02)</u>
<b>Undistributed Expenditures - Food Services:</b>					
Transfers to Cover Deficit (Enterprise Fund)	50,000.00		50,000.00		50,000.00
<b>Total Undistributed Expenditures - Food Services</b>	<u>50,000.00</u>		<u>50,000.00</u>		<u>50,000.00</u>
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	<u>27,113,423.00</u>	<u>114,699.23</u>	<u>27,228,122.23</u>	<u>26,528,895.99</u>	<u>699,226.24</u>
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<u>43,574,705.00</u>	<u>292,783.72</u>	<u>43,867,488.72</u>	<u>42,068,311.96</u>	<u>1,799,176.76</u>
<b>CAPITAL OUTLAY</b>					
<b>Equipment</b>					
<b>Special Education - Instruction:</b>					
Undistributed Expenditures - General Administration	100,000.00	30,265.00	130,265.00	52,853.00	77,412.00
<b>Total Equipment</b>	<u>100,000.00</u>	<u>30,265.00</u>	<u>130,265.00</u>	<u>52,853.00</u>	<u>77,412.00</u>
<b>TOTAL CAPITAL OUTLAY</b>	<u>100,000.00</u>	<u>30,265.00</u>	<u>130,265.00</u>	<u>52,853.00</u>	<u>77,412.00</u>
<b>SPECIAL SCHOOLS</b>					
<b>Summer School - Instruction:</b>					
Salaries of Teachers	200,000.00		200,000.00	168,835.48	31,164.52
<b>Total Summer School - Instruction</b>	<u>200,000.00</u>		<u>200,000.00</u>	<u>168,835.48</u>	<u>31,164.52</u>
<b>Total Summer School</b>	<u>200,000.00</u>		<u>200,000.00</u>	<u>168,835.48</u>	<u>31,164.52</u>
<b>Accredited Evening/Adult High School/Post-Graduate-Instruction:</b>					
Salaries of Teachers	5,000.00		5,000.00		5,000.00
<b>Total Accredited Evening/Adult High School/Post-Graduate-Instruction</b>	<u>5,000.00</u>		<u>5,000.00</u>		<u>5,000.00</u>
<b>Total Accredited Evening/Adult High School/Post-Graduate-Instruction</b>	<u>5,000.00</u>		<u>5,000.00</u>		<u>5,000.00</u>
<b>Adult Education - Local - Support Services:</b>					
Salaries of Secretarial and Clerical Assistants	60,384.00		60,384.00	60,250.81	133.19
Supplies and Materials	12,000.00		12,000.00	3,157.18	8,842.84
<b>Total Adult Education - Local - Support Services</b>	<u>72,384.00</u>		<u>72,384.00</u>	<u>63,407.97</u>	<u>8,976.03</u>
<b>Total Adult Education - Local - Instruction</b>	<u>72,384.00</u>		<u>72,384.00</u>	<u>63,407.97</u>	<u>8,976.03</u>
<b>Vocational Evening - Local - Instruction:</b>					
Salaries of Teachers	10,000.00		10,000.00		10,000.00
Other Salaries for Instruction	1,000.00		1,000.00		1,000.00
<b>Total Vocational Evening - Local - Instruction</b>	<u>11,000.00</u>		<u>11,000.00</u>		<u>11,000.00</u>
<b>Total Vocational Evening - Local</b>	<u>11,000.00</u>		<u>11,000.00</u>		<u>11,000.00</u>

ESSEX COUNTY VOCATIONAL SCHOOLS  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
<b>Evening-School - Foreign-Born - Local - Instruction:</b>					
Salaries of Teachers	\$ 100,000.00	\$	\$ 100,000.00	\$ 39,989.94	\$ 60,010.06
General Supplies	31,500.00		31,500.00	14,424.35	17,075.65
Textbooks	10,000.00		10,000.00	2,326.25	7,673.75
Other Objects	5,000.00		5,000.00	300.00	4,700.00
<b>Total Evening School - Foreign-Born - Local - Instruction</b>	<b>146,500.00</b>		<b>146,500.00</b>	<b>57,040.54</b>	<b>89,459.46</b>
<b>Evening School - Foreign-Born - Local - Support Services:</b>					
Salaries	55,000.00		55,000.00	50,351.69	4,648.31
Personal Services - Employee Benefits	9,000.00		9,000.00	6,911.00	2,089.00
<b>Total Evening School - Foreign-Born - Local - Support Services</b>	<b>64,000.00</b>		<b>64,000.00</b>	<b>57,262.69</b>	<b>6,737.31</b>
<b>Total Evening School - Foreign-Born - Local</b>	<b>210,500.00</b>		<b>210,500.00</b>	<b>114,303.23</b>	<b>96,196.77</b>
<b>TOTAL SPECIAL SCHOOLS</b>	<b>498,884.00</b>		<b>498,884.00</b>	<b>346,546.68</b>	<b>152,337.32</b>
<b>TOTAL EXPENDITURES</b>	<b>44,173,589.00</b>	<b>323,048.72</b>	<b>44,496,637.72</b>	<b>42,467,711.64</b>	<b>2,028,926.08</b>
<b>Excess (Deficiency) of Revenues Over/(Under) Expenditures</b>	<b>(4,805,434.00)</b>	<b>(323,048.72)</b>	<b>(5,128,482.72)</b>	<b>2,304,119.63</b>	<b>7,432,602.35</b>
<b>Fund Balance, July 1</b>	<b>11,773,645.70</b>		<b>11,773,645.70</b>	<b>11,773,645.70</b>	
<b>Fund Balance, June 30</b>	<b>\$ 6,968,211.70</b>	<b>\$ (323,048.72)</b>	<b>\$ 6,645,162.98</b>	<b>\$ 14,077,765.33</b>	<b>\$ 7,432,602.35</b>
<b>Recapitulation</b>					
<b>Restricted Fund Balance:</b>					
Excess Surplus - Designated for Subsequent Year's Expenditures				\$ 4,405,964.00	
Excess Surplus				5,067,709.16	
<b>Committed Fund Balance:</b>					
Year End Encumbrances				1,304,618.96	
<b>Assigned Fund Balance:</b>					
Designated for Subsequent Year's Expenditures				1,019,990.00	
ARRA/Semi - Unreserved - Undesignated for Subsequent Years Expenditures				18,094.05	
Unassigned Fund Balance				2,261,389.16	
				14,077,765.33	
<b>Reconciliation to Governmental Funds Statements (GAAP):</b>					
Last State Aid Payment Not Recognized on GAAP Basis				2,079,995.00	
<b>Fund Balance per Governmental Funds (GAAP)</b>				<b>\$ 11,997,770.33</b>	



ESSEX COUNTY VOCATIONAL SCHOOLS  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

C-2

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Federal Sources	\$3,169,362.00	\$ 563,363.29	\$ 3,732,725.29	\$2,422,371.76	\$(1,310,353.53)
State Sources	194,080.00	862,476.05	1,056,556.05	1,025,714.00	(30,842.05)
Local Sources	7,582.00	27,337.40	34,919.40	70,562.34	35,642.94
<b>Total Revenues</b>	<u>\$3,371,024.00</u>	<u>\$ 1,453,176.74</u>	<u>\$ 4,824,200.74</u>	<u>\$3,518,648.10</u>	<u>\$(1,305,552.64)</u>
<b>EXPENDITURES</b>					
<b>Instruction:</b>					
Personnel Services - Salaries	\$1,294,885.00	\$ 43,717.15	\$ 1,338,602.15	\$1,308,018.21	\$ 30,583.94
Salaries of Teachers	68,306.00	3,638.92	71,944.92	71,944.92	
Purchased Professional and Technical Services	31,845.00	3,000.00	34,845.00	27,499.69	7,345.31
Supplies and Materials	308,828.00	117,522.89	426,350.89	398,664.40	27,686.49
General Supplies	642,702.00	5,716.86	648,418.86	626,516.65	21,902.21
Other Objects	11,200.00	23,066.84	34,266.84	16,996.24	17,270.60
<b>Total Instruction</b>	<u>2,357,766.00</u>	<u>196,662.66</u>	<u>2,554,428.66</u>	<u>2,449,640.11</u>	<u>104,788.55</u>
<b>Support Services:</b>					
Personnel Services - Salaries	224,531.00	35,782.74	260,313.74	245,331.54	14,982.20
Other Salaries	5,800.00		5,800.00	5,800.00	
Personal Services - Employee Benefits	278,773.00	13,205.00	291,978.00	287,401.00	4,577.00
Purchased Professional and Technical Services	75,735.00	261,450.00	337,185.00	111,742.76	225,442.24
Purchased Property Services	11,331.00		11,331.00	11,322.20	8.80
Other Purchased Services (400-500 Series)	84,032.00	14,074.11	98,106.11	72,389.71	25,716.40
Travel	2,363.00		2,363.00	2,197.49	165.51
Supplies and Materials	42,760.00	22,960.18	65,720.18	47,071.92	18,648.26
Miscellaneous Expenditures		2,001.81	2,001.81		2,001.81
Other Objects	16,500.00	1,484.19	17,984.19	15,984.19	2,000.00
<b>Total Support Services</b>	<u>741,825.00</u>	<u>350,958.03</u>	<u>1,092,783.03</u>	<u>799,240.81</u>	<u>293,542.22</u>
<b>Facilities Acquisition and Construction Services:</b>					
Lease Purchase Principal Instructional Equipment	271,433.00	905,556.05	905,556.05	269,767.18	905,556.05
<b>Total Facilities Acquisition and Construction Services</b>	<u>271,433.00</u>	<u>905,556.05</u>	<u>1,176,989.05</u>	<u>269,767.18</u>	<u>907,221.87</u>
<b>Total Expenditures</b>	<u>\$3,371,024.00</u>	<u>\$ 1,453,176.74</u>	<u>\$ 4,824,200.74</u>	<u>\$3,518,648.10</u>	<u>\$ 1,305,552.64</u>
<b>Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources (Uses)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



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

ESSEX COUNTY VOCATIONAL SCHOOLS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGET-TO-GAAP RECONCILIATION  
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b><u>Sources/Inflows of Resources</u></b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1] \$44,771,831.27	[C-2] \$3,518,648.10
Difference - Budget-to-GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		(30,861.65)
State aid payment recognized for GAAP statements in the current year previously recognized for budgetary statements.	2,065,078.00	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(2,079,995.00)</u>	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] <u>\$44,756,914.27</u>	[B-2] <u>\$3,487,786.45</u>
<b><u>Uses/Outflows of Resources</u></b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$42,467,711.64	[C-2] \$3,518,648.10
Differences - Budget-to-GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		<u>(30,861.65)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds including transfers,	[B-2] <u>\$42,467,711.64</u>	[B-2] <u>\$3,487,786.45</u>

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

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

**Note:** GASB 68 requires that ten years of statistical data be presented. The following unaudited information is presented utilizing information available. Data for the latest years available has been presented. Each year hereafter, an additional year's data will be included until ten years of data is presented.

**ESSEX COUNTY VOCATIONAL SCHOOLS**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -**  
**PUBLIC EMPLOYEES' RETIREMENT SYSTEM**  
**LAST FOUR FISCAL YEARS**  
(Unaudited)

	Fiscal Year Ended June 30,			
	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	0.57593565%	0.05630837%	0.00545830%	0.00557131%
District's proportionate share of the net pension liability (asset)	\$ 17,057,562	\$ 12,640,102	\$ 10,219,422	\$ 10,647,885
State's proportionate share of the net pension liability (asset) associated with the District	<u>29,617,131,759</u>	<u>22,447,996,119</u>	<u>18,722,735,003</u>	<u>19,111,986,911</u>
Total	<u>\$29,634,189,321</u>	<u>\$ 22,460,636,221</u>	<u>\$18,732,954,425</u>	<u>\$19,122,634,796</u>
District's covered-employee payroll	\$ 3,935,493	\$ 3,928,601	*	*
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	433.43%	321.75%	*	*
Plan fiduciary net position as a percentage of the total pension liability	40.14%	47.93%	52.08%	48.72%

\* Data was not provided by School District.

**ESSEX COUNTY VOCATIONAL SCHOOLS  
SCHEDULE OF THE DISTRICT CONTRIBUTIONS  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
LAST FOUR FISCAL YEARS  
(Unaudited)**

	Fiscal Year Ended June 30,			
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 511,653	\$ 484,101	\$ 453,168	\$ 428,435
Contributions in relation to the contractually required contribution	<u>(511,653)</u>	<u>(484,101)</u>	<u>(453,168)</u>	<u>(428,435)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 4,006,848	\$ 3,935,493	\$ 3,928,601	\$ 3,928,601
Contributions as a percentage of covered-employee payroll	12.77%	12.30%	11.54%	10.91%

\* Data was not provided by School District.



**ESSEX COUNTY VOCATIONAL SCHOOLS**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -**  
**TEACHERS' PENSION AND ANNUITY FUND**  
**LAST FOUR FISCAL YEARS**  
(Unaudited)

	For the Fiscal Year Ended June 30,			
	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	0.1682553069%	0.1731141617%	0.1759764495%	0.176534282%
District's proportionate share of the net pension liability (asset)	\$ 132,360,334	\$ 109,415,599	\$ 94,053,685	\$ 82,219,038
State's proportionate share of the net pension liability (asset) associated with the District	<u>78,666,367,052</u>	<u>63,204,270,305</u>	<u>53,446,745,367</u>	<u>50,539,213,484</u>
<b>Total</b>	<u><b>\$78,798,727,386</b></u>	<u><b>\$63,313,685,904</b></u>	<u><b>\$53,540,799,052</b></u>	<u><b>\$50,621,432,522</b></u>
District's covered-employee payroll	\$ 17,381,230	\$ 17,127,017	*	*
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	761.51%	638.85%	*	*
Plan fiduciary net position as a percentage of the total pension liability	22.33%	28.71%	33.64%	33.76%

\* Data was not provided by School District.

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

**ESSEX COUNTY VOCATIONAL SCHOOLS  
COUNTY OF ESSEX**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART III  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Changes of Benefit Terms and Changes of Assumptions**

Refer to Note 6 in the Notes to Financial Statements for benefits and assumptions.

**OTHER SUPPLEMENTARY INFORMATION**

**D. SCHOOL-BASED BUDGET SCHEDULES (IF APPLICABLE)**

**E. SPECIAL REVENUE FUND**



ESSEX COUNTY VOCATIONAL SCHOOLS  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30 2017

	Total Brought Forward E-1, Sheet #2	NCLB					I.D.E.A. Part B	Total 2017
		Title 1	Title I, School Improvement Award	Title IIA	Title III Immigrant	Title III Language Enhancement		
<b>REVENUES</b>								
Federal Sources	\$ 946,578.24	\$ 1,591,966.00	\$ 35,600.00	\$ 60,399.00	\$ 4,519.00	\$ 32,390.00	\$ 600,299.55	\$ 3,271,751.79
State Sources	231,494.48							231,494.48
Local Sources	15,401.83							15,401.83
<b>Total Revenues</b>	<b>\$ 1,193,474.55</b>	<b>\$ 1,591,966.00</b>	<b>\$ 35,600.00</b>	<b>\$ 60,399.00</b>	<b>\$ 4,519.00</b>	<b>\$ 32,390.00</b>	<b>\$ 600,299.55</b>	<b>\$ 3,518,648.10</b>
<b>EXPENDITURES</b>								
Instruction:								
Personnel Services - Salaries	\$ 29,319.82	\$ 1,027,385.88	\$	\$	\$ 4,198.00	\$ 16,087.49	\$ 231,047.02	\$ 1,308,018.21
Salaries of Teachers	71,944.92							71,944.92
Purchased Professional and Technical Services	19,444.69						8,055.00	27,499.69
Supplies and Materials	5,686.83	190,425.64	35,600.00			13,807.51	153,144.42	398,664.40
General Supplies	626,516.65							626,516.65
Other Objects	8,863.83						7,132.41	16,996.24
<b>Total Instruction</b>	<b>762,776.74</b>	<b>1,217,811.52</b>	<b>35,600.00</b>		<b>4,198.00</b>	<b>29,875.00</b>	<b>399,378.85</b>	<b>2,449,640.11</b>
Support Services:								
Personnel Services - Salaries	61,013.06	110,045.29		6,885.69			67,387.50	245,331.54
Other Salaries	5,800.00							5,800.00
Personnel Services - Employee Benefits	11,479.00	247,160.00		527.00	321.00	1,229.00	26,685.00	287,401.00
Purchased Professional and Technical Services	30,395.00			13,135.00			68,212.76	111,742.76
Purchased Property Services	11,322.20							11,322.20
Other Purchased Services (400-500 Series)	27,639.13	965.00		10,850.13		1,286.00	31,649.45	72,389.71
Travel	2,197.49							2,197.49
Supplies and Materials	11,084.75			29,001.18			6,985.99	47,071.92
Other Objects		15,984.19						15,984.19
<b>Total Support Services</b>	<b>160,930.63</b>	<b>374,154.48</b>		<b>60,399.00</b>	<b>321.00</b>	<b>2,515.00</b>	<b>200,920.70</b>	<b>799,240.81</b>
Facilities Acquisition and Construction:								
Instructional Equipment	269,767.18							269,767.18
<b>Total Facilities Acquisition and Construction</b>	<b>269,767.18</b>							<b>269,767.18</b>
<b>Total Expenditures</b>	<b>\$ 1,193,474.55</b>	<b>\$ 1,591,966.00</b>	<b>\$ 35,600.00</b>	<b>\$ 60,399.00</b>	<b>\$ 4,519.00</b>	<b>\$ 32,390.00</b>	<b>\$ 600,299.55</b>	<b>\$ 3,518,648.10</b>

ESSEX COUNTY VOCATIONAL SCHOOLS  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Total Brought Forward E-1, Sheet #3	Adult Basic Education Current	edConnect	Carl D. Perkins Vocational	Carl D. Perkins Secondary	Carl D. Perkins Post- Secondary	Total Page #2
<b>REVENUES</b>							
Federal Sources	\$ 55,160.51	\$ 97,198.21	\$	\$ 794,219.52	\$	\$	\$ 946,578.24
State Sources	46,247.66		29,020.92		76,521.67	79,704.23	231,494.48
Local Sources	15,401.83						15,401.83
<b>Total Revenues</b>	<b><u>\$ 116,810.00</u></b>	<b><u>\$ 97,198.21</u></b>	<b><u>\$ 29,020.92</u></b>	<b><u>\$ 794,219.52</u></b>	<b><u>\$ 76,521.67</u></b>	<b><u>\$ 79,704.23</u></b>	<b><u>\$ 1,193,474.55</u></b>
<b>EXPENDITURES</b>							
Instruction:							
Personnel Services - Salaries	\$ 29,319.82						\$ 29,319.82
Salaries of Teachers		71,944.92					71,944.92
Purchased Professional and Technical Services				19,444.69			19,444.69
Supplies and Materials	5,686.83						5,686.83
General Supplies		4,090.00		524,603.29	56,658.84	41,164.52	626,516.65
Other Objects	2,200.00		7,663.83				9,863.83
<b>Total Instruction</b>	<b><u>37,206.65</u></b>	<b><u>76,034.92</u></b>	<b><u>7,663.83</u></b>	<b><u>544,047.98</u></b>	<b><u>56,658.84</u></b>	<b><u>41,164.52</u></b>	<b><u>762,776.74</u></b>
Support Services:							
Personnel Services - Salaries	26,627.68	14,546.29	19,839.09				61,013.06
Other Salaries	5,800.00						5,800.00
Personnel Services - Employee Benefits	3,344.00	6,617.00	1,518.00				11,479.00
Purchased Professional and Technical Services	26,395.00			4,000.00			30,395.00
Purchased Property Services				6,351.00		4,971.20	11,322.20
Other Purchased Services (400-500 Series)	5,902.01			19,516.52	2,220.60		27,639.13
Travel	449.91			1,747.58			2,197.49
Supplies and Materials	11,084.75						11,084.75
Other Objects							
<b>Total Support Services</b>	<b><u>79,603.35</u></b>	<b><u>21,163.29</u></b>	<b><u>21,357.09</u></b>	<b><u>31,615.10</u></b>	<b><u>2,220.60</u></b>	<b><u>4,971.20</u></b>	<b><u>160,930.63</u></b>
Facilities Acquisition and Construction:							
Instructional Equipment				218,556.44	17,642.23	33,568.51	269,767.18
<b>Total Facilities Acquisition and Construction</b>				<b><u>218,556.44</u></b>	<b><u>17,642.23</u></b>	<b><u>33,568.51</u></b>	<b><u>269,767.18</u></b>
<b>Total Expenditures</b>	<b><u>\$ 116,810.00</u></b>	<b><u>\$ 97,198.21</u></b>	<b><u>\$ 29,020.92</u></b>	<b><u>\$ 794,219.52</u></b>	<b><u>\$ 76,521.67</u></b>	<b><u>\$ 79,704.23</u></b>	<b><u>\$ 1,193,474.55</u></b>

ESSEX COUNTY VOCATIONAL SCHOOLS  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	NJ LWD Pre-Apprentice	NJEA Sustainable Jersey Small Grant	Apprenticeship	School Garden Program Emst & Young By Whole Kids Foundation	NJSBAIG/Enc North Safety	Gencyber Program	Total Page #3
<b>REVENUES</b>							
Federal Sources	\$	\$	\$	\$	\$	\$ 55,160.51	\$ 55,160.51
State Sources	26,395.00		19,852.66				46,247.66
Local Sources		4,228.68		1,458.15	9,715.00		15,401.83
<b>Total Revenues</b>	<b>\$ 26,395.00</b>	<b>\$ 4,228.68</b>	<b>\$ 19,852.66</b>	<b>\$ 1,458.15</b>	<b>\$ 9,715.00</b>	<b>\$ 55,160.51</b>	<b>\$ 116,810.00</b>
<b>EXPENDITURES</b>							
Instruction:							
Personnel Services - Salaries	\$	\$	\$	\$	\$	\$ 29,319.82	\$ 29,319.82
Salaries of Teachers							-
Purchased Professional and Technical Services							-
Supplies and Materials		4,228.68		1,458.15			5,686.83
General Supplies							-
Other Objects						2,200.00	2,200.00
<b>Total Instruction</b>		<b>4,228.68</b>		<b>1,458.15</b>		<b>31,519.82</b>	<b>37,206.65</b>
Support Services:							
Personnel Services - Salaries			12,233.00			14,394.68	26,627.68
Other Salaries			5,800.00				5,800.00
Personnel Services - Employee Benefits						3,344.00	3,344.00
Purchased Professional and Technical Services	26,395.00						26,395.00
Other Purchased Services (400-500 Series)						5,902.01	5,902.01
Travel			449.91				449.91
Supplies and Materials			1,369.75		9,715.00		11,084.75
Other Objects							-
<b>Total Support Services</b>	<b>26,395.00</b>		<b>19,852.66</b>		<b>9,715.00</b>	<b>23,640.69</b>	<b>79,603.35</b>
Facilities Acquisition and Construction:							
Instructional Equipment							
<b>Total Facilities Acquisition and Construction</b>							
<b>Total Expenditures</b>	<b>\$ 26,395.00</b>	<b>\$ 4,228.68</b>	<b>\$ 19,852.66</b>	<b>\$ 1,458.15</b>	<b>\$ 9,715.00</b>	<b>\$ 55,160.51</b>	<b>\$ 116,810.00</b>

**F. CAPITAL PROJECTS FUND**

**ESSEX COUNTY VOCATIONAL SCHOOLS  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<u>Project Title/Issue</u>	<u>Balance Unexpended June 30, 2016</u>	<u>Revenue</u>	<u>Expended Current Year</u>	<u>Balance Unexpended June 30, 2017</u>
Project D81701:				
Various Renovations	\$ 2,451,432.96	\$	\$	\$ 2,451,432.96
Acquisition and Construction of New School	5,422,302.02			5,422,302.02
Site Development - Teal Center	442,307.59		280,154.68	162,152.91
Construction of New Essex County Vocational School	90,650,130.29		58,155,569.91	32,494,560.38
Renovation West Caldwell	34,102,192.56		694,948.88	33,407,243.68
Capital Equipment	425,000.00			425,000.00
Capital Reserve	<u>3,618,995.85</u>	<u>28,341.06</u>	<u>1,037,865.35</u>	<u>2,609,471.56</u>
	<u>\$ 137,112,361.27</u>	<u>\$ 28,341.06</u>	<u>\$ 60,168,538.82</u>	<u>\$ 76,972,163.51</u>

**ESSEX COUNTY VOCATIONAL SCHOOLS  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Revenues and Other Financing Sources:	
Interest Income	<u>\$ 28,341.06</u>
Total Revenues and Other Financing Sources	<u>28,341.06</u>
Expenditures and Other Financing Uses:	
Construction Services	<u>60,168,538.82</u>
Total Expenditures and Other Financing Uses	<u>60,168,538.82</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(60,140,197.76)
Fund Balance - Beginning of Year	<u>137,112,361.27</u>
Fund Balance - End of Year	<u><u>\$ 76,972,163.51</u></u>



**G. PROPRIETARY FUNDS**

**ENTERPRISE FUND**

**ESSEX COUNTY VOCATIONAL SCHOOLS  
COMBINING SCHEDULE OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2017**

<u>ASSETS</u>	<u>Business-Type Activities Enterprise Fund Food Service</u>
Current Assets:	
Cash and Cash Equivalents	\$ 490,719.56
Accounts Receivable:	
State Sources	737.42
Federal Sources	72,431.49
Inventories:	
Food	9,258.38
USDA Commodity	1,487.67
Supplies	4,216.38
Total Current Assets	<u>578,850.90</u>
Noncurrent Assets:	
Furniture, Machinery and Equipment	423,519.91
Less Accumulated Depreciation	<u>(382,978.14)</u>
Total Noncurrent Assets	<u>40,541.77</u>
Total Assets	<u>\$ 619,392.67</u>
 <u>LIABILITIES</u>	
Due to General Fund	<u>\$ 179,510.46</u>
Total Liabilities	<u>\$ 179,510.46</u>
 <u>NET POSITION</u>	
Invested in Capital Assets, Net of Related Debt	\$ 49,948.44
Unrestricted	<u>389,933.77</u>
Total Net Position	<u>\$ 439,882.21</u>

**ESSEX COUNTY VOCATIONAL SCHOOLS**  
**COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2017**

	Business-Type Activities <u>Enterprise Fund</u> Food <u>Service</u>
Operating Revenues:	
Charges for Services:	
Daily Sales - Nonreimbursable Programs	\$ 280,215.25
Total Operating Revenues	<u>280,215.25</u>
Operating Expenses:	
Cost of Sales	668,713.10
Personnel Costs	594,914.35
General Supplies	50,960.20
Other Purchased Professional Services	80,000.00
Repairs and Maintenance	16,214.90
Depreciation	9,406.67
Total Operating Expenses	<u>1,420,209.22</u>
Operating Loss	<u>(1,139,993.97)</u>
Nonoperating Revenues (Expenses):	
State Sources:	
School Lunch Program	12,417.39
Federal Sources:	
School Breakfast Program	495,177.31
School Lunch Program	679,833.62
Performanced Based Lunch	13,767.18
Food Distribution Program	60,628.35
Total Nonoperating Revenues (Expenses)	<u>1,261,823.85</u>
Change in Net Position	121,829.88
Total Net Position - Beginning	<u>318,052.33</u>
Total Net Position - Ending	<u>\$ 439,882.21</u>

**ESSEX COUNTY VOCATIONAL SCHOOLS  
COMBINING SCHEDULE OF CASH FLOWS  
PROPRIETARY FUNDS  
JUNE 30, 2017**

Business-Type  
Activities  
Enterprise Fund  
Food  
Service

Cash Flows from Operating Activities

Receipts from Customers	\$ 280,215.25
Payments to Vendor	(1,348,616.68)
Net Cash Provided by (Used for) Operating Activities	<u>(1,068,401.43)</u>

Cash Flows from Noncapital Financing Activities

State Sources	12,331.13
Federal Sources	1,181,809.06
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>1,194,140.19</u>

Net Decrease in Cash	125,738.76
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Balance - Beginning of Year	<u>364,980.80</u>
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Balance - End of Year	<u>\$ 490,719.56</u>
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Reconciliation of Operating Income (Loss) to Net

<u>Cash Provided (Used) by Operating Activities</u>	
Operating Loss	<u>\$ (1,139,993.97)</u>

Adjustments to Reconcile Operating Loss to Cash

Provided (Used) by Operating Activities:	
Depreciation	9,406.67
Food Distribution Program	60,628.35
Change in Assets and Liabilities:	
(Increase)/Decrease in Inventory	1,557.52
Total Adjustments	<u>71,592.54</u>

Net Cash Used by Operating Activities	<u>\$ (1,068,401.43)</u>
---------------------------------------	--------------------------

**INTERNAL SERVICE FUND**

## H. FIDUCIARY FUNDS



**ESSEX COUNTY VOCATIONAL SCHOOLS  
COMBINING STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2017**

<u>ASSETS</u>	<u>Unemployment Compensation Trust</u>	<u>Agency Fund</u>
Cash and Cash Equivalents	\$ 33,065.53	\$ 149,603.07
Total Assets	<u>\$ 33,065.53</u>	<u>\$ 149,603.07</u>
 <u>LIABILITIES</u>		
Payroll Deductions and Withholdings Due to Student Groups		\$ 6,703.38 142,899.69
Total Liabilities		<u>\$ 149,603.07</u>
 <u>NET POSITION</u>		
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 33,065.53</u>	

**ESSEX COUNTY VOCATIONAL SCHOOLS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Unemployment  
Compensation  
Trust

Additions:	
Contributions:	
Plan Members	\$ 58,600.30
Total Additions	<u>58,600.30</u>
Reductions:	
Payments to Department of Labor	<u>64,668.25</u>
Total Reductions	<u>64,668.25</u>
Change in Net Position	(6,067.95)
Total Net Position - Beginning	<u>39,133.48</u>
Total Net Position - Ending	<u><u>\$ 33,065.53</u></u>

**ESSEX COUNTY VOCATIONAL SCHOOLS  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<u>School</u>	<u>Balance June 30, 2016</u>	<u>Cash Receipts</u>	<u>Cash Disbursed</u>	<u>Balance June 30, 2017</u>
North 13th Street Center: Student Activity	\$ 55,913.27	\$ 92,913.66	\$ 87,821.63	\$ 61,005.30
Newark Center: Student Activity	43,610.30	37,824.02	39,731.40	41,702.92
Bloomfield Center: Student Activity	17,158.15	31,502.00	32,756.84	15,903.31
West Caldwell Center: Student Activity	34,531.44	42,840.74	32,026.28	45,345.90
Unidentified			21,057.74	21,057.74
Total	<u>\$ 151,213.16</u>	<u>\$ 205,080.42</u>	<u>\$ 213,393.89</u>	<u>\$ 142,899.69</u>

**ESSEX COUNTY VOCATIONAL SCHOOLS  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<u>ASSETS</u>	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2017</u>
Cash and Cash Equivalents	<u>\$25,491.19</u>	<u>\$ 25,718,382.04</u>	<u>\$ 25,737,169.85</u>	<u>\$ 6,703.38</u>
Total Assets	<u>\$25,491.19</u>	<u>\$ 25,718,382.04</u>	<u>\$ 25,737,169.85</u>	<u>\$ 6,703.38</u>
 <u>LIABILITIES</u>				
Payroll Deductions and Withholdings	\$25,491.37	\$ 11,078,034.13	\$ 11,096,822.12	\$ 6,703.38
Net Salaries and Wages	<u>(0.18)</u>	<u>14,640,347.91</u>	<u>14,640,347.73</u>	<u>                    </u>
Total Liabilities	<u>\$25,491.19</u>	<u>\$ 25,718,382.04</u>	<u>\$ 25,737,169.85</u>	<u>\$ 6,703.38</u>

**I. LONG-TERM DEBT**

**ESSEX COUNTY VOCATIONAL SCHOOLS  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
YEAR ENDED JUNE 30, 2017**

<u>Purpose</u>	<u>Date of Lease</u>	<u>Term of Lease</u>	<u>Amount of Original Lease</u>		<u>Interest Rate</u>	<u>Balance June 30, 2016</u>	<u>Retired</u>	<u>Balance June 30, 2017</u>
			<u>Principal</u>	<u>Interest</u>				
Multiple Copiers	3/24/2015	5 Years	\$142,699.26	\$13,000.74	3.49%	\$ 109,321.05	\$27,770.95	\$ 81,550.10
Copier	9/17/2014	5 Years	38,748.34	5,951.66	5.77%	<u>26,552.42</u>	<u>7,613.66</u>	<u>18,938.76</u>
						<u>\$ 135,873.47</u>	<u>\$35,384.61</u>	<u>\$ 100,488.86</u>

**STATISTICAL SECTION (UNAUDITED)**



**INTRODUCTION TO THE STATISTICAL SECTION**

## FINANCIAL TRENDS

ESSEX COUNTY VOCATIONAL SCHOOLS  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
(Accrual Basis of Accounting)  
(Unaudited)

J-1

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2012	2014	2015	2016	2017
<b>Governmental Activities:</b>										
Invested in Capital Assets, Net of Related Debt	\$54,160,767	\$55,077,334	\$25,501,962	\$30,925,303	\$25,931,080	\$25,931,080	\$29,853,686	\$68,585,564	\$ 102,618,285	\$ 162,092,991
Restricted	5,752,950	9,010,761	8,074,076	5,921,419	13,718,792	13,718,792	16,358,752	36,031,438	146,661,863	88,788,540
Unrestricted	<u>(530,500)</u>	<u>(2,442,785)</u>	<u>(1,778,088)</u>	<u>(1,079,996)</u>	<u>(856,694)</u>	<u>(856,694)</u>	<u>(11,332,263)</u>	<u>(11,820,854)</u>	<u>(12,217,787)</u>	<u>(12,772,021)</u>
<b>Total Governmental Activities Net Position</b>	<u>\$59,383,217</u>	<u>\$61,645,311</u>	<u>\$31,797,949</u>	<u>\$35,766,726</u>	<u>\$38,793,178</u>	<u>\$38,793,178</u>	<u>\$34,880,175</u>	<u>\$92,796,148</u>	<u>\$ 237,062,361</u>	<u>\$ 238,109,510</u>
<b>Business-Type Activities:</b>										
Invested in Capital Assets, Net of Related Debt	\$ 143,462	\$ 118,026	\$ 97,394	\$ 145,680	\$ 120,256	\$ 120,256	\$ 69,560	\$ 59,355	\$ 49,948	\$ 49,948
Unrestricted	<u>(110,759)</u>	<u>(177,630)</u>	<u>(145,222)</u>	<u>(144,443)</u>	<u>(144,111)</u>	<u>(144,111)</u>	<u>15,717</u>	<u>41,089</u>	<u>268,104</u>	<u>389,934</u>
<b>Total Business-Type Activities Net Position</b>	<u>\$ 32,704</u>	<u>\$ (59,604)</u>	<u>\$ (47,828)</u>	<u>\$ 1,238</u>	<u>\$ (23,855)</u>	<u>\$ (23,855)</u>	<u>\$ 85,277</u>	<u>\$ 100,444</u>	<u>\$ 318,052</u>	<u>\$ 439,882</u>
<b>District-Wide:</b>										
Invested in Capital Assets, Net of Related Debt	\$54,304,229	\$55,195,360	\$25,599,356	\$31,070,983	\$26,051,336	\$26,051,336	\$29,923,246	\$68,644,919	\$ 102,668,234	\$ 162,142,940
Restricted	5,752,950	9,010,761	8,074,076	5,921,419	13,718,792	13,718,792	16,358,752	36,046,493	146,661,863	88,788,540
Unrestricted	<u>(641,259)</u>	<u>(2,620,415)</u>	<u>(1,933,310)</u>	<u>(1,224,439)</u>	<u>(1,000,805)</u>	<u>(1,000,805)</u>	<u>(11,316,546)</u>	<u>(11,794,819)</u>	<u>(11,949,684)</u>	<u>(12,382,067)</u>
<b>Total District Net Position</b>	<u>\$59,415,921</u>	<u>\$61,585,707</u>	<u>\$31,740,121</u>	<u>\$35,767,964</u>	<u>\$38,769,323</u>	<u>\$38,769,323</u>	<u>\$34,965,452</u>	<u>\$92,896,593</u>	<u>\$ 237,380,413</u>	<u>\$ 238,549,393</u>

Note: 2014 Unrestricted balance was restated to conform with the requirements of GASB 68 Reporting.

Source: CAFR Schedule A-1.

**ESSEX COUNTY VOCATIONAL SCHOOLS  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(Accrual Basis of Accounting)  
(Unaudited)**

J-2  
Sheet #1

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Expenses</b>										
<b>Governmental Activities:</b>										
<b>Instruction:</b>										
Regular	\$ 16,397,283	\$ 12,469,724	\$ 13,695,978	\$ 13,012,495	\$ 13,553,047	\$ 13,623,251	\$ 13,957,179	\$ 13,451,525	\$ 12,799,567	\$ 13,713,289
Other Special Education	3,771,571	7,614,828	7,345,140	3,196,317	3,341,485	3,295,093	2,877,889	2,681,324	2,618,937	2,675,972
Vocational	3,282,385	3,212,032	3,268,771	6,931,557	7,216,630	7,066,814	7,060,389	7,377,114	7,499,237	7,531,171
Other Instruction	1,405,055	1,272,004	877,050	947,236	1,161,500	1,291,374	1,756,917	2,164,361	1,873,745	1,705,799
<b>Support Services:</b>										
Student and Instruction Related Services	4,551,874	4,731,927	4,810,552	4,936,190	5,137,053	5,142,427	5,224,742	5,786,739	6,084,372	6,439,208
General Administration	2,760,297	1,725,112	1,373,545	1,518,744	1,790,304	2,762,267	1,976,943	2,208,810	1,982,522	1,879,219
School Administrative Services	2,064,481	1,851,641	2,021,284	1,920,765	1,865,312	2,176,351	2,139,367	2,146,850	2,292,625	2,650,670
Central Administrative Services	868,625	860,202	801,360	841,020	909,798	846,909	849,941	990,483	1,060,492	1,109,820
Administration of Information Technology	489,687	951,372	1,309,084	1,179,334	1,349,452	1,415,988	1,434,876	1,314,877	1,393,595	1,198,508
Plant Operations and Maintenance	5,073,002	6,511,373	6,237,475	6,417,256	6,704,331	6,334,522	4,708,871	4,732,886	4,768,993	4,699,959
Security							1,315,077	1,281,293	1,426,939	1,454,394
Pupil Transportation	349,026	430,555	384,294	401,056	505,051	608,768	494,323	400,650	535,429	567,433
Food Service				58,699						
Special Schools	1,084,363	1,204,800	1,162,317	877,846	880,342	435,055	375,229	485,322	352,811	505,171
Unallocated Depreciation									1,083,694	1,095,278
<b>Total Governmental Activities Expenses</b>	<b>42,097,649</b>	<b>42,835,569</b>	<b>43,286,849</b>	<b>42,238,515</b>	<b>44,414,304</b>	<b>44,998,821</b>	<b>44,171,743</b>	<b>45,022,233</b>	<b>45,772,960</b>	<b>47,225,891</b>
<b>Business-Type Activities:</b>										
Food Service	985,897	1,106,080	1,256,740	1,251,662	1,298,168	1,380,707	1,406,973	1,333,878	1,299,180	1,420,209
<b>Total Business-Type Activities Expenses</b>	<b>985,897</b>	<b>1,106,080</b>	<b>1,256,740</b>	<b>1,251,662</b>	<b>1,298,168</b>	<b>1,380,707</b>	<b>1,406,973</b>	<b>1,333,878</b>	<b>1,299,180</b>	<b>1,420,209</b>
<b>Total District Expenses</b>	<b>\$ 43,083,546</b>	<b>\$ 43,941,650</b>	<b>\$ 44,543,589</b>	<b>\$ 43,490,177</b>	<b>\$ 45,712,472</b>	<b>\$ 46,379,528</b>	<b>\$ 45,578,716</b>	<b>\$ 46,356,111</b>	<b>\$ 47,072,140</b>	<b>\$ 48,646,101</b>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
<b>Charges for Services:</b>										
Instruction (Tuition)	\$ 13,285,931	\$ 12,993,653	\$ 12,987,556	\$ 13,056,242	\$ 13,266,017	\$	\$	\$	\$	\$
Operating Grants and Contributions	24,086,178	24,547,596	27,321,553	25,759,826	27,897,869	7,611,614	6,605,741	7,040,226	7,336,886	8,941,280
<b>Total Governmental Activities Program Revenues</b>	<b>37,372,110</b>	<b>37,541,249</b>	<b>40,309,109</b>	<b>38,816,068</b>	<b>41,163,886</b>	<b>7,611,614</b>	<b>6,605,741</b>	<b>7,040,226</b>	<b>7,336,886</b>	<b>8,941,280</b>
<b>Business-Type Activities:</b>										
<b>Charges for Services:</b>										
Food Service	287,543	262,214	266,623	233,615	266,950	210,882	219,162	231,431	264,438	280,215
Operating Grants and Contributions	637,475	550,987	747,150	1,034,901	1,033,778	1,012,193	1,067,968	1,117,615	1,252,350	1,261,824
<b>Total Business-Type Activities Program Revenues</b>	<b>925,018</b>	<b>813,202</b>	<b>1,013,773</b>	<b>1,268,516</b>	<b>1,300,728</b>	<b>1,223,075</b>	<b>1,287,130</b>	<b>1,349,046</b>	<b>1,516,788</b>	<b>1,542,039</b>
<b>Total District Program Revenues</b>	<b>\$ 38,297,128</b>	<b>\$ 38,354,451</b>	<b>\$ 41,322,882</b>	<b>\$ 40,084,584</b>	<b>\$ 42,464,614</b>	<b>\$ 8,834,690</b>	<b>\$ 7,892,871</b>	<b>\$ 8,389,271</b>	<b>\$ 8,853,675</b>	<b>\$ 10,483,319</b>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (4,725,539)	\$ (5,294,320)	\$ (2,977,740)	\$ (3,422,448)	\$ (3,250,418)	\$ (37,387,206)	\$ (37,566,002)	\$ (37,982,007)	\$ (38,436,074)	\$ (38,284,612)
Business-Type Activities	(60,879)	(292,879)	(242,967)	16,854	2,561	(157,632)	(119,843)	15,168	217,608	121,830
<b>Total District-Wide Net Expense</b>	<b>\$ (4,786,418)</b>	<b>\$ (5,587,199)</b>	<b>\$ (3,220,707)</b>	<b>\$ (3,405,594)</b>	<b>\$ (3,247,858)</b>	<b>\$ (37,544,838)</b>	<b>\$ (37,685,845)</b>	<b>\$ (37,966,839)</b>	<b>\$ (38,218,466)</b>	<b>\$ (38,162,782)</b>

ESSEX COUNTY VOCATIONAL SCHOOLS  
 CHANGES IN NET POSITION  
 LAST TEN FISCAL YEARS  
 (Accrual Basis of Accounting)  
 (Unaudited)

J-2  
 Sheet #2

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 6,733,550	\$ 7,843,901	\$ 7,022,012	\$ 4,450,000	\$ 6,750,000	\$ 5,250,000	\$ 4,450,000	\$ 4,450,000	\$ 4,450,000	\$ 4,450,000
Grants and Contributions						27,897,868.89	20,764,682	20,545,050	20,903,906	20,179,987
Tuition Received	142,535					13,266,016.68	13,625,524	13,952,003	13,870,912	13,560,954
Miscellaneous Income	443,067	554,543	534,402	579,180	651,224	1,076,870	140,633	56,865,650	143,477,467	1,140,820
Transfers				(280,425)		(50,000)	(100,000)			
<b>Total Governmental Activities</b>	<b>7,319,152</b>	<b>8,398,445</b>	<b>7,556,414</b>	<b>4,768,755</b>	<b>7,401,224</b>	<b>47,440,756</b>	<b>38,880,840</b>	<b>95,812,703</b>	<b>182,702,286</b>	<b>39,331,762</b>
Business-Type Activities:										
Transfers						50,000	100,000			
<b>Total Business-Type Activities</b>						<b>50,000</b>	<b>100,000</b>			
<b>Total District-Wide</b>	<b>\$ 7,319,152</b>	<b>\$ 8,398,445</b>	<b>\$ 7,556,414</b>	<b>\$ 4,768,755</b>	<b>\$ 7,401,224</b>	<b>\$ 47,490,756</b>	<b>\$ 38,980,840</b>	<b>\$ 95,812,703</b>	<b>\$ 182,702,286</b>	<b>\$ 39,331,762</b>
<b>Change in Net Position</b>										
Governmental Activities	\$ 2,593,613	\$ 3,104,124	\$ 4,578,674	\$ 1,346,308	\$ 4,150,805	\$ 10,103,550	\$ 1,414,838	\$ 57,830,696	\$ 144,266,212	\$ 1,047,150
Business-Type Activities	(60,879)	(292,879)	(242,967)	16,854	2,561	(107,632)	(19,843)	15,168	217,608	121,830
<b>Total District</b>	<b>\$ 2,532,734</b>	<b>\$ 2,811,246</b>	<b>\$ 4,335,707</b>	<b>\$ 1,363,162</b>	<b>\$ 4,153,366</b>	<b>\$ 9,995,918</b>	<b>\$ 1,394,995</b>	<b>\$ 57,845,864</b>	<b>\$ 144,483,820</b>	<b>\$ 1,168,980</b>

Source: CAFR Schedule A-2.

ESSEX COUNTY VOCATIONAL SCHOOLS  
 FUND BALANCES, GOVERNMENTAL FUNDS  
 LAST TEN FISCAL YEARS  
 (Modified Accrual Basis of Accounting)  
 (Unaudited)

J-3

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund:										
Reserved	\$ 1,558,022	\$ 3,367,054	\$ 854,522	\$2,463,728	\$ 3,465,039	\$ 3,037,666	\$ 4,035,575	\$ 7,149,835	\$ 9,549,501	\$ 11,816,376
Unreserved	<u>643,821</u>	<u>97,943</u>	<u>(605,151)</u>	<u>(298,605)</u>	<u>(226,397)</u>	<u>193,559</u>	<u>214,389</u>	<u>101,934</u>	<u>159,067</u>	<u>181,394</u>
Total General Fund	<u>\$ 2,201,843</u>	<u>\$ 3,464,997</u>	<u>\$ 249,370</u>	<u>\$2,165,123</u>	<u>\$ 3,238,642</u>	<u>\$ 3,231,225</u>	<u>\$ 4,249,964</u>	<u>\$ 7,251,769</u>	<u>\$ 9,708,568</u>	<u>\$ 11,997,770</u>
All Other Governmental Funds:										
Reserved	\$ 1,334	\$ 344,169	\$ 541,179	\$ 597,076	\$ 690,137	\$ 846,215	\$ 673,815	\$11,342,630	\$82,541,228.10	\$48,878,860.60
Unreserved, Reported in:										
Special Revenue Fund	(179,884)									
Capital Projects Fund	<u>4,193,595</u>	<u>5,399,539</u>	<u>6,678,375</u>	<u>2,860,615</u>	<u>9,563,616</u>	<u>10,436,158</u>	<u>11,649,362</u>	<u>17,538,974</u>	<u>54,571,133.17</u>	<u>28,093,302.91</u>
Total All Other Governmental Funds	<u>\$ 4,015,044</u>	<u>\$ 5,743,708</u>	<u>\$7,219,554</u>	<u>\$3,457,691</u>	<u>\$10,253,753</u>	<u>\$11,282,373</u>	<u>\$12,323,177</u>	<u>\$28,881,604</u>	<u>\$ 137,112,361</u>	<u>\$ 76,972,164</u>

Source: CAFR Schedule B-1.

**ESSEX COUNTY VOCATIONAL SCHOOLS**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
*(Modified Accrual Basis of Accounting)*  
*(Unaudited)*

J-4

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues</b>										
Tax Levy	\$ 7,843,901	\$ 7,022,012	\$ 4,450,000	\$ 6,750,000	\$ 5,250,000	\$ 4,450,000	\$ 4,450,000	\$ 4,450,000	\$ 4,450,000	\$ 4,450,000
Tuition Charges	13,285,931	13,273,818	10,639,209	13,056,242	13,266,017	13,625,524	13,835,915	13,952,003	13,870,912	13,560,954
Restricted Miscellaneous			216,457	210,126	254,326	25,022	89,687	736,392	464,915	28,341
Unrestricted Miscellaneous	554,543	254,237	2,711,070	441,098	822,545	115,611	3,449,962	56,102,448	143,012,553	1,112,479
Refunds					4,949,970					
Private Sources	57,540	48,637	80,159	49,259	45,409	39,906	3,930	26,810	11,504	15,402
State Sources	20,509,905	21,165,322	22,605,472	21,526,627	22,952,157	24,240,090	23,910,103	24,430,674	25,177,259	25,794,263
Federal Sources	3,518,733	3,333,637	4,635,922	4,183,940	4,900,302	4,096,301	3,438,885	3,154,602	3,052,030	3,311,602
<b>Total Revenue</b>	<u>45,770,554</u>	<u>45,097,663</u>	<u>45,338,289</u>	<u>46,217,292</u>	<u>52,440,726</u>	<u>46,592,454</u>	<u>49,178,482</u>	<u>102,852,929</u>	<u>190,039,172</u>	<u>48,273,042</u>
<b>Expenditures</b>										
Instruction:										
Regular Instruction	11,573,779	8,951,558	10,479,987	9,309,158	9,680,706	9,721,640	9,626,455	9,171,456	9,478,857	9,716,966
Other Special Instruction	2,354,557	5,372,324	5,593,332	2,335,652	2,362,597	2,336,856	1,849,829	1,717,840	1,654,782	1,673,348
Vocational Education	2,041,248	2,281,914	2,509,585	4,983,696	5,041,880	4,906,834	4,871,366	5,179,471	5,324,307	5,307,780
Other Instruction	1,097,869	1,000,710	756,261	771,813	938,194	1,073,639	1,556,858	1,751,154	1,396,817	1,260,247
Support Services:										
Student and Instruction Related Services	3,604,574	3,783,491	4,213,352	4,193,642	4,327,766	4,343,023	4,375,116	4,265,358	4,395,661	4,586,818
General Administration	2,556,435	1,149,742	1,184,378	1,237,482	1,304,727	2,296,529	1,838,598	2,208,806	1,754,780	1,580,555
School Administrative Services	1,368,893	1,539,944	1,603,332	1,446,416	1,506,694	1,612,526	1,542,460	1,594,547	1,695,114	1,852,350
Central Services	683,047	676,738	691,101	685,268	734,883	704,114	692,453	741,958	793,367	766,981
Administration of Information Technology	417,687	748,463	1,128,795	960,928	1,090,011	1,177,242	1,313,644	1,128,543	1,221,069	1,198,508
Plant Operations and Maintenance	4,599,018	5,122,625	5,378,438	5,228,817	5,415,380	5,266,475	4,520,450	4,466,916	4,526,021	4,409,262
Security							1,049,738	932,204	1,050,525	975,313
Pupil Transportation	287,394	338,726	331,368	326,782	407,952	506,124	445,245	344,078	476,189	474,431
Employee Benefits	9,427,041	8,564,109	9,038,245	9,520,530	10,026,316	9,657,197	8,802,730	9,540,404	10,261,950	11,483,770
Food Service					47,828					
Special Schools	675,469	863,010	905,868	646,031	632,358	326,876	292,078	336,855	239,769	346,547
Capital Outlay	5,639,378	1,712,481	3,003,601	6,369,358	1,051,680	1,542,176	4,242,019	39,913,008	35,082,407	60,491,159
<b>Total Expenditures</b>	<u>46,326,389</u>	<u>42,105,846</u>	<u>46,817,644</u>	<u>48,063,402</u>	<u>44,521,144</u>	<u>45,471,251</u>	<u>47,019,038</u>	<u>83,292,598</u>	<u>79,351,616</u>	<u>106,124,037</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(555,835)</u>	<u>2,991,817</u>	<u>(1,479,356)</u>	<u>(1,846,110)</u>	<u>7,919,581</u>	<u>1,121,203</u>	<u>2,159,444</u>	<u>19,560,331</u>	<u>110,687,556</u>	<u>(57,850,995)</u>
<b>Other Financing Sources (Uses):</b>										
Transfers Out					(50,000)	(50,000)	(100,000)			
<b>Total Other Financing Sources (Uses)</b>					<u>(50,000)</u>	<u>(50,000)</u>	<u>(100,000)</u>			
<b>Net Change in Fund Balances</b>	<u>\$ (555,835)</u>	<u>\$ 2,991,817</u>	<u>\$ (1,479,356)</u>	<u>\$ (1,846,110)</u>	<u>\$ 7,869,581</u>	<u>\$ 1,071,203</u>	<u>\$ 2,059,444</u>	<u>\$ 19,560,331</u>	<u>\$ 110,687,556</u>	<u>\$ (57,850,995)</u>

Source: District Financial Statements.

ESSEX COUNTY VOCATIONAL SCHOOLS  
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE  
LAST TEN FISCAL YEARS  
*(Modified Accrual Basis of Accounting)*  
*(Unaudited)*

J-5

Fiscal Year Ending June 30:	<u>Sale of Capital Assets</u>	<u>LPN Program</u>	<u>LPN Fees</u>	<u>CNA Nurse Program</u>	<u>E-Rate Reimbursement</u>	<u>Interest</u>	<u>Game Gate Receipts</u>	<u>Adult Tuition</u>	<u>Vending Machine Commission</u>	<u>Miscellaneous</u>	<u>Annual Totals</u>
2008	\$	\$	\$	\$	\$	\$	\$		\$	\$ 554,543	\$ 554,543
2009								280,165		254,237	534,402
2010		88,123	49,417	16,216	216,457	8,008	1,215	62,081		137,663	579,180
2011		99,782	47,605	7,120	210,126	2,342		60,140		224,108	651,224
2012		72,335	23,895	4,000	254,326	417		59,531		662,366	1,076,870
2013	633			1,000	25,022	638		54,800	6,801	49,036	137,930
2014						582		38,225		50,880	89,687
2015					586,921	658		41,230		148,813	777,623
2016						2,519	376,103	39,612		46,680	464,915
2017					1,018,172	3,271		13,414	1,257	76,365	1,112,479

Source: District Records



## REVENUE CAPACITY

**ESSEX COUNTY VOCATIONAL SCHOOLS**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**  
*(Unaudited)*

Fiscal Year Ended June 30,	<u>Land</u>	<u>Improvements</u>	Less Exemptions and <u>Abatements</u>	<u>Equipment (a)</u>	Net <u>Taxable Value</u>
2016	\$ 31,841,042,523	\$ 43,345,247,432	\$ 76,630,500	\$ 167,151,822	\$ 75,276,811,277
2015	31,863,596,223	43,462,768,766	88,338,900	162,417,409	75,400,443,498
2014	31,944,670,234	43,639,761,624	109,187,006	157,288,323	75,632,530,175
2013	33,393,455,610	44,332,530,617	137,482,900	180,283,784	77,768,787,111
2012	34,947,798,552	42,441,259,698	213,441,100	185,759,001	77,361,376,151
2011	37,244,924,473	43,480,131,601	275,349,060	187,636,633	80,637,343,647
2010	34,713,649,311	40,705,221,276	329,615,000	167,175,713	75,256,431,300
2009	31,454,553,431	37,801,556,352	367,257,800	162,857,390	69,051,709,373
2008	27,282,217,881	33,825,592,350	401,765,800	146,888,187	60,852,932,618
2007	24,699,096,900	32,239,063,570	407,687,229	143,665,474	57,489,513,173

**Source: Municipal Tax Assessor:**

Real property is required to be assessed at some percentage of true value (fair or market value) established by each County Board of Taxation.

**Note:**

Reassessment occurs when the County Board of Taxation requests the Treasury to order a reassessment.

(a) Taxable value of machinery, implements and equipment of telephone, telegraph and messenger system companies.

N/A - Not Available

**ESSEX COUNTY VOCATIONAL SCHOOLS  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN FISCAL YEARS  
(Rate per \$100 of Assessed Value)  
(Unaudited)**

<u>Fiscal Year Ended June 30,</u>	<u>Total Rate</u>	<u>Vocational School Share</u>
2007	\$3.828	N/A
2008	3.765	N/A
2009	3.784	N/A
2010	3.944	N/A
2011	4.254	N/A
2012	4.505	N/A
2013	4.782	N/A
2014	5.077	N/A
2015	5.069	N/A
2016	5.069	N/A

Source: County Records

**ESSEX COUNTY VOCATIONAL SCHOOLS  
MUNICIPALITIES WITHIN ESSEX COUNTY  
VARIOUS ECONOMIC AND DEMOGRAPHIC DATA  
(Unaudited)**

	2017			
	Net Assessed Value	2017 Tax Levy	2017 Taxes County Portion	2016 Estimated Population*
Belleville Township	\$ 2,813,266,309	\$ 102,921,410	\$ 14,179,257	36,203
Bloomfield Township	4,258,122,509	155,599,634	21,500,104	48,539
Caldwell Township	1,111,963,138	26,986,971	5,630,860	8,018
Cedar Grove Township	2,330,420,358	49,331,875	11,789,575	12,592
East Orange City	2,729,633,486	126,611,733	13,774,269	64,789
Essex Fells Borough	764,401,837	15,269,453	3,856,713	2,125
Fairfield Township	3,041,679,929	57,028,801	15,003,622	7,552
Glen Ridge Borough	1,565,063,528	48,370,493	7,929,930	7,642
Irvington Township	2,050,716,539	101,184,135	10,343,831	54,425
Livingston Township	7,714,930,277	180,134,434	38,446,545	29,801
Maplewood Township	3,495,750,869	112,622,907	17,637,085	24,634
Millburn Township	9,504,080,275	176,242,129	47,362,074	20,308
Montclair Township	6,805,822,663	207,785,477	34,378,737	38,700
Newark City	13,772,278,770	420,869,208	68,978,658	281,764
North Caldwell Borough	1,729,088,755	35,768,045	8,755,443	6,669
Nutley Township	3,604,380,885	109,462,797	17,351,136	28,670
City of Orange Township	1,451,813,628	61,387,189	7,254,383	30,583
Roseland Borough	1,818,332,621	37,709,916	9,198,906	5,885
South Orange Village Township	2,624,997,635	85,531,964	13,228,006	16,319
Verona Township	2,319,650,956	61,785,294	11,753,917	13,519
West Caldwell Township	2,303,581,422	53,006,939	11,633,980	10,928
West Orange Township	5,981,356,520	217,812,347	30,209,880	47,249
Total	<u>\$ 83,791,332,909</u>	<u>\$ 2,443,423,151</u>	<u>\$ 420,196,912</u>	<u>796,914</u>

Source: County Tax Assessor

\*Division of Local Government Services - Department of Community Affairs

**ESSEX COUNTY VOCATIONAL SCHOOLS  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
(Unaudited)**

**J-9**

<u>Fiscal Year Ended June 30.</u>	<u>Total Essex County Tax Levy</u>	<u>School Estimate Amount for the Fiscal Year</u>	<u>Percentage of Essex County Levy</u>
2008	\$ 349,575,243	\$ 4,250,000	1.2158%
2009	363,575,246	4,450,000	1.2240%
2010	373,755,353	4,450,000	1.1906%
2011	383,327,900	4,450,000	1.1609%
2012	391,714,299	4,450,000	1.1360%
2013	398,569,300	4,450,000	1.1165%
2014	405,146,000	4,450,000	1.0984%
2015	415,244,919	4,450,000	1.0717%
2016	421,101,000	4,450,000	1.0568%
2017	420,196,912	4,450,000	1.0590%

The County of Essex funds the Vocational School. The amount of each years' funding is set by the County Board of School Estimate. The amount set by the Board of School Estimate is then appropriated in the County of Essex yearly budget.

## DEBT CAPACITY

**ESSEX COUNTY VOCATIONAL SCHOOLS  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
*(Unaudited)***

Not applicable, the Vocational School does not issue any type of debt instruments.

**ESSEX COUNTY VOCATIONAL SCHOOLS  
RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS  
(Unaudited)**

Not applicable, the Vocational School does not issue any type of debt instruments.



**ESSEX COUNTY VOCATIONAL SCHOOLS  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30, 2016  
(Unaudited)**

Not applicable, the Vocational School does not issue any type of debt instruments.

**ESSEX COUNTY VOCATIONAL SCHOOLS  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS  
(Unaudited)**

Not applicable, the Vocational School does not issue any type of debt instruments.

**DEMOGRAPHIC AND ECONOMIC INFORMATION**

**ESSEX COUNTY VOCATIONAL SCHOOLS  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
(Unaudited)**

<u>Year</u>	<sup>a</sup> <u>Population</u>	<sup>b</sup> <u>Personal Income</u>	<sup>c</sup> <u>Per Capita Personal Income</u>	<sup>d</sup> <u>Unemployment Rate</u>
2007	769,139	\$ 38,341,579,150	\$ 49,850	N/A
2008	767,075	39,630,929,875	51,665	6.6%
2009	769,644	37,636,361,244	48,901	10.5%
2010	784,099	39,825,172,309	50,791	10.2%
2011	785,137	41,577,714,972	52,956	10.8%
2012	787,744	43,315,679,328	54,897	9.5%
2013	786,337	42,938,718,222	54,606	7.9%
2014	793,443	41,626,400,109	52,463	N/A
2015	795,039	46,365,879,441	58,319	6.7%
2016	796,914	47,838,747,420	60,030	6.0%

**Source:**

- (a) Population information provided by the New Jersey Department of Labor and Workforce Development.
- (b) Personal income has been estimated based upon the municipal population and per capita personal income presented.
- (c) Per capita personal income by municipality estimated based upon the 2000 Census published by the U.S. Bureau of Economic Analysis.
- (d) Unemployment data provided by the New Jersey Department of Labor and Workforce Development.

N/A - Not Available

**ESSEX COUNTY VOCATIONAL SCHOOLS  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO  
(Unaudited)**

<u>Employer</u>	<u>2016</u>		<u>2008</u>	
	<u>Employees</u>	<u>Rank (Optional)</u>	<u>Employees</u>	<u>Rank (Optional)</u>
St. Barnabas Health Care System	21,000	1	*	*
Rutgers University - Newark Campus	15,500	2		
Verizon	15,000	3		
New Jersey Transit	11,500	4		
Public Service Electric & Gas	10,000	5		
Prudential Insurance Company of America	8,743	6		
Montclair State University	7,525	7		
Newark Board of Education	7,050	8		
Gateway Group One	6,250	9		
Automatic Data Processing	5,649	10		
City of Newark	4,000	11		

Source: School District

\*Information not available at time of audit.

## OPERATING INFORMATION

**ESSEX COUNTY VOCATIONAL SCHOOLS**  
**FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM**  
**LAST NINE FISCAL YEARS**  
*(Unaudited)*

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b><u>Function/Program</u></b>									
Instruction:									
Regular	*	101	103	104	103	106	111	111	107
Other Special Education	*	26	25	26	26	26	26	20	19
Vocational	*	80	63	63	61	59	58	57	56
Other Instruction	*	19	18	17	16	15	15	18	15
Support Services:									
Student and Instruction Related Services	*	33	35	35	34	35	34	35	34
General Administration	*	8	9	7	14	12	12	13	12
School Administrative Services	*	15	17	19	18	19	20	18	18
Plant Operations and Maintenance	*	14	23	23	24	23	22	24	24
Pupil Transportation	*	4	4	4	4	4	4	4	4
Business and Other Support Services	*	17	15	15	14	15	14	17	18
Total	*	<u>317</u>	<u>312</u>	<u>313</u>	<u>314</u>	<u>314</u>	<u>316</u>	<u>317</u>	<u>307</u>

\*Information not provided by the District.

Source: District Personnel Records

**ESSEX COUNTY VOCATIONAL SCHOOLS  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS  
(Unaudited)**

<u>Fiscal Year</u>	<u>Enrollment</u>	<sup>a</sup> <u>Operating Expenditures</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<sup>b</sup> <u>Teaching Staff</u>	<sup>c</sup> <u>Average Daily Enrollment (ADE)</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2008	2,121	\$ 37,093,798	\$ 17,489	-2.16%	167	2,136.0	-.08%	91.71%
2009	2,095	40,393,356	19,281	10.25%	167	1,936.6	-9.34%	N/A
2010	2,050	35,182,748	17,162	-10.99%	167	1,889.8	-2.42%	N/A
2011	2,286	35,217,316	15,406	-10.24%	184	2,022.9	7.04%	N/A
2012	2,306	36,169,594	15,685	1.81%	193	2,107.2	4.17%	N/A
2013	2,226	36,417,461	16,360	4.30%	190	2,146.9	1.88%	N/A
2014	2,241	36,271,279	16,185	-1.07%	191	2,214.9	3.17%	N/A
2015	2,282	36,753,321	16,106	-0.49%	195	2,218.0	0.14%	N/A
2016	2,338	37,001,011	15,826	-1.74%	188	2,157.0	-2.75%	N/A
2017	2,187	37,636,975	17,209	8.74%	182	2,128.4	-1.33%	N/A

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



**ESSEX COUNTY VOCATIONAL SCHOOLS  
SCHOOL BUILDING INFORMATION  
LAST NINE FISCAL YEARS  
(Unaudited)**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b><u>District Building</u></b>									
<b><u>North 13th Street</u></b>									
Square Feet	117,274	117,274	117,274	117,274	117,274	117,274	117,274	117,274	117,274
Capacity (Students)	920	920	920	920	920	920	920	920	920
Enrollment	669	579	612	635	682	684	686	686	656
<b><u>Technical Careers Center</u></b>									
Square Feet	163,069	163,069	163,069	163,069	163,069	166,622	166,622	166,622	166,622
Capacity (Students)	1,091	1,091	1,091	1,091	1,091	1,091	1,091	1,091	1,091
Enrollment	733	691	696	704	744	739	738	738	693
<b><u>Bloomfield Center</u></b>									
Square Feet	80,215	80,215	80,215	80,215	80,215	80,215	80,215	80,215	80,215
Capacity (Students)	675	675	675	675	675	675	675	675	675
Enrollment	455	436	464	476	484	501	514	514	483
<b><u>West Caldwell Center</u></b>									
Square Feet	61,994	61,994	61,994	61,994	61,994	61,994	61,994	61,994	61,994
Capacity (Students)	405	405	405	405	405	405	405	405	405
Enrollment	329	293	249	261	316	319	344	344	355
Total Square Feet	422,552	422,552	422,552	422,552	422,552	426,105	426,105	426,105	426,105

Source: District Facilities Office

**ESSEX COUNTY VOCATIONAL SCHOOLS  
SCHEDULE OF REQUIRED MAINTENANCE  
LAST TEN FISCAL YEARS  
(Unaudited)**

UNDISTRIBUTED EXPENDITURES - REQUIRED  
MAINTENANCE FOR SCHOOL FACILITIES  
11-000-261-xxx

	*School Facilities Project #'s	North 13th Street	Technical Careers	Bloomfield Center	West Caldwell Center	Total
2008	N/A	\$ 207,326	\$ 281,371	\$ 140,685	\$ 111,067	\$ 740,449
2009	N/A	312,860	319,430	138,495	162,724	933,509
2010	N/A	371,733	379,679	223,905	193,287	1,168,604
2011	N/A	282,922	365,151	283,654	291,354	1,223,081
2012	N/A	189,369	460,873	305,022	209,413	1,164,677
2013	N/A	356,516	561,346	279,387	228,926	1,426,175
2014	N/A	278,172	472,509	317,155	293,894	1,361,730
2015	N/A	337,686	422,382	357,547	307,098	1,424,713
2016	N/A	379,964	539,849	259,849	200,858	1,380,521
2017	N/A	258,811	433,602	304,446	258,391	1,255,250
Total School Facilities		<u>\$ 2,975,358</u>	<u>\$ 4,236,192</u>	<u>\$ 2,610,145</u>	<u>\$ 2,257,013</u>	<u>\$ 12,078,708</u>

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

Source: District Records

**ESSEX COUNTY VOCATIONAL SCHOOLS  
INSURANCE SCHEDULE  
JUNE 30, 2017  
(Unaudited)**

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	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - New Jersey School Boards		
Insurance Group:		
Property - Blanket Building and Contents	\$ 400,000,000	\$ 5,000
Comprehensive General Liability	16,000,000	
Comprehensive Automobile Liability	16,000,000	
Extra Expense	50,000,000	5,000
Valuable Papers	10,000,000	5,000
Business Income/Tuition	5,000,000	5,000
Auto Physical Damage	Actual Cash Value	1,000
Errors and Omissions	16,000,000	10,000
Environmental	1,000,000	10,000
Computers and Scheduled Equipment:		
Data Processing Equipment	500,000	1,000
Boiler and Machinery:		
Property Damage	100,000,000	5,000
Crime and Bonds:		
Faithful Performance	250,000	1,000
Forgery and Alteration	50,000	500
Money and Securities	50,000	500
Money Orders/Counterfeit	100,000	1,000
Computer Fraud	100,000	1,000
Board Secretary	300,000	1,000
Treasurer	300,000	1,000
Monumental Life:		
Student Accident	5,000,000	
Disability for all Students	1,000,000	
NJ UEP:		
Excess Limits:		
Each Occurrence	24,000,000	
Aggregate	24,000,000	
Flood:		
Flood Zones (SFHA)	20,000,000	500,000 Per Building 500,000 Per Building Contents
All Other Flood Zones	75,000,000	10,000 Per Occurrence
Earthquake - Aggregates	50,000,000	
Terrorism	1,000,000	
Limited Builders Risk	5,000,000	

Source: District Records

**SINGLE AUDIT SECTION**

550 BROAD STREET, 11TH FLOOR  
NEWARK, NJ 07102-9969  
PHONE (973) 624-6100  
FAX (973) 624-6101

38 WEST MAIN STREET, SUITE 303  
FREEHOLD, NJ 07728-2291  
PHONE (732) 780-2600  
FAX (732) 780-1030

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

The Honorable President and Members  
of the Board of Education  
Essex County Vocational Schools District  
County of Essex  
Newark, New Jersey 07102

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Essex County Vocational Schools District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Essex County Vocational Schools District's basic financial statements, and have issued our report thereon dated December 4, 2017.

**Internal Control Over Financial Reporting**

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

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

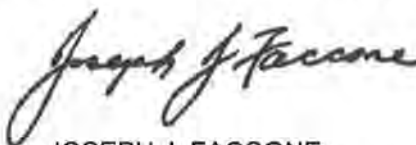
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

**Compliance and Other Matters**

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.



JOSEPH J. FACCONI  
Licensed Public School Accountant #194



SAMUEL KLEIN AND COMPANY  
CERTIFIED PUBLIC ACCOUNTANTS

Newark, New Jersey  
December 4, 2017

550 BROAD STREET, 11TH FLOOR  
NEWARK, NJ 07102-9969  
PHONE (973) 624-6100  
FAX (973) 624-6101

36 WEST MAIN STREET, SUITE 303  
FREEHOLD, NJ 07728-2291  
PHONE (732) 780-2600  
FAX (732) 780-1030

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

The Honorable President and Members  
of the Board of Education  
Essex County Vocational Schools District  
County of Essex  
Newark, New Jersey 07102

**Report on Compliance for Each Major Program**

We have audited the Essex County Vocational Schools Board of Education's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2017. The Essex County Vocational Schools District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Essex County Vocational Schools District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *New Jersey State Aid/Grant Compliance Supplement*, and 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 the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* (NJOMB 15-08). Those standards and the Uniform Guidance 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 Essex County Vocational Schools District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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



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

In our opinion, the Essex County Vocational School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2017.

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

Management of the Essex County Vocational Schools District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Essex County Vocational Schools District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with Uniform Guidance and NJOMB's 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 Essex County Vocational Schools District's internal control over compliance.

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

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

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



**Report on Schedules of Expenditures of Federal and State Awards Required by the Uniform Guidance and New Jersey OMB's Circular 15-08**

We have audited the financial statements of the Board of Education of the Essex County Vocational Schools District as of and for the year ended June 30, 2017, and have issued our report thereon dated December 4, 2017, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by the Uniform Guidance and New Jersey OMB's Circular 15-08 and is not a required part of the 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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of expenditures of federal and state awards is fairly stated in all material respects in relation to the financial statements as a whole.



JOSEPH J. FACCONI  
Licensed Public School Accountant #194



SAMUEL KLEIN AND COMPANY  
CERTIFIED PUBLIC ACCOUNTANTS

Newark, New Jersey  
December 4, 2017

ESSEX COUNTY VOCATIONAL SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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 June 30, 2016	Carryover/ (Walkover) Amount	Cash Received	Total Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2017				
					From	To							Accounts Receivable	Deferred Inflows	Due to Grantor		
U.S. Department of Education: General Fund:																	
ARRA(SEM)	93.778	1605NJSMAP	N/A	\$ 15,054.22	7/01/2014	6/30/2016	\$ 15,054.22	\$ -	\$ -	\$ 3,039.83	\$ -	\$ -	\$ -	\$ 15,054.22	\$ -	\$ -	\$ -
ARRA(SEM)	93.778	1705NJSMAP	N/A		4/01/2009	12/31/2009			3,039.83	3,039.83							
U.S. Department of Treasury: Medicaid Reimbursement:	93.778	1605NJSMAP	N/A	45,723.82	7/01/2016	6/30/2017			67,524.61	67,524.61							
<b>Total General Fund</b>							<u>15,054.22</u>		<u>70,664.44</u>	<u>70,664.44</u>				<u>15,054.22</u>			
U.S. Department of Education Pass-Through State Department of Education: Special Revenue Fund:																	
Ganycyber Program	12.903		HR8230-16-1-0249	58,200.65	4/26/2017	4/25/2018			55,160.51	55,160.51							
Ganycyber Program	12.903		HR8230-16-1-0249	100,000.00	4/26/2016	4/25/2017	(35,318.35)		115,101.39								76,784.95
Title I	84.010	S010A160030	NCLB-1390-17	1,591,966.00	7/01/2016	6/30/2017			1,551,628.00	1,582,723.53			(31,095.53)				
Title I	84.010	S010A150030	NCLB-1390-16	1,561,082.00	7/01/2015	6/30/2016	(25,376.19)		33,836.00								8,489.81
Title I - School Improvement Award	84.010	S010A150030	NCLB-1390-15	35,600.00	7/01/2016	6/30/2017			35,600.00	35,600.00							
Title I - School Improvement Award	84.010	S010A150030	NCLB-1390-16	22,800.00	7/01/2015	6/30/2016	(16,526.00)		18,528.00								
Title I - School Rewards	84.010	S010A150030	NCLB-1390-15	100,000.00	7/01/2014	6/30/2015	11,364.68										11,364.68
Title I	84.010	S010A150030	NCLB-1390-14	1,621,096.00	7/01/2013	6/30/2014	(363.56)						(363.56)				
Title II - A	84.367A	S367A150028	NCLB-1390-17	60,399.00	7/01/2016	6/30/2017			60,399.00	58,603.05		1.00					1,705.61
Title II - A	84.367A	S367A150029	NCLB-1290-13	114,637.00	6/01/2012	6/31/2013	(1.00)										
Title II - D	84.281		NCLB-1390-12	4,525.00	9/01/2011	6/31/2012	22.00										22.00
Title III	84.365	S365A160030	NCLB-1390-17	32,390.00	7/01/2016	6/30/2017			32,390.00	32,310.00							80.00
Title III	84.365	S365A150030	NCLB-1390-16	30,648.00	7/01/2015	6/30/2016	296.96										296.96
Title III	84.365	S365A150030	NCLB-1390-14	28,318.00	7/01/2013	6/30/2014	(216.00)						(216.00)				
Title III	84.365	S365A150030	NCLB-1390-13	34,471.00	6/01/2012	6/31/2013	(9,803.03)						(9,803.03)				
Title III - Immigrant	84.365	S365A160030	NCLB-1390-17	4,519.00	7/01/2016	6/30/2017			4,519.00	4,519.00							
Title III - Immigrant	84.365	S365A150030	NCLB-1390-16	9,658.00	7/01/2015	6/30/2016	332.09										332.09
Adult Basic Education	84.002A		N/A	100,000.00	7/01/2016	6/30/2017			64,518.00	97,198.21				(32,680.21)			
Adult Basic Education	84.002A		N/A	123,000.00	7/01/2015	6/30/2016	(5,273.28)		5,302.00								28.72
Adult Basic Education	84.002A		N/A	196,600.00	7/01/2013	6/30/2014	120.24										120.24
Adult Basic Education	84.002A		N/A	124,400.00	7/01/2011	6/30/2012	3,820.42										3,820.42
I.D.E.A. Part B - Basic	84.027	HD27A160100	IDEA-1390-17	796,698.00	7/01/2016	6/30/2017			376,943.86	584,459.98				(207,510.03)			
I.D.E.A. Part B - Basic	84.027	HD27A150100	IDEA-1390-16	562,941.00	7/01/2015	6/30/2016	(103,418.07)		103,932.06								212.96
I.D.E.A. Part B - Basic	84.027	HD27A150100	IDEA-1390-15	697,414.00	7/01/2014	6/30/2015											
Carl D. Perkins - Vocational Education	84.048A	VD48A160030	N/A	788,924.00	7/01/2016	6/30/2017			582,907.41	760,379.52				(207,472.11)			
Carl D. Perkins - Vocational Education	84.048A	VD48A140030	N/A	524,459.00	7/01/2015	6/30/2016	(33,146.34)		33,146.00			0.34					
Carl D. Perkins - Vocational Education	84.048A	VD48A140030	N/A	661,267.00	7/01/2014	6/30/2015	910.76										910.76
Carl D. Perkins - Vocational Education	84.048A	VD48A140030	N/A	560,000.00	7/01/2013	6/30/2014	114.00										114.00
Carl D. Perkins - Vocational Education	84.048A	VD48A140030	N/A	539,880.00	7/01/2012	6/30/2013	1,326.30										1,326.30
Carl D. Perkins - Vocational Education	84.048A	VD48A140030	N/A	378,989.00	7/01/2011	6/30/2012	7,269.53										7,269.53
Carl D. Perkins - Post Secondary	84.048A	VD48A140030	N/A	66,618.00	7/01/2014	6/30/2015	0.37										0.37
Race to the Top Phase 3	84.413A		N/A	144,416.00	9/01/2011	11/30/2015	202.05										202.05
<b>Total Special Revenue Fund</b>							<u>(203,584.42)</u>		<u>9,071,611.22</u>	<u>3,241,037.84</u>		<u>1.34</u>	<u>(489,142.47)</u>	<u>116,152.77</u>			
U.S. Department of Agriculture Pass-Through State Department of Agriculture: Enterprise Fund:																	
Food Distribution Program	10.550		N/A	60,628.35	7/1/2016	6/30/2017			60,628.35	59,140.68							1,487.67
Food Distribution Program	10.550		N/A	70,901.41	7/1/2015	6/30/2016	5,340.40		5,340.40								
School Breakfast Program	10.553	161NJ304N1099	N/A	506,956.58	7/1/2015	6/30/2016	(29,698.85)		29,698.85								
School Breakfast Program	10.553	171NJ304N1099	N/A	495,177.31	7/1/2016	6/30/2017			494,340.26	495,177.21			(30,837.05)				
National Lunch PB Program	10.555	161NJ304N1099	N/A	14,177.58	7/1/2015	6/30/2016	(718.98)		718.98								
National Lunch PB Program	10.555	171NJ304N1099	N/A	13,767.18	7/1/2016	6/30/2017			12,853.04	13,767.18			(914.14)				
National Lunch Program	10.555	161NJ304N1099	N/A	656,550.33	7/1/2015	6/30/2016	(35,043.61)		35,043.61								
National Lunch Program	10.555	171NJ304N1099	N/A	679,833.62	7/1/2016	6/30/2017			639,053.32	679,833.62			(40,780.30)				
<b>Total Enterprise Fund</b>							<u>(60,122.04)</u>		<u>1,242,437.41</u>	<u>1,253,259.19</u>			<u>(72,431.49)</u>	<u>1,487.67</u>			
<b>Total Federal Financial Awards</b>							<u>\$ (248,632.24)</u>	<u>\$ -</u>	<u>\$ 4,384,613.07</u>	<u>\$ 4,594,661.47</u>	<u>\$ -</u>	<u>\$ 1.34</u>	<u>\$ (681,573.96)</u>	<u>\$ 132,664.66</u>	<u>\$ -</u>		

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

ESSEX COUNTY VOCATIONAL SCHOOLS  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

State Grant/Program Title	Grant or State Project Number	Amount	Grant Period		Balance June 30, 2016			Budgetary Expenditures Pass-Through Funds	Budget Expenditures Incurred	Adjustments	Repayment of Prior Years Balances	Balance June 30, 2017			Memo			
			From	To	Deferred Revenue (Accounts Receivable)	Due to Grantor	Carryover/ (Waiver) Amount					Gain Received	Intergovernmental Accounts Receivable	Deferred Inflow/ Intertfund Payable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures	
<b>State Department of Education:</b>																		
<b>General Fund:</b>																		
Categorical Special Education Aid	17-465-034-5120-088	\$ 1,303,986.00	7/01/2016	6/30/2017	\$	\$	\$	\$ 1,303,986.00	\$ 1,303,986.00	\$	\$	\$	\$	\$	\$	\$	\$ 123,959.86	\$ 1,303,986.00
Equalization Aid	17-465-034-5120-078	19,162,333.00	7/01/2016	6/30/2017				19,162,333.00	19,162,333.00								1,922,734.13	19,162,333.00
Security Aid	17-465-034-5120-084	220,501.00	7/01/2016	6/30/2017				220,501.00	220,501.00								22,050.11	220,501.00
Accidental Adjustment Aid	17-465-034-5120-085	45,648.00	7/01/2016	6/30/2017				45,648.00	45,648.00								4,564.80	45,648.00
PARCC Readiness Aid	17-465-034-5120-098	22,300.00	7/01/2016	6/30/2017				22,300.00	22,300.00								2,230.00	22,300.00
Per Pupil Growth Aid	17-465-034-5120-097	22,300.00	7/01/2016	6/30/2017				22,300.00	22,300.00								2,230.00	22,300.00
Professional Learning	17-465-034-5120-101	22,600.00	7/01/2016	6/30/2017				22,600.00	22,600.00								2,260.00	22,600.00
On-Behalf TPAF Pension Contributions	17-465-034-5095-002	1,919,316.00	7/01/2016	6/30/2017				1,919,316.00	1,919,316.00									1,919,316.00
On-Behalf TPAF Post Retirement Medical Contributions	17-465-034-5095-001	1,596,227.00	7/01/2016	6/30/2017				1,596,227.00	1,596,227.00									1,596,227.00
On-Behalf TPAF Non-Contributory Insurance	17-465-034-5094-004	4,960.00	7/01/2016	6/30/2017				4,960.00	4,960.00									4,960.00
Reimbursed TPAF Social Security Contributions	17-465-034-5094-003	1,254,389.31	7/01/2016	6/30/2017				1,192,293.54	1,254,389.31			(62,095.77)						1,254,389.31
Reimbursed TPAF Social Security Contributions	16-465-034-5094-003	1,251,943.77	7/01/2015	6/30/2016				62,423.29										
<b>Total General Fund</b>					<u>(63,423.29)</u>			<u>25,578,180.63</u>	<u>25,577,833.31</u>			<u>(62,095.77)</u>					<u>2,075,996.00</u>	<u>25,577,633.31</u>
<b>Special Revenue Fund:</b>																		
<b>New Jersey School Development Authority:</b>																		
School Construction Grant	N/A	1,239,225.00	7/01/2010	6/30/2011	(333,669.95)							(333,669.95)						
Green Program of Study	15-100-34-5082-032	114,000.00	11/01/2014	10/31/2015	(99,018.66)							(99,018.66)						
Green Program of Study	14-100-34-5082-032	69,328.18	11/01/2013	10/31/2014	25,006.25								23,006.25					
Green Program of Study	13-100-34-5082-032	114,000.00	11/01/2013	10/31/2014	(24,871.62)							(24,871.62)						
Green Program of Study	13-100-34-5082-032	114,000.00	11/01/2012	10/31/2013	(1,330.86)							(1,330.86)						
Green Program of Study	12-100-34-5082-032	114,000.00	11/01/2011	10/31/2012	3,160.58								3,160.58					
Green Program of Study	11-100-34-5082-032	114,000.00	10/01/2010	9/30/2011	13,487.00								13,487.00					
Apprenticeship	17-465-034-5064-033	20,000.00	7/01/2016	6/30/2017			5,143.38	18,704.95				(14,581.60)						18,704.95
Apprenticeship	15-465-034-5064-033	48,000.00	7/01/2014	6/30/2016	(7,894.64)		7,954.54					(0.00)						
NJ LWD Pre-Apprentice Program	N/A	194,000.00	7/01/2016	6/30/2017			5,362.00	28,385.00				(21,023.00)						28,385.00
NJ LWD Pre-Apprentice Program	N/A	100,000.00	8/01/2015	6/30/2016	(6,000.00)							(6,000.00)						
Card O. Perkins:		33,208.00																
Vocational Aid	17-100-034-6082-032	76,663.00	7/01/2016	6/30/2017			68,413.00	76,621.67				(7,108.67)						76,621.67
Vocational Aid	16-100-034-6082-032	61,316.00	7/01/2015	6/30/2016	(17,503.17)		17,503.00					(0.17)						
Post Secondary	N/A	61,316.00	7/01/2016	6/30/2017				79,704.23				(79,704.23)						79,704.23
Post Secondary	N/A	61,385.00	7/01/2015	6/30/2016	(0.11)							(0.11)						
edConnect:			7/01/2016	6/30/2017			29,021.00	39,020.92					0.00					29,020.92
<b>New Jersey Department of Agriculture:</b>																		
USDA School Breakfast		3,418.81	7/01/2014	6/30/2015			1,050.28						1,050.28					
Agricultural Science Education (CASE)		12,500.00	7/01/2014	6/30/2015			(4,802.91)					(4,802.91)						
Agricultural Science Education (CASE)		5,000.00	7/01/2014	6/30/2013			5,000.00											
Agricultural Science Education (CASE)		10,000.00	7/01/2014	6/30/2012			18.37											
<b>Total Special Revenue Fund</b>					<u>(449,079.43)</u>		<u>134,137.00</u>	<u>231,348.78</u>				<u>(99,369.78)</u>	<u>46,700.57</u>					<u>231,348.78</u>
<b>State Department of Agriculture:</b>																		
<b>Enterprise Fund:</b>																		
National Lunch Program	16-100-010-3350-023	12,667.02	7/01/2015	6/30/2016	(651.15)		651.15											12,417.36
National Lunch Program	17-100-010-3350-023	13,227.05	7/01/2016	6/30/2017			11,879.97	12,417.36				(737.42)						12,417.36
<b>Total Enterprise Fund</b>					<u>(651.15)</u>		<u>12,331.13</u>	<u>12,417.36</u>				<u>(737.42)</u>						<u>12,417.36</u>
<b>Total State Financial Assistance</b>					<u>\$ (513,153.86)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,725,628.95</u>	<u>\$ 25,821,367.48</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (954,832.97)</u>	<u>\$ 46,700.57</u>	<u>\$ -</u>		<u>\$ 2,075,996.00</u>	<u>\$ 25,821,367.48</u>
<b>On-Behalf TPAF contributions not subject to OMB 15-08</b>																		
On-Behalf TPAF Pension Contributions	17-465-034-5095-002							\$ 1,919,316.00										
On-Behalf TPAF (Post Retirement Medical) Contributions	17-465-034-5095-001							1,596,227.00										
On-Behalf TPAF Non-Contributory Insurance	17-465-034-5094-004							4,960.00										
<b>Total - Major Program Determination for State Financial Assistance</b>								<u>\$ 3,520,503.00</u>										<u>\$ 22,296,034.48</u>

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

**ESSEX COUNTY VOCATIONAL SCHOOLS**

**NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE**

**JUNE 30, 2017**

**1. GENERAL**

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, Essex County Vocational Schools. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed-through other government agencies is included on the Schedules of Federal Awards and State Financial Assistance.

**2. BASIS OF ACCOUNTING**

The accompanying Schedules of Expenditures of Awards and 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 2 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of 2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from amounts presented in or used in the preparation of basic financial statements.

**3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

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

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

**ESSEX COUNTY VOCATIONAL SCHOOLS**  
**NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE FINANCIAL ASSISTANCE**

**JUNE 30, 2017**  
**(Continued)**

**3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Continued)**

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(14,917.00) for the general fund and \$(30,861.65) for the Special Revenue Fund. See Exhibit "C-3" (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 follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 70,564.44	\$ 25,562,916.31	\$ 25,633,480.75
Special Revenue Fund	3,241,037.84	231,346.78	3,472,384.62
Food Service Fund	<u>1,249,406.46</u>	<u>12,417.39</u>	<u>1,261,823.85</u>
Total Awards and Financial Assistance	<u>\$ 4,561,008.74</u>	<u>\$ 25,806,680.48</u>	<u>\$ 30,367,689.22</u>

**4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**5. FEDERAL AND STATE LOANS OUTSTANDING**

The District had no loans payable outstanding to federal or state entities at June 30, 2017.

**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 Post-Retirement Medical Benefit Contributions and Teacher's Pension Contributions represents the amounts paid directly by the State On-Behalf of the District for the year ended June 30, 2017. 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, 2017.

**ESSEX COUNTY VOCATIONAL SCHOOLS**  
**NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE FINANCIAL ASSISTANCE**

**JUNE 30, 2017**  
**(Continued)**

**7. ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT**

On-Behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits contributions are not subject to a State single audit. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's financial statements and the amount subject to State single audit and major program determination.

**8. DE MINIMIS INDIRECT COST RATE**

The District has elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**ESSEX COUNTY VOCATIONAL SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

**Financial Statements Section**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified?        Yes   √   No

2) Significant deficiency(ies) identified that are not considered to be material weaknesses?        Yes   √   None Reported

Noncompliance material to general-purpose financial statements noted?        Yes   √   No

**Federal Awards Section**

Internal control over major programs:

1) Material weakness(es) identified?        Yes   √   No

2) Significant deficiency(ies) identified that are not considered to be material weaknesses?        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 2 CFR 200 section .516(a) of Uniform Guidance?        Yes   √   No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number</u>	<u>Name of Federal Program or Cluster</u>
84.010	S010A160030	Title I
10.553	171NJ304N1099	Child Nutrition Cluster:
10.555	171NJ304N1099	School Breakfast Program
84.048A	V048A160030	National School Lunch Program
		Carl D. Perkins - Vocational Education

Dollar threshold used to distinguish between Type A and Type B Programs: \$750,000.00

Auditee qualified as low-risk auditee?   √   Yes        No



**ESSEX COUNTY VOCATIONAL SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)**

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

**State Awards Section**

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

Unmodified

Internal control over major programs:

1) Material weakness(es) identified?

\_\_\_\_\_ Yes      √      No

2) Significant deficiency(ies) identified that are not considered to be material weaknesses?

\_\_\_\_\_ Yes      √      None Reported

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letters 15-08 and 04-04?

\_\_\_\_\_ Yes      √      No

Identification of major Programs:

**GMIS Number(s)**

**Name of State Program**

17-495-034-5120-089  
17-495-034-5120-078  
17-495-034-5094-003

Categorical Special Education  
Equalization Aid  
TPAF Social Security

Dollar threshold used to distinguish between Type A and Type B Programs:

\$750,000.00

Auditee qualified as low-risk auditee?

  √      Yes    \_\_\_\_\_    No

**Section II - Financial Statement Findings**

NONE



**ESSEX COUNTY VOCATIONAL SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)**

**Section III:**

**a) Federal Award Findings and Questioned Costs:**

NONE

**b) State Award Findings and Questioned Costs:**

NONE

**ESSEX COUNTY VOCATIONAL SCHOOLS  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FISCAL YEAR ENDED JUNE 30, 2017**

**THERE WERE NO PRIOR YEAR AUDIT FINDINGS**



**ESSEX COUNTY VOCATIONAL SCHOOLS**

**COUNTY OF ESSEX**

**NEW JERSEY**

**AUDITOR'S MANAGEMENT REPORT**

**ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE**

**FISCAL YEAR ENDED**

**JUNE 30, 2017**