

**SALEM COUNTY
VOCATIONAL TECHNICAL
SCHOOL DISTRICT**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Salem County Vocational Technical Board of Education

Woodstown, New Jersey

For the Fiscal Year Ended June 30, 2017

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

**Salem County Vocational Technical
Board of Education**

Woodstown, New Jersey

For the Fiscal Year Ended June 30, 2017

Prepared by

**Salem County Vocational Technical School
Business Office**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
TABLE OF CONTENTS**

INTRODUCTORY SECTION

<u>Exhibit</u>	<u>Page</u>
Letter of Transmittal	1 - 5
Organizational Chart	6
Roster of Officials	7
Consultants and Advisors	8

FINANCIAL SECTION

Independent Auditor's Report	9 - 11
Required Supplementary Information – Part I Management's Discussion and Analysis (Unaudited)	12 - 19

Basic Financial Statements

A. District-wide Financial Statements:

A-1 Statement of Net Position	20
A-2 Statement of Activities	21

B. Fund Financial Statements:

Governmental Funds:

B-1 Balance Sheet	22
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	23
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	24

Proprietary Funds:

B-4 Statement of Net Position	25
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position	26
B-6 Statement of Cash Flows	27

Fiduciary Funds:

B-7 Statement of Fiduciary Net Position	28
B-8 Statement of Changes in Fiduciary Net Position	N/A

Notes to the Financial Statements	29-63
--	--------------

Required Supplementary Information – Part II

C. Budgetary Comparison Schedules (Unaudited):

C-1 Budgetary Comparison Schedule – General Fund	64-65
C-1a Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (if applicable)	N/A
C-1b Education Jobs Fund Program-Budget & Actual	N/A
C-2 Budgetary Comparison Schedule – Special Revenue Fund	66-67

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
TABLE OF CONTENTS**

FINANCIAL SECTION (Continued)

Exhibit

	<u>Page</u>
Notes to the Required Supplementary Information	
C-3 Budget-to-GAAP Reconciliation	68
Required Supplementary Information – Part III	
L. Schedules Related to Accounting and Reporting for Pensions (GASB 68) (Unaudited)	
L-1 Schedule of the District's Proportionate Share of the Net Pension Liability – PERS	69
L-2 Schedule of District Contributions – PERS	70
L-3 Schedule of the District's Proportionate Share of the Net Pension Liability – TPAF	71
L-4 Schedule of District Contributions – TPAF	72
Notes to the Required Supplementary Information – Part III	73
Other Supplementary Information	
D. School Based Budget Schedules (if applicable):	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund – Schedule of Expenditures Allocated by Resource Type – Actual	N/A
D-3 Blended Resource Fund – Schedule of Blended Expenditures – Budget and Actual	N/A
E. Special Revenue Fund:	
E-1 Combining Schedule of Program Revenues and Expenditures – Budgetary Basis	74-78
E-2 Preschool Education Aid Schedule(s) of Expenditures – Budgetary Basis	N/A
F. Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	79
F-2 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budgetary Basis	80
Not Used	81
F-2(a) Schedules of Project Revenues, Expenditures, Project Balance, and Project Status – Budgetary Basis	82

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
TABLE OF CONTENTS**

Other Supplementary Information (Continued)	Page
G. Proprietary Funds:	
Enterprise Fund:	
G-1 Combining Schedule of Net Position	83
G-2 Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position	84
G-3 Combining Schedule of Cash Flows	85
Internal Service Fund:	
G-4 Combining Schedule of Net Position	N/A
G-5 Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position	N/A
G-6 Combining Schedule of Cash Flows	N/A
H. Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Position	86
H-2 Combining Statement of Changes in Fiduciary Net Position	N/A
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	87
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	88
I. Long-Term Debt:	
I-1 Statement of Serial Bonds	N/A
I-2 Schedule of Obligations under Capital Leases	89
I-3 Debt Service Fund Budgetary Comparison Schedule	N/A

STATISTICAL SECTION (Unaudited)

Financial Trends Information/Schedules

J-1 Net Assets by Component	90
J-2 Changes in Net Position	91-92
J-3 Fund Balances - Governmental Funds	93
J-4 Changes in Fund Balances, Governmental Funds	94
J-5 General Fund Other Local Revenue By Source	95

Revenue Capacity Information

J-6 Assessed Value and Actual Value of Taxable Property	N/A
J-7 Direct and Overlapping Property Tax Rates	N/A
J-8 Principal Property Taxpayers	N/A
J-9 Property Tax Levies and Collections	N/A

Debt Capacity Information

J-10 Ratios of Outstanding Debt by Type	96
J-11 Ratios of General Bonded Debt Outstanding	N/A
J-12 Direct and Overlapping Governmental Activities Debt	N/A
J-13 Legal Debt Margin Information	N/A

Demographic and Economic Information

J-14 Demographic and Economic Statistics	97
J-15 Principal Employers	N/A

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
TABLE OF CONTENTS**

Other Supplementary Information (Continued)	<u>Page</u>
Operating Information	
J-16 Full-time Equivalent District Employees by Function/Program	98
J-17 Operating Statistics	99
J-18 School Building Information	100
J-19 Schedule of Allowable Maintenance Expenditures by School Facility	101
J-20 Insurance Schedule	102

SINGLE AUDIT SECTION

K-1	Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	103-104
K-2	Report on Compliance for Each Major Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures Required by the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB Circular Letter 15-08	105-106
K-3	Schedule of Expenditures of Federal Awards, Schedule A	107
K-4	Schedule of Expenditures of State Financial Assistance, Schedule B	108
K-5	Notes to Schedules of Expenditures of Federal and State Awards	109-110
K-6	Schedule of Findings and Questioned Costs- Summary of Auditor's Results	111-112
K-7	Schedule of Findings and Questioned Costs - Financial Statement, Federal Awards and State Financial Assistance	113-117
K-8	Summary Schedule of Prior Year Audit Findings	118-119

INTRODUCTORY SECTION

Salem County

Vocational Technical Schools

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

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

John R. Swain
Superintendent

John Bolil
Business Administrator

November 7, 2017

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

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

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit information. The introductory section includes this transmittal letter, Management's Discussion and Analysis (MD&A), the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), "Audits of States, Local Governments, and Non-Profit Organizations" and the State Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". Information related to this single audit, including the auditor's report on internal control and compliance with applicable laws and regulations and findings and recommendations, is included in the single audit section of this report.

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

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

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

B. Salem County Arts, Science and Technology Academies

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

C. Special Needs Programs

- Career Orientation
- New Jersey Regional Day School at Mannington

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

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

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

3. **MAJOR INITIATIVES:** The Salem County Vocational-Technical School continues to provide excellent education experience for students of Salem and Cumberland counties.

The district continues to improve programmatic and district responsibilities. The areas of curriculum, business office efficiency, technology, educational space, and staff continue to be addressed. The district continues to focus on providing the best vocational education possible with the available funding provided. Grant funding has been obtained in order to allow the students to be educated on industry-standard equipment and allow them to gain current workforce skills in their chosen area of vocation.

At the career and technical high school programs are being evaluated for their viability with the possibility of introducing new programming in the near future.

The district office continues to refine its efficiency through reassigning duties and reallocation of job responsibilities. Unfortunately, due to circumstances outside of our control, we will be discontinuing the use of the EDGE system that was implemented approximately a year and a half ago. The district will now be transitioning to a new personnel/payroll system (Edu-Met) effective January 1, 2018. This new transition will be labor intensive and possible realignment of duties could occur once this system is put into place.

The district is completing both its policy and procedures manual in order to gain an effective protocol in those areas. Through a previous audit the district has revised policies and procedures in order to maximize accuracy and efficiency within the district office.

In closing, the Salem County Vocational Technical School District has achieved many of its initiatives over the past several years. This next year will see a continuation of implementation of the long range plan developed in 2014-2015.

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

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

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

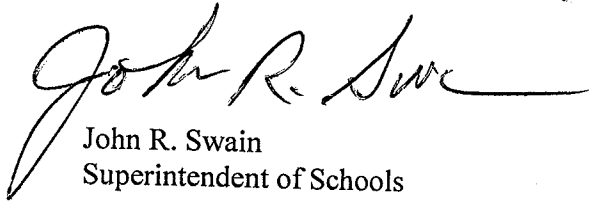
5. **BUDGETARY CONTROLS:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of School Estimates. Annual appropriated budgets are adopted for the general fund and the special revenue fund and the debt service fund. The final budget amount as amended for fiscal year 2017 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.

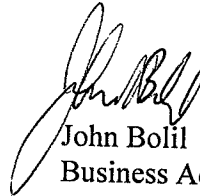
6. **ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to Financial Statements", Note 2.
7. **CASH MANAGEMENT:** The investment procedure of the District is guided in large part by state statute as detailed in "Notes to the Financial Statement", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.
8. **RISK MANAGEMENT:** The Board participated in Gloucester, Cumberland, and Salem School Districts Joint Insurance Fund and carries various forms of insurance, including, but not limited to, commercial general liability, commercial catastrophic liability and comprehensive/collision, commercial property on all property and contents, commercial inland marine, school board legal liability, worker's compensation and fidelity bonds.
9. **OTHER INFORMATION: Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nightlinger, Colavita and Volpa, Pa. was appointed by the Board. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements of the Title 2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and State of New Jersey Treasury Circular 15-08 OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. The auditor's report on the basic financial statements and combining and individual fund statements and schedules are included in the financial section of this report. The auditor's report related specifically to the single audit are included in the single audit section of this report.

10. ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Special Services School District and Vocational School District of the County of Salem for their concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby continuing their full support to the development and maintenance of our financial operation. The presentation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,

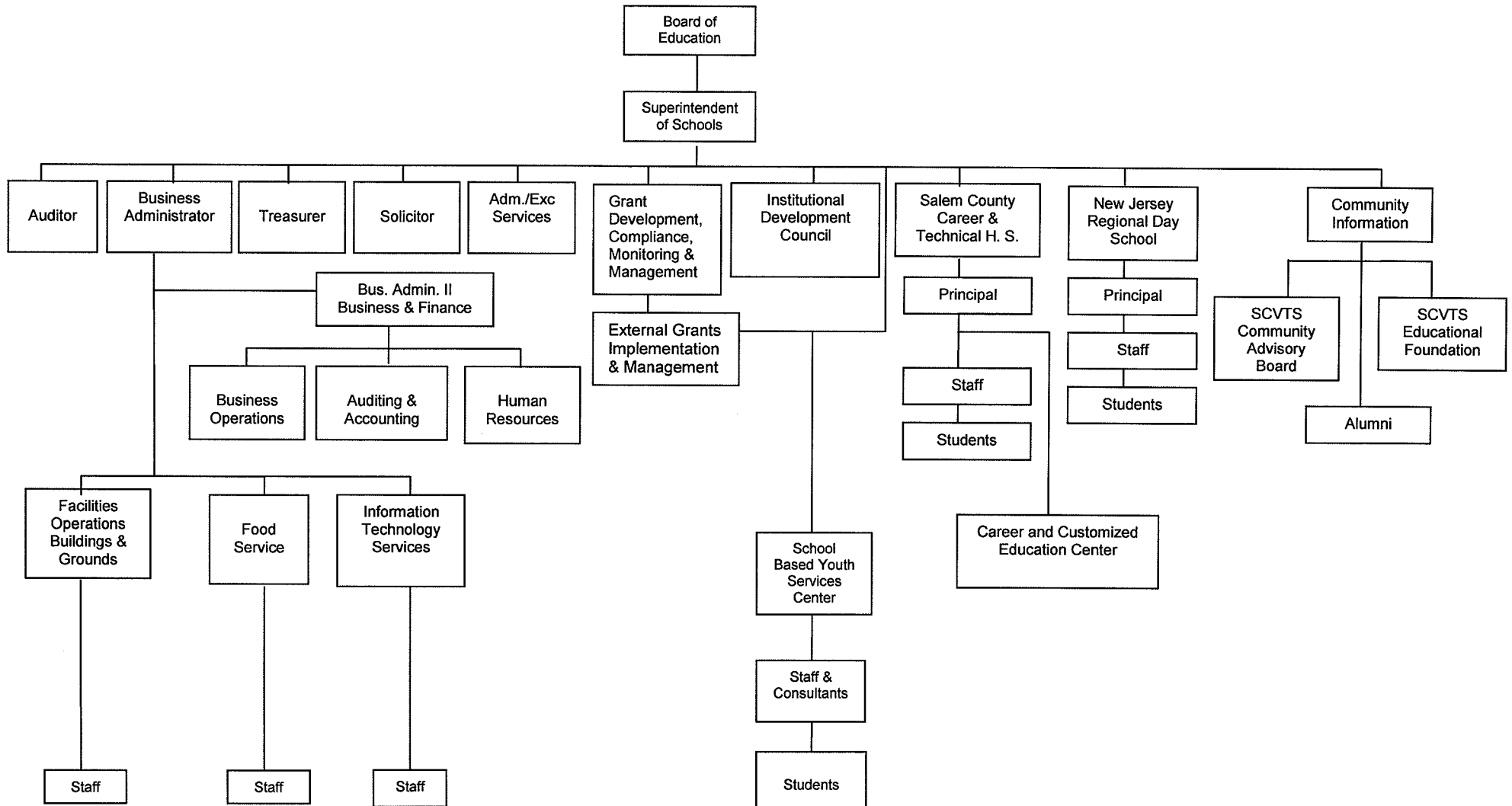


John R. Swain
Superintendent of Schools



John Bolil
Business Administrator

SCVTS Administrative and Organizational Design Overall Organizational Structure



SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
WOODSTOWN, NEW JERSEY

ROSTER OF OFFICIALS

JUNE 30, 2017

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
David Moffett, President	2018
Earl Ransome, Vice President	2018
James Davis	2020
Daryl Halter, Ex Officio	2020
Linwood Donelson III	2019
Julie Smith	2019
Margaret Nicolosi - Executive County Superintendent of Schools	
<u>OTHER OFFICIALS</u>	<u>Surety Bonds</u>
John R. Swain, Superintendent	
John Bolil, Board Secretary/Business Administrator	\$ 10,000
Treasurer	175,000

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

AUDIT FIRM

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

BROKER OF RECORD

Gloucester, Cumberland, Salem School Districts
Joint Insurance Fund

MEDICAL INSPECTOR

Woodstown Family Practice
Woodstown, NJ

OFFICIAL DEPOSITORY

Fulton Bank
1 South Main Street
Woodstown, New Jersey 08098

SOLICITOR

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

FINANCIAL SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

991 S. Black Horse Pike
P.O. Box 799
Williamstown, NJ 08094

(856) 629-3111
Fax (856) 728-2245
www.colavita.net

November 7, 2017

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Salem County Vocational Technical School District in the County of Salem, State of New Jersey, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Salem County Vocational Technical School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Salem County Vocational Technical School Board of Education's basic financial statements. The introductory section, combining and individual non-major fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey 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 non-major fund financial statements and 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 non-major fund financial statements and the schedule of expenditures of federal awards and 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 subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated November 7, 2017 on our consideration of the Salem County Vocational Technical Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governments Auditing Standards* in considering Salem County Vocational Technical School District's internal control over financial reporting and compliance.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.



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

REQUIRED SUPPLEMENTARY INFORMATION – PART I

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)**

The Management's Discussion and Analysis (MD&A) of Salem County Vocational Technical School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the School District's financial performances as a whole; readers should also review the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key highlights for the fiscal year ended June 30, 2017 are as follows:

- The School District had \$14,601,410 in expenses; \$6,103,538 of these expenses were offset by program specific charges for services, and operating grants and contributions.
- The total assets of the School District exceeded total liabilities by \$6,870,535 (net position).
- Among major funds, the General Fund had \$9,804,269 in revenues and \$10,065,523 in expenditures.

Overview of the Financial Statements

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

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

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

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

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

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

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

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Cont'd)**

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Cont'd)

The School District as a Whole

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

Table 1 provides a summary of the School District's Net Position for the fiscal years ended June 30, 2017 and 2016.

Table 1
Net position

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Assets		
Current and Other Assets	\$ 1,840,191	\$ 2,044,279
Capital Assets	13,043,894	13,729,185
Total Assets	<u>14,884,085</u>	<u>15,773,464</u>
Deferred Outflows of Resources	<u>1,815,909</u>	<u>602,079</u>
Liabilities		
Other Liabilities	786,834	4,147,347
Long-Term Liabilities	8,419,091	3,401,593
Total Liabilities	<u>9,205,925</u>	<u>7,548,940</u>
Deferred Inflows of Resources	<u>623,534</u>	<u>850,016</u>
Net Assets		
Invested in Capital Assets Net of Related Debt	10,020,533	10,531,955
Restricted	113,902	301,757
Unrestricted (Deficit)	(3,263,900)	(2,857,125)
Total Net Position	<u>\$ 6,870,535</u>	<u>\$ 7,976,587</u>

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Cont'd)**

Table 2 shows a summary of changes in net position for fiscal years ended June 30, 2017 and 2016.

**Table 2
Changes in Net
Position**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Revenues		
Program Revenues		
Charges for Services	\$ 3,369,639	\$ 3,208,148
Operating Grants & Contributions	2,733,899	2,421,400
General Revenues		
County of Salem Budget Appropriation	1,828,758	1,828,758
Federal and State Grants Restricted	5,532,012	5,206,226
Miscellaneous Income	94,150	1,320
Total Revenues	\$ 13,558,458	\$ 12,665,852
Expenses		
Instruction		
Regular	\$ 1,739,203	\$ 1,551,723
Vocational	3,082,340	3,091,102
School Sponsored Co curricular	99,083	22,289
Student Services		
Attendance & Social Work	73,812	89,116
Health Services	60,425	59,872
Speech, OT, PT, and Related Services		6,072
Students - Regular	1,067,112	941,181
Improvement of Instruction Services	119,213	112,935
Educational Media/School Library	251,119	224,033
General Administration	302,606	329,655
School Administration	305,105	289,248
Central Services	137,627	162,128
Operation and Maintenance of Plant	1,152,736	1,173,851
Student Transportation Services	22,069	26,610
Unallocated Benefits	4,390,059	3,246,493
Special Schools		20,673
Interest on Long-Term Debt	93,032	8,999
Unallocated Depreciation	446,097	450,853
Food Service	360,302	271,248
Regional Day School	336,762	398,855
BCCEC/ETTC	515,721	393,172
The Learning Center	46,987	69,283
Total Expenses	\$ 14,601,410	\$ 1,132,558
Prior Year Receivable Cancellation	(63,100)	
Increase (Decrease) in Net Position	(1,042,952)	(273,539)
Beginning Net Position	7,976,587	8,250,126
Ending Net Position	\$ 6,870,535	\$ 7,976,587

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Cont'd)**

Governmental Activities

In 2016-2017 Governmental-Type Activities revenues were \$12,421,565 or 91.6% of total revenues of \$13,558,458. The County of Salem Budget Appropriation made up 14.7% of Governmental-Type Activities revenue, Federal and State Aid unrestricted revenue made up 44.5%, miscellaneous income was .8% and program revenues made up 40.0% of Governmental-Type Activities revenue.

Governmental-Type Activities expenditures increased by \$1,534,805 from the prior year, which in large part was due to an increase in unallocated benefits of \$1,143,566. The increase in unallocated benefits is primarily due to increase in TPAF pension expense.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows a comparison of the total cost of services and the net cost of services. The net cost shows the financial burden assumed.

Table 3

	<u>Total Cost of Services 2017</u>	<u>Net Cost of Services 2017</u>	<u>Total Cost of Services 2016</u>	<u>Net Cost of Services 2016</u>
Instruction				
Regular Instruction	\$ 1,739,203	\$ (1,435,471)	\$ 1,545,838	\$ (1,197,489)
Regular Vocational	3,082,340	(732,991)	3,091,102	(891,885)
School Sponsored Co/Extraclr Act	99,083	(99,083)	22,289	(22,289)
Support services				
Attendance & Social Work	73,812	(73,812)	89,116	(89,116)
Health Services	60,425	(60,425)	59,872	(59,872)
Speech, OT, PT and Related Services			6,072	(6,072)
Students - Regular	1,067,112	(324,779)	947,066	(310,168)
Improvement of Instruction Services	119,213	(119,213)	112,935	(112,935)
Educational Media/School Library	251,119	(251,119)	224,033	(224,033)
General Administration	302,606	(302,606)	329,655	(329,655)
School Administration	305,105	(305,105)	289,248	(289,248)
Central Services	137,627	(137,627)	162,128	(162,128)
Operation and Maint. of Plant Serv.	1,152,736	(1,152,736)	1,173,851	(1,173,851)
Student Transportation Services	22,069	(22,069)	26,610	(26,610)
Unallocated Benefits	4,390,059	(2,818,828)	3,246,493	(1,930,512)
Special Schools			20,673	(20,673)
Interest on Long-Term Debt	93,032	(93,032)	8,999	(8,999)
Unallocated Depreciation	446,097	(446,097)	450,853	(450,853)
Total Expenses	\$ 13,341,638	\$ (8,374,993)	\$ 11,806,833	\$ (7,306,388)

Business-Type Activities

In 2016-2017 Business-Type Activities revenues were \$1,136,893 or 8.4% of total District revenues.

Charges for Services comprised 89.9% of total Business-Type Activities revenue in 2016-2017, while operating grants and contributions made up 10.1%.

Expenses for Business-Type Activities were \$1,259,772 or 8.6% of total District expenses.

Food Service comprised 28.6% of total Business-Type Activities expenses in 2016-2017, while Salem Campus expenses made up 26.7%, BCCEC/ETTC made up 40.9% and The Learning Center was 3.8%.

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Cont'd)**

The School District's Funds

The School District's major funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$10,882,169 and expenditures of \$11,143,423. The net change in fund balance for the year in the General Fund, Special Revenue Fund, and Capital Projects Fund resulted in an increase of \$75,749, which includes proceeds from a capital lease of \$221,706 and the cancellation of a prior year Interfund payable of \$115,297.

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 present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2017, and the amount and percentage of increases in relation to prior year revenues.

Table 4

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2016</u>	<u>Percent Increase (Decrease)</u>
Local Sources	\$ 4,282,482	39.3%	\$ 229,902	5.7%
Federal Sources	955,106	8.8%	37,282	4.1%
State Sources	5,644,581	51.9%	10,815	0.2%
Total	\$ 10,882,169	100.0%	\$ 277,999	2.6%

The following schedule present a summary of the expenditures of the governmental funds for the fiscal year ended June 30, 2017, and the amount and percentage of increases in relation to prior year revenues.

Table 4

<u>Expenditure</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2016</u>	<u>Percent Increase (Decrease)</u>
Instructional	\$ 4,678,653	42.2%	\$ 143,431	3.2%
Support	3,393,530	30.4%	161,775	5.0%
Unallocated	2,481,795	22.2%	159,361	6.9%
Capital Outlay	589,445	5.2%	(3,689,328)	-86.2%
Total	\$ 11,143,423	100.0%	\$ (3,224,761)	-38.9%

General Fund Budgeting Highlights

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

During the course of the 2016-2017 year, the School District modified its General Fund budget line items numerous times. The net change in the total budget modification was the rollover of the prior year's encumbrances, in the amount of \$1,495.

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Cont'd)**

General Fund Budgeting Highlights (Cont'd)

For the General Fund, the original revenue amount budgeted on Exhibit C-1 was \$9,169,899 and there were no adjustments. The actual revenue was \$9,803,375, which was \$247,048 less than budgeted, excluding reimbursed TPAF Social Security Aid and on-behalf TPAF contributions for pensions and long-term disability of \$880,524.

During the 2016-2017 year, the School District budgeted \$1,828,758 for county tax and \$4,650,594 for state aid revenues, respectively. The School District also received \$252,435 in reimbursed TPAF Social Security Aid and TPAF Pension Contributions.

The final budget basis expenditure appropriation estimate was \$9,489,236 compared to the original estimate of \$9,487,741.

There was a positive variance in expenditures of \$304,237, excluding reimbursed TPAF Social Security Aid and on-behalf TPAF contributions for pensions and long-term disability of \$880,524.

Capital Assets

At the end of the fiscal year 2017, the School District had \$13,043,894 (Net of Depreciation) invested in buildings, furniture and equipment.

Table 5 shows a summary of the fiscal years ended June 30, 2017 and 2016.

Table 5

	June 30, 2017		June 30, 2016
Land	\$ 391,928	\$	391,928
Land Improvements	485,616		519,971
Construction in Progress	776,625		776,625
Buildings & Improvements	10,684,354		11,156,039
Equipment & Furniture	705,371		884,622
	13,043,894		13,729,185
Total	\$ 13,043,894	\$	13,729,185

Overall capital assets decreased by \$685,291 from fiscal year 2016. The decrease in capital assets was comprised \$80,180 in capital additions for equipment, offset by depreciation of \$765,471.

Debt Administration

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

During the 2009-10 school year, the district approved an Energy Savings Lease Purchase in the amount of \$3,190,699, which was subsequently refinanced in the 2013-14 school year at \$2,796,142. There were also two capital leases approved in 2015-16, totaling \$1,075,899, for additional energy improvements, technology and vehicles. During the 2016-17 fiscal year, the District entered into a fourth capital lease for the purchase of vehicles and equipment, in the amount of \$221,706. The combined principle balance remaining for all capital leases of the District, as of June 30, 2017 was \$3,046,647.

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Cont'd)**

For the Future

The Salem County Vocational-Technical School District continues to be stable and provides the very best it can offer in regard to career and technical education (CTE). Enrollment has stabilized and the district continues to accept as many students as possible within the logistical constraints the district continues to have. The 2016–2017 school year was the first year that the building was fully utilized with its expanded footprint which allowed for class sizes to be within normal operating parameters. The district has employed a part-time world language teacher to aid in the ability to provide quality instruction in the area of world language.

Moving forward, as the district completes its final program re-approval's, it is the district's intention of opening a Supply Chain Management/Global Logistics program in the Fall of 2018. Also, the district began its first ever extracurricular activities in the form of: boys' and girls' volleyball, basketball, and cross country. The district has continued to strengthen its curriculum and course offerings for its students. The district's long-range plan continues to be the platform by which the district is operating. The programs being offered have been determined to meet the growing industry demand that is relative to the Salem County area.

The district is preparing to enhance the law enforcement program, as the new simulator will be ready for the Spring of 2018. This will allow the district to be a shared service with the county law enforcement and allow programming to be a collaborative effort.

The host sites continue to see strong enrollment with a few modifications in the agreements which allow the programs to operate in a more efficient and cost-effective manner. A new contractual procedure whereby districts now pay in 10 monthly installments will aid in our cash flow issues that the district has experienced in the past through delayed payments and missed revenues. The district has adopted the purchasing guide and procedures manual in order to make the processes within the business office more efficient and cost-effective for the district.

In closing, the district continues to strengthen regarding procedures and protocols and provides the best education for students throughout the county. The stability of the administration, staff, and students, combined with the continued refinement has allowed the students to benefit and gain an exceptional educational experience and prepare them for life beyond their high school experience.

Contacting the School District's Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities display information about the District.

These statements include the financial activities of the overall District, except for fiduciary activities.

Eliminations have been made to minimize the double-counting of internal activities.

These statements distinguish between the governmental and business-type activities of the District.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Statement of Net Position
June 30, 2017

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 155,611	\$ 215,810	\$ 371,421
Receivables, net	1,112,891	311,347	1,424,238
Interfund Receivable	34,128		34,128
Inventories		10,404	10,404
Capital Assets, net (Note 6):	13,043,894		13,043,894
Total Assets	14,346,524	537,561	14,884,085
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Pension Outflows	1,792,623		1,792,623
Deferred Loss on Refinancing of Capital Lease	23,286		23,286
Total Deferred Outflows of Resources	1,815,909		1,815,909
LIABILITIES:			
Accounts Payable	719,345	20,989	740,334
Accrued Interest	10,807		10,807
Unearned Revenue	20,305	15,388	35,693
Noncurrent Liabilities (Note 7):			
Due within One Year	499,192		499,192
Due beyond One Year	2,872,937		2,872,937
Net Pension Liability	5,046,962		5,046,962
Total Liabilities	9,169,548	36,377	9,205,925
DEFERRED INFLOWS OF RESOURCES:			
Deferred Pension Inflows	623,534		623,534
Total Deferred Inflows of Resources	623,534		623,534
NET POSITION			
Invested in Capital Assets, Net of Related Debt	10,020,533		10,020,533
Restricted for:			
Excess Surplus	77,439		77,439
Capital Reserve	12,200		12,200
Capital Projects	24,263		24,263
Unrestricted (Deficit)	(3,765,084)	501,184	(3,263,900)
Total Net Position	\$ 6,369,351	\$ 501,184	\$ 6,870,535

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2017

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
Instruction:						
Regular Instruction	\$ 1,739,203		\$ 303,732	\$ (1,435,471)		\$ (1,435,471)
Regular Vocational	3,082,340	\$ 2,349,349		(732,991)		(732,991)
School Sponsored Co/Extracurricular Activities	99,083			(99,083)		(99,083)
Undistributed Expenditures and Support Services:						
Attendance & Social Work	73,812			(73,812)		(73,812)
Health Services	60,425			(60,425)		(60,425)
Students - Regular	1,067,112		742,333	(324,779)		(324,779)
Improvement of Instruction Services	119,213			(119,213)		(119,213)
Educational Media/School Library	251,119			(251,119)		(251,119)
General Administration	302,606			(302,606)		(302,606)
School Administration	305,105			(305,105)		(305,105)
Central Services	137,627			(137,627)		(137,627)
Operation and Maintenance of Plant Services	1,152,736			(1,152,736)		(1,152,736)
Student Transportation Services	22,069			(22,069)		(22,069)
Unallocated Benefits	4,390,059		1,571,231	(2,818,828)		(2,818,828)
Interest on Long-Term Debt	93,032			(93,032)		(93,032)
Unallocated Depreciation	446,097			(446,097.00)		(446,097.00)
Total Governmental Activities	13,341,638	2,349,349	2,617,296	(8,374,993)		(8,374,993)
Business-Type Activities:						
Food Service	360,302	227,594	116,603		(16,105)	(16,105)
Salem Campus	336,762	336,762				
BCCEC/ETTC	515,721	388,520			(127,201)	(127,201)
The Learning Center	46,987	67,414			20,427	20,427
Total Business-Type Activities	1,259,772	1,020,290	116,603		(122,879)	(122,879)
Total Primary Government	\$ 14,601,410	\$ 3,369,639	\$ 2,733,899	(8,374,993)	(122,879)	(8,497,872)
General Revenues:						
County of Salem Budget Appropriation				1,828,758		1,828,758
Federal and State Aid Restricted				5,532,012		5,532,012
Prior Period Cancellations				115,297	(178,397)	(63,100)
Miscellaneous Income				94,150		94,150
Total General Revenues				7,570,217	(178,397)	7,391,820
Change in Net Assets				(804,776)	(301,276)	(1,106,052)
Net Position -- July 1				7,174,127	802,460	7,976,587
Net Position -- June 30				\$ 6,369,351	\$ 501,184	\$ 6,870,535

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

FUND FINANCIAL STATEMENTS

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

GOVERNMENTAL FUNDS

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
 Balance Sheet
 Governmental Funds
 June 30, 2017

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS:				
Cash and Cash Equivalents	\$ 142,547	\$	\$ 24,263	\$ 166,810
Accounts Receivable:				
State Government	12,166	30,646		42,812
Federal Government		317,525		317,525
Intergovernmental	332,038			332,038
Other	420,516			420,516
Interfund Accounts Receivable	269,682			269,682
Total Assets	\$ 1,176,949	\$ 348,171	\$ 24,263	\$ 1,549,383
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts Payable:				
State Government	\$ 612,933	\$	\$	\$ 612,933
Other		106,412		106,412
Interfund Payable	11,199	235,554		246,753
Unearned Revenue	14,100	6,205		20,305
Total Liabilities	638,232	348,171		986,403
Fund Balances:				
Restricted for:				
Capital Reserve Account	12,200			12,200
Excess Surplus - Designated For Subsequent Year's Expenditures	77,439			77,439
Assigned:				
Year-End Encumbrances	11,076			11,076
Designated for Subsequent Years Expenditures	481,943			481,943
Capital Projects Fund			24,263	24,263
Unassigned, Reported In:				
General Fund (deficit)	(43,941)			(43,941)
Total Fund Balances	538,717		24,263	562,980
Total Liabilities and Fund Balances	\$ 1,176,949	\$ 348,171	\$ 24,263	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$24,619,501 and the accumulated depreciation is \$11,575,607	13,043,894
Deferred Outflow of Resources - Deferred Amount on Refinanced Debt	23,286
Deferred Outflow of Resources - Deferred Pension Contribution	1,792,623
Deferred Inflows of Resources - Pension Actuarial Gains	(623,534)
Long Term Net Pension Liability	(5,046,962)
Noncurrent liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(3,382,936)
Net Position of governmental activities	\$ 6,369,351

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
 Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 For the Fiscal Year Ended June 30, 2017

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
REVENUES:				
County of Salem Budget Appropriation	\$ 1,828,758	\$	\$	\$ 1,828,758
Tuition Charges	2,349,349			2,349,349
Miscellaneous	94,150	10,225		104,375
State Sources	5,532,012	112,569		5,644,581
Federal Sources		955,106		955,106
Total Revenues	9,804,269	1,077,900		10,882,169
EXPENDITURES:				
Current:				
Regular Instruction	1,317,633	303,732		1,621,365
Regular Vocational	2,958,205			2,958,205
School Sponsored Co/Extracurricular Activities	99,083			99,083
Undistributed Expenditures and Support Services:				
Attendance & Social Work	73,812			73,812
Health Services	60,425			60,425
Students - Regular	324,779	742,333		1,067,112
Improvement of Instruction Services	119,213			119,213
Educational Media/School Library	251,119			251,119
General Administration	296,600			296,600
School Administration	305,105			305,105
Central Services	144,248			144,248
Operation and Maintenance of Plant Services	1,053,827			1,053,827
Student Transportation Services	22,069			22,069
Unallocated Benefits	1,601,271			1,601,271
On Behalf Contributions	880,524			880,524
Capital Outlay	557,610	31,835		589,445
Total Expenditures	10,065,523	1,077,900		11,143,423
Excess (Deficiency) of Revenues over Expenditures	(261,254)			(261,254)
OTHER FINANCING SOURCES (USES):				
Proceeds from Capital Lease	221,706			221,706
Cancellation of Prior Year Interfunds Payable	115,297			115,297
Total Other Financing Sources and Uses	337,003			337,003
Net Change in Fund Balances	75,749			75,749
Fund Balance -- July 1	462,968		24,263	487,231
Fund Balance -- June 30	<u>\$ 538,717</u>	<u>\$</u>	<u>\$ 24,263</u>	<u>\$ 562,980</u>

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Fiscal Year Ended June 30, 2017

Total Net Change in Fund Balances - Governmental Funds	\$	75,749
<p>Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:</p>		
<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	\$ (765,471)	
Capital Outlays	<u>80,180</u>	
		(685,291)
In the Statement of Activities, interest expense on debt service is accrued, while only payments are charged as expenditures in the budget basis financial statements		(235)
In the Statement of Activities, Amortization of the Deferred Loss on Refinanced Debt is expensed, regardless of when the Debt was Refinanced		(2,062)
Leases entered into by the District are an other financing source in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities.		(221,706)
Repayment of Capital Lease Principal is an Expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the statement of Net Position and is not reported in the Statement of Activities.		
Capital Lease Principal		397,637
Pension contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period.		(202,995)
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 (+).		<u>(165,873)</u>
Change in Net Position of Governmental Activities	\$	<u><u>(804,776)</u></u>

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

PROPRIETARY FUNDS

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
 Statement of Net Position
 Proprietary Funds
 June 30, 2017

	<u>Business Type Activities- Enterprise Funds</u>				
	<u>Food Service</u>	<u>Regional Day School</u>	<u>The Learning Center</u>	<u>BCCEC/ ETTC Program</u>	<u>Total</u>
ASSETS:					
Current Assets:					
Cash and Cash Equivalents	\$ 7,404		\$ 2,094	\$ 195,113	\$ 204,611
Accounts Receivable:					
State	107				107
Federal	5,462				5,462
Other	16,784	86,440	12,063	190,491	305,778
Interfund	11,199			86,440	97,639
Inventories	10,404				10,404
Total Current Assets	<u>51,360</u>	<u>86,440</u>	<u>14,157</u>	<u>472,044</u>	<u>624,001</u>
Noncurrent Assets:					
Site Improvements					
Building					
Equipment					
Accumulated Depreciation					
Total Noncurrent Assets					
Total Assets	<u>51,360</u>	<u>86,440</u>	<u>14,157</u>	<u>472,044</u>	<u>624,001</u>
LIABILITIES:					
Current Liabilities:					
Accounts Payable	175			20,814	20,989
Interfund Payable		86,440			86,440
Unearned Revenue	1,240		1,748	12,400	15,388
Total Current Liabilities	<u>1,415</u>	<u>86,440</u>	<u>1,748</u>	<u>33,214</u>	<u>122,817</u>
Net Position:					
Unrestricted	49,945		12,409	438,830	501,184
Total Net Position	<u>\$ 49,945</u>	<u>\$</u>	<u>\$ 12,409</u>	<u>\$ 438,830</u>	<u>\$ 501,184</u>

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
 Propriety Funds
 Statement of Revenues, Expenses and Changes in Fund Net Position
 For the Fiscal Year Ended June 30, 2017

	Business Type Activities- Enterprise Funds				Total
	Food Service	Regional Day School	The Learning Center	BCCEC/ETTC Program	
OPERATING REVENUES:					
Charges for Services:					
Daily Sales - Reimbursable Programs	\$ 68,984				\$ 68,984
Daily Sales - Non-Reimbursable Programs	30,211				30,211
Tuition			67,414		67,414
Other Revenue	128,399	336,762		388,520	853,681
Total Operating Revenues	227,594	336,762	67,414	388,520	1,020,290
OPERATING EXPENSES:					
Salaries	140,977	336,762	46,248	362,363	886,350
Employee Benefits				51,088	51,088
Cost of Sales - Reimbursable Programs	150,571				150,571
Cost of Sales - Non Reimbursable Programs	34,673				34,673
Purchased Educational Services				33,565	33,565
Travel				315	315
Other Purchased Services	12,898			47,756	60,654
Equipment	3,485				3,485
General Supplies	17,510		739	15,274	33,523
Textbooks				4,540	4,540
Miscellaneous	188			820	1,008
Total Operating Expenses	360,302	336,762	46,987	515,721	1,259,772
Operating Income / (Loss)	(132,708)		20,427	(127,201)	(239,482)
NONOPERATING REVENUES (EXPENSES):					
State Sources:					
State School Lunch Program	2,022				2,022
Federal Sources:					
Food Distribution Program	19,851				19,851
National School Lunch Program	72,116				72,116
National School Breakfast Program	22,614				22,614
Total Non-operating Revenues (Expenses)	116,603				116,603
OTHER FINANCING USES:					
Change in Net Position	(16,105)		20,427	(127,201)	(122,879)
Prior Period Cancellation:					
Interfund Receivable				(115,297)	(115,297)
Accounts Receivable			(16,470)	(46,630)	(63,100)
Net Position -- July 1	66,050		8,452	727,958	802,460
Net Position -- June 30	\$ 49,945	\$	\$ 12,409	\$ 438,830	\$ 501,184

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
 Proprietary Funds
 Statement of Cash Flows
 For the Fiscal Year Ended June 30, 2017

	<u>Business Type Activities- Enterprise Funds</u>				<u>Totals</u>
	<u>Food Service</u>	<u>Regional Day School</u>	<u>The Learning Center</u>	<u>BCCEC/ ETTC Program</u>	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from Customers	\$ 210,810	\$336,762	\$57,104	\$ 356,861	\$ 961,537
Payments to Employees	(140,977)	(336,762)	(46,248)	(362,363)	(886,350)
Payments for Employee Benefits				(51,088)	(51,088)
Payments to Suppliers	(159,425)		(739)	(151,163)	(311,327)
Net Cash Provided by (used for) Operating Activities	(89,592)		10,117	(207,753)	(287,228)
Cash from (Used for) Operating Activities-Transfers to the General Fund				149,021	149,021
Total Cash Provided by (Used for) Operating Activities	(89,592)		10,117	(58,732)	(138,207)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:					
State Sources	2,022				2,022
Federal Sources	115,360				115,360
Net Cash Provided by (used for) Non-Capital Financing Activities	117,382				117,382
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest and Dividends					
Net Cash Provided by (used for) Investing Activities					
Net Increase (Decrease) in Cash and Cash Equivalents	27,790		10,117	(58,732)	(20,825)
Cash and Cash Equivalents -- July 1	(20,386)		(8,023)	253,845	225,436
Cash and Equivalents -- June 30	<u>\$ 7,404</u>	<u>\$ -</u>	<u>\$ 2,094</u>	<u>\$ 195,113</u>	<u>\$ 204,611</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	\$(132,708)	\$ -	\$20,427	\$(127,201)	\$(239,482)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:					
Transfer					
Changes in Assets and Liabilities:					
Accounts Receivable (Increase)/Decrease	(16,784)		(12,058)	(54,058)	(82,900)
Interfund Receivable (Increase)/Decrease	68,478			(29,708)	38,770
Inventory (Increase)/Decrease	(3,388)				(3,388)
Accounts Payable Increase/(Decrease)	(870)			814	(56)
Deferred Revenue Increase/(Decrease)	(2,703)		1,748	2,400	1,445
Due to General Fund Increase/(Decrease)	(1,617)				(1,617)
Net Cash Provided by (used for) Operating Activities	<u>\$ (89,592)</u>	<u>\$ -</u>	<u>\$10,117</u>	<u>\$(207,753)</u>	<u>\$ (287,228)</u>

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

FIDUCIARY FUNDS

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

	Agency Funds	
	Student Activity	Payroll
ASSETS:		
Cash and Cash Equivalents	\$ 47,690	\$ 50,396
Total Assets	<u>\$ 47,690</u>	<u>\$ 50,396</u>
LIABILITIES:		
Payable to Student Groups	\$ 47,690	\$
Due to General Fund		34,128
Payroll Deductions and Withholdings		16,268
Total Liabilities	<u>\$ 47,690</u>	<u>\$ 50,396</u>

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

A. Reporting Entity:

The Salem County Vocational Technical School District (hereafter referred to as the "School District") is a Type I district located in the County of Salem, State of New Jersey. The Board is comprised of eight members; seven of them are appointed to four-year terms by the Salem County Board of Chosen Freeholders and one is a statutory appointment. The terms are staggered so that at least one member's term expires each year. The purpose of the School District is to provide a full range of educational services for the residents of Salem County. The School District had an approximate enrollment at June 30, 2017 of 818 students.

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

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

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

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

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. New Accounting Standards:

The School District has adopted the following GASB statements:

- **GASB No. 74 - *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans:*** The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The requirements of this Statement will be effective for reporting periods beginning after June 15, 2016. The adoption of GASB 74, did not impact the financial statements of the School District.
- **GASB No. 81 - *Irrevocable Split-Interest Agreements:*** The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Management is evaluating the potential impact of the adoption of GASB 81 on the School District's financial statements. The adoption of GASB 81, did not impact the financial statements of the School District.
- **GASB No. 82 - *Pensions - an Amendment of GASB No. 67, No. 68 and No. 73:*** The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. The adoption of GASB 82, will impact the financial statements of the School District.

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. New Accounting Standards (Continued):

- **GASB No. 75 - *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*:** The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The requirements of this Statement will be effective for reporting periods beginning after June 15, 2017. Management is evaluating the potential impact of the adoption of GASB 75 on the School District's financial statements. Management is evaluating the potential impact of the adoption of GASB 75 on the School District's financial statements.
- **GASB No. 83 - *Certain Asset Retirement Obligations*:** This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). 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. The requirements of Statement will be effective for reporting periods beginning after June 15, 2018. Management is evaluating the potential impact of the adoption of GASB 83 on the School District's financial statements.
- **GASB 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 fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of Statement will be effective for reporting periods beginning after December 15, 2018. Management is evaluating the potential impact of the adoption of GASB 84 on the School District's financial statements.
- **GASB 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]). The requirements of Statement will be effective for reporting periods beginning after June 15, 2017. Management is evaluating the potential impact of the adoption of GASB 85 on the School District's financial statements.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. New Accounting Standards (Continued):

- GASB 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. The requirements of Statement will be effective for reporting periods beginning after June 15, 2017. Management is evaluating the potential impact of the adoption of GASB 86 on the School District's financial statements.
- GASB 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. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of Statement will be effective for reporting periods beginning after periods beginning after December 15, 2019. Management is evaluating the potential impact of the adoption of GASB 87 on the School District's financial statements.

A. Basis of Presentation:

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

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

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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

A. Basis of Presentation (Cont'd):

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

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

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

Fund Financial Statements: During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a single column. The fiduciary fund is reported by type. The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds, *governmental*, *proprietary*, and *fiduciary*. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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

B. Governmental Funds:

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

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

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

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

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

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

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

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

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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

C. Proprietary Fund Type:

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

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

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

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

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

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

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

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

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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

D. Fiduciary Funds:

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

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

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

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

Agency Funds - Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations. Agency funds include payroll and student activities funds.

E. Measurement Focus:

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

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

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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

F. Basis of Accounting:

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

District-wide, Proprietary and Fiduciary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

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

The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

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

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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

F. Basis of Accounting (Cont'd):

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

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

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

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

G. Budgets/Budgetary Control:

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

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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

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

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

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

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

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

H. Encumbrances:

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

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

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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

I. Cash, Cash Equivalents and Investments:

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

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

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

J. Tuition Receivable:

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

K. Tuition Payable:

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

L. Inventories:

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

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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

M. Prepaid Expenses:

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

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

N. Short-Term Interfund Receivables/Payables:

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

O. Capital Assets:

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

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

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

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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

P. Deferred Expenditures:

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

Q. Accrued Salaries and Wages:

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

R. Compensated Absences:

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

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

S. Unearned Revenue:

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

T. Extraordinary and Special Items:

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

U. Comparative Data/Reclassifications:

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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

V. Accrued Liabilities and Long-term Obligations:

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

W. Net Position:

Net Position represents the difference between assets and liabilities. Net Position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets.

Net Position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

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

X. Fund Balance Reserves:

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

Y. Management Estimates:

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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

Z. Operating and Non- Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are sales for food service program, tuition for the Regional Day School, fees for training and educational programs for the BCCEC/ETTC Program. Non-operating revenues principally consist of interest income earned on various interest-bearing accounts.

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

AA. Interfund Activity:

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

AB. Revenues – Exchange and Non-exchange Transactions:

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

AB. Revenues – Exchange and Non-exchange Transactions:

Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or for the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis.

AC. Bond and Lease Acquisition Costs:

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

Custodial Credit Risk Related to Deposits:

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be recovered. Although the District does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 t seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local government agencies. The program is administered by the Commissioner of the NJ Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Funds owned by the District in excess of FDIC insured amounts are protected by GUDPA. As of June 30, 2017, the District's bank balance of \$664,085 was exposed to custodial credit risk as follows:

Insured	\$	250,000
Uninsured and collateralized with securities held by pledging financial institutions		414,085
	\$	664,085

NOTE 4. CAPITAL RESERVE ACCOUNT

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

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

As of June 30, 2017, the capital reserve account had a balance of \$12,200, which was the same as the prior year.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5. ACCOUNTS RECEIVABLES

Accounts Receivables at June 30, 2017 consisted of accounts (fees) and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. As of year-end, the School District's individual major and fiduciary funds, in the aggregate, are as follows:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Proprietary Funds</u>	<u>Total</u>
Receivables:				
State	\$ 12,166	\$ 30,646	\$ 107	\$ 42,919
Federal		317,525	5,462	322,987
Intergovernmental	332,038			332,038
Other	420,516		305,778	726,294
Total	<u>\$ 764,720</u>	<u>\$ 348,171</u>	<u>\$ 311,347</u>	<u>\$ 1,424,238</u>

NOTE 6. INVENTORY

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

Food	\$ 3,439
Supplies	<u>6,965</u>
	<u>\$ 10,404</u>

The value of Federal donated commodities, where reflected on Schedule A-2 (required by the Single Audit Law of 1986, as revised) is the difference between market value and cost of the commodities at the date of purchase has been included as an item of non-operating revenue in the financial statements. The district received \$19,759 in federal commodities during the 2016-2017 school year, which was consumed during operations with the exception of \$123 left in ending inventory.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 7. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Adjustments/ Retirements</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets that are not being depreciated:				
Land	\$ 391,928	\$ -	\$ -	\$ 391,928
Construction in Progress	776,625			776,625
Land Improvements	967,836			967,836
Building and Improvements	18,387,658			18,387,658
Equipment	4,015,274	80,180		4,095,454
	<hr/>	<hr/>	<hr/>	<hr/>
Total Historical Cost	24,539,321	80,180		24,619,501
	<hr/>	<hr/>	<hr/>	<hr/>
Less accumulated depreciation for :				
Land Improvements	(447,865)	(34,355)		(482,220)
Building and improvements	(7,231,619)	(471,685)		(7,703,304)
Equipment	(3,130,652)	(259,431)		(3,390,083)
	<hr/>	<hr/>	<hr/>	<hr/>
Total accumulated depreciation	(10,810,136)	(765,471)		(11,575,607)
	<hr/>	<hr/>	<hr/>	<hr/>
Government activities capital assets, net	\$ 13,729,185	\$ (685,291)	\$ -	\$ 13,043,894
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
				To A-1
Business-Type Activities -				
Business-Type Activities				
Capital Assets - Net	\$ -	\$ -	\$ -	\$ -
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

*Depreciation expense was charged to governmental functions as follows:

Instruction- Regular	\$ 6,210
Instruction- Vocational	124,135
Plant Operations and Maintenance	183,023
General Administration	6,006
Unallocated	446,097
	<hr/>
Total Depreciation Expense	\$ 765,471
	<hr/> <hr/>

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 8. GENERAL LONG-TERM DEBT

During the fiscal year ended June 30, 2017, the following changes occurred in long-term obligations:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts</u> <u>Due within</u> <u>One Year</u>	<u>Long-term</u> <u>Portion</u>
Governmental Activities:						
Capital Lease Payable	\$ 3,222,578	\$ 221,706	\$ (397,637)	\$ 3,046,647	\$ 485,196	\$ 2,561,451
Short-Term Loan Payable	464,939		(464,939)			
Compensated Absences	159,609	165,873		325,482	13,996	311,486
Governmental Activity Long Term Liabilities	<u>\$ 3,847,126</u>	<u>\$ 387,579</u>	<u>\$ (862,576)</u>	<u>\$ 3,372,129</u>	<u>\$ 499,192</u>	<u>\$ 2,872,937</u>
Business-Type Activities:						
Compensated absences payable	\$	\$	\$	\$	\$	\$

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

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

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 130,000	\$ 13,250	\$ 143,250
2019	135,000	6,750	141,750
	<u>\$ 265,000</u>	<u>\$ 20,000</u>	<u>\$ 285,000</u>

Bonds Authorized But Not Issued – As of June 30, 2017, the School District had no authorizations to issue additional bonded debt.

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

B. Capital Leases Payable

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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

The following is a schedule of the future minimum lease payments at June 30, 2017:

Year Ending June 30,	Principal	Interest	Total
2018	\$ 211,111	\$ 66,101	\$ 277,212
2019	229,278	59,633	288,911
2020	248,427	52,612	301,039
2021	268,602	45,009	313,611
2022	289,853	36,792	326,645
2023	312,229	27,930	340,159
2024	335,783	18,388	354,171
2025	360,475	8,130	368,605
	<u>\$ 2,255,758</u>	<u>\$ 314,595</u>	<u>\$ 2,570,353</u>

During the current 2015-16 fiscal school year, the District acquired various technology and playground equipment, along with vehicles through a Capital Lease totaling \$216,726, with interest at 1.573%. The following is a schedule of the future minimum lease payments at June 30, 2017:

Year Ending June 30,	Principal	Interest	Total
2018	\$ 142,978	\$ 2,249	\$ 145,227
	<u>\$ 142,978</u>	<u>\$ 2,249</u>	<u>\$ 145,227</u>

During the current 2015-16 fiscal school year, the District financed additional energy upgrades through a ten year Capital Lease totaling \$650,000 interest at 2.875%. The following is a schedule of the future minimum lease payments at June 30, 2017:

Year Ending June 30,	Principal	Interest	Total
2018	\$ 58,067	\$ 13,968	\$ 72,035
2019	60,256	12,283	72,539
2020	62,519	10,534	73,053
2021	59,197	8,761	67,958
2022	61,452	7,043	68,495
2023	63,785	5,259	69,044
2024	66,198	3,408	69,606
2025	68,787	1,488	70,275
	<u>\$ 500,261</u>	<u>\$ 62,744</u>	<u>\$ 563,005</u>

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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

B. Capital Leases Payable (Cont'd)

During the current 2016-17 fiscal school year, the District acquired various equipment and two vehicles through a Capital Lease totaling \$221,706, with interest at 2.15%. The following is a schedule of the future minimum lease payments at June 30, 2017:

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 73,040	\$ 3,174	\$ 76,214
2019	74,610	1,604	76,214
	<u>\$ 147,650</u>	<u>\$ 4,778</u>	<u>\$ 152,428</u>

On October 22, 2017, the District acquired two school buses through a capital lease totaling \$241,245, with interest at 2.65%. The following is a schedule of the future minimum lease payments associated with this lease:

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 48,829	\$ 2,504	\$ 51,333
2019	46,234	5,099	51,333
2020	47,459	3,874	51,333
2021	48,716	2,616	51,332
2022	50,007	1,325	51,332
	<u>\$ 241,245</u>	<u>\$ 15,418</u>	<u>\$ 256,663</u>

C. SHORT-TERM LOAN

During the 2015-16 fiscal school year, the District agreed entered a short-term loan, resulting from the timing difference in the 19th and 20th state aid payments and other receivables. The loan was approved in the amount of \$464,939 for principal and \$658 for interest through July 8, 2016. As of June 30, 2017, the District had no principle or interest due on the loan.

NOTE 9. AMORTIZATION OF DEBT REFINANCE

The School District elected to implement GASB Statement No. 65 during the 2012-13 year under audit and as a result, has reflected Capital Lease Debt Refinancing Cost as a Deferred Outflow of Resources on the Statement of Net Position, net of the portion amortized, as a component of interest expense over the life of the debt. During the 2016-17 School Year, \$2,062 of Debt Refinancing Costs was amortized, resulting in a balance in Deferred Outflows of Resources of \$23,286, as of June 30, 2017.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 10. OPERATING LEASES

The District has two outstanding lease agreements for copiers. Future minimum payments with respect to each lease is as follows:

June 30,	Copiers
2018	\$ 22,552
2019	10,881
2020	1,766
Total	\$ 35,199

NOTE 11. PENSION PLANS

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

The following represents the membership tiers for PERS and TPAF:

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

Public Employees' Retirement System

The PERS is a cost sharing multiple-employer defined benefit pension plan that was established in 1955. The PERS provides retirement, death and disability, and medical benefits to qualified members.

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 11. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

P.L. 1987, c. 384 and P.L. 1990, c.6 required 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 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. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994. The State is also responsible for the cost attributable to Chapter 126, P.L. 1992, which provides free health benefits to members of PERS who retired from a municipality with 25 years of service.

Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B. All benefits vest after ten years of service, except for medical benefits that vest after 25 years of service or under the disability provisions of PERS.

Contributions - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provides for employee contributions of 7.06% through June 30, 2016 and 7.20% thereafter of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in PERS. The current PERS rate is 12.46% of covered payroll. The District's contributions to PERS for the years ended June 30, 2017, and 2016, were \$153,264 and \$130,277 respectively, equal to the required contributions for each year. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The total payroll for the year ended June 30, 2017 was \$5,240,624. Payroll covered by PERS was \$1,165,849 for fiscal year 2017.

Information regarding contributions made by the State of New Jersey on behalf of the District is not available. Contributions to the system for the year ended June 30, 2017 is as follows:

	<u>PERS</u>
Employees	\$ 83,941
District	<u>153,264</u>
Total	<u>\$ 237,205</u>

The District is billed annually for its normal contribution plus any accrued liability. These contributions were equal to the required contributions for 2017, as follows:

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 11. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

Public Employees Retirement System					
Fiscal Year	Normal Contribution	Accrued Liability	Total Liability	Funded by State	Paid by District
2017	\$ 23,680	\$ 120,511	\$ 153,264	N/A	\$ 153,264

Components of Net Pension Liability - At June 30, 2017, the District's proportionate share of the PERS net pension liability was \$5,046,962. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2016, to the measurement date of June 30, 2016. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The District's proportion measured as of June 30, 2016 was 0.017041% which was an increase of 0.00189% from its proportion measured as of June 30, 2015.

Pension Expense and Deferred Outflows/Inflows of Resources - The District's 2017 PERS pension expense, with respect to GASB 68, was \$377,360. The District's 2017 deferred outflows of resources and deferred inflows of resources were from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 93,858	\$
Changes of assumptions	1,045,461	
Net difference between projected and actual earnings on pension plan investments	192,445	
Changes in proportion	307,595	623,534
Contributions subsequent to the measurement date	153,264	
Total	\$ 1,792,623	\$ 623,534

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

Year	PERS
2018	\$ 128,969
2019	128,969
2020	256,304
2021	340,849
2022	160,734
Thereafter	
Total	\$ 1,015,825

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 11. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

Additional Information - Collective Balances at June 30, 2017 and 2016 are as follows:

Year	6/30/2017		6/30/2016	
Collective deferred outflows of resources	\$	1,792,623	\$	576,731
Collective deferred inflows of resources	\$	623,534	\$	850,016
Collective Net Pension Liability	\$	5,046,962	\$	3,401,593
District's Proportion		0.017041%		0.015153%

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:

	<u>PERS</u>
Measurement Date	June 30, 2016
Actuarial Valuation Date	July 1, 2015
Investment Rate of Return	7.65%
Salary Scale (Based on Age):	
Through 2026	1.65% - 4.15%
Thereafter	2.65% - 5.15%
Inflation	3.08%

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

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.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 11. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real 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:

Asset Class	PERS Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	0.87%
US 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 US 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 Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%
Total	100.00%	

Discount Rate - The discount rate as of June 30, 2016 used to measure the total pension liability was 3.98% for PERS. 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 for PERS. 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.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 11. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate - The following presents the collective net pension liability of the participating employers as of June 30, 2016, calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.98%) or 1-percentage-point higher (4.98%) than the current rate:

	<u>1%</u> <u>Decrease</u> <u>(2.98%)</u>	<u>Current</u> <u>Discount</u> <u>(3.98%)</u>	<u>1%</u> <u>Increase</u> <u>(4.98%)</u>
District's proportionate share of the net pension liability	\$ <u>6,184,463</u>	\$ <u>5,046,962</u>	\$ <u>4,107,856</u>

Teachers' Pension and Annuity Fund

The TPAF 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 defined benefit pension plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

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

Contributions - The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the Public Employees' Retirement System were required to contribute 5.5% of their annual covered salary. Effective July 1, 2011, however, in accordance with Chapter 78, P.L. 2011, plan members are required to contribute 6.5% of their annual covered salary. For employees enrolled in the retirement system prior to July 1, 2007, the increase is effective with the payroll period that begins immediately after July 1, 2007. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 11. PENSION PLANS (CONTINUED)

Teachers' Pension and Annuity Fund (Continued)

Contributions (Continued) - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.34% in State fiscal year 2017. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2015, the State's pension contribution was less than the actuarial determined amount. Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the District and all other related non-contributing employers. No normal or accrued liability contribution by the District has been required over several preceding fiscal years. These on-behalf contributions by the State of New Jersey are considered a special funding situation, under the definition of GASB 68, Accounting and Financial Reporting for Pensions.

The District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2017 because of the 100% special funding situation with the State of New Jersey.

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>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/17	\$ 342,090	100 %	\$ N/A
6/30/16	558,325	100	N/A
6/30/15	434,744	100	N/A

During the fiscal year ended June 30, 2017, the State of New Jersey contributed \$342,090 to the TPAF for pension contributions, \$285,039 for post-retirement benefits on behalf of the School, and \$ for long-term disability. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$ 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.

Components of Net Pension Liability - At June 30, 2017, the District was not required to report a liability for its proportionate share of the net pension liability because of a 100% reduction for State of New Jersey pension support provided to the District.

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 11. PENSION PLANS (CONTINUED)

Teachers' Pension and Annuity Fund (Continued)

Pension Expense - For the year ended June 30, 2017, the District recognized pension expense of \$1,881,486 and revenue of \$1,881,486 for support provided by the State.

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:

	TPAF
Measurement Date	June 30, 2016
Actuarial Valuation Date	July 1, 2015
Investment Rate of Return	7.65%
Salary Scale (Based on Age):	
Through 2026	Varies based
Thereafter	on experience
Inflation	2.50%

Long-Term Expected Rate of Return - Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2016 are summarized in the following table:

	TPAF	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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 Bonds	26.00%	5.14%
Foreign Developed Equity	13.25%	5.91%
Emerging Market 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%
Total	100.00%	

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 11. PENSION PLANS (CONTINUED)

Teachers' Pension and Annuity Fund (Continued)

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 Collective Net Pension Liability to Changes in the Discount Rate – As indicated above, TPAF has a special funding situation where the State pays 100% of the District's annual required contribution.

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

NOTE 12. POST-EMPLOYMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 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 pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The state paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 12. POST-EMPLOYMENT BENEFITS (CONT'D)

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>

NOTE 13. COMPENSATED ABSENCES

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

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

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

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2017, a liability existed for compensated absences in the Governmental Activities of \$325,482.

NOTE 14. DEFERRED COMPENSATION

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

NOTE 15. RISK MANAGEMENT

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

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

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 15. RISK MANAGEMENT (CONT'D)

Joint Insurance Pool (Cont'd) -

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

Annual contributions to the Fund are determined by the Fund's Board of Trustees. The School District is jointly and personally liable for claims insured by the Fund and its members during the period of its membership, including liability for supplemental assessments, if necessary. The Fund's Board of Trustees may authorize refunds to its members in any fund year for which contributions exceed the amount necessary to fund all obligations for that year. The Fund publishes its own financial report for the year ended June 30, 2017, which can be obtained from the following address:

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

NOTE 16. INTERFUND RECEIVABLES AND PAYABLES

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

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 269,682	\$ 11,199
Special Revenue Fund		235,554
Capital Project Fund		
Enterprise Fund	97,639	86,440
Fiduciary Funds		34,128
Total	<u>\$ 367,321</u>	<u>\$ 367,321</u>

NOTE 17. DEFICIT FUND BALANCES

The School District does not have a deficit fund balance in the General Fund or Special Revenue Fund, as of June 30, 2017 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The Statute provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one records the June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the general fund balance deficit does not alone indicated that the School District is facing financial difficulties.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 17. DEFICIT FUND BALANCES (CONT'D)

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

NOTE 18. DEFICIT IN UNRESTRICTED NET POSITION

The governmental activities had a deficit in unrestricted Net Position of \$3,765,084, shown on Exhibit A-1, as of June 30, 2017. The primary cause of the deficit is attributable to the application of GASB 68 as described in Note 11, the allocation of compensated absences balances payable to unrestricted Net Position and the result from a delay in the June payments of state aid until the following fiscal year.

NOTE 19. FUND BALANCE APPROPRIATED

General Fund - Of the \$538,717 General Fund balance at June 30, 2017, \$11,076 is assigned for encumbrances; \$77,439 is restricted as excess surplus in accordance with N.J.S.A. 18A:7F-7, all of which has been appropriated and included as anticipated revenue for the year ending June 30, 2018; \$12,200 has been restricted in the Capital Reserve Account; \$481,943 has been assigned, appropriated and included as anticipated revenue for the year ending June 30, 2018 and \$(43,941) is unreserved and undesignated.

Legally Restricted

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

Legally Restricted for Capital Reserve Account – As of June 30, 2017, the balance in the capital reserve account is \$12,200. These funds are restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan (LRFP).

Committed For Encumbrances – The reserve for encumbrances was created to represent encumbrances outstanding at the end of the fiscal year based on purchase orders and contracts signed by the School District but not completed as of the close of the fiscal year. As of June 30, 2017, \$11,076 has been restricted for this purpose.

Unassigned - General Fund – The budgetary basis unassigned general fund balance at June 30, 2017 is \$421,034.

NOTE 20. CALCULATION OF EXCESS SURPLUS

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 21. LITIGATION

There was one pending claim involving a terminated employee submitted against the Board, as of November 7, 2017. However, this matter has been forwarded to the District's insurance carrier.

Legal counsel is not aware of any other unasserted claims and assessments against the Board.

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

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

NOTE 23. TAX ABATEMENT

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because NJSA 54:4-75 and NJSA 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at NJSA 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

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

On December 3, 2014, a Bond Ordinance, in the amount of \$3,149,364 was approved by the Salem County Board of Chosen Freeholders, for the purpose of funding various capital improvements to the Salem County Career and Technical High School. As of June 30, 2017, the District had an unexpended balance of \$24,263 on this project.

NOTE 25. SUBSEQUENT EVENTS

On October 22, 2017, the District acquired two school buses through a capital lease totaling \$241,245, with interest at 2.65%.

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

REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
County of Salem Budget Appropriation	\$ 1,828,758	\$ -	\$ 1,828,758	\$ 1,828,758	\$ -
Tuition Charges - In County	2,150,917		2,150,917	1,965,465	(185,452)
Tuition Charges - Out of County	383,630		383,630	383,884	254
Rent and Roalties	75,000		75,000	91,938	16,938
Unrestricted Miscellaneous Revenue	81,000		81,000	2,212	(78,788)
Total - Local Sources	4,519,305		4,519,305	4,272,257	(247,048)
State Sources:					
Categorical Aid					
Equalization Aid	4,202,604		4,202,604	4,202,604	
Categorical Special Education Aid	399,706		399,706	399,706	
Categorical Security Aid	25,113		25,113	25,113	
PARCC Readiness Aid	7,820		7,820	7,820	
Per Pupil Growth Aid	7,820		7,820	7,820	
Additional Adjustment Aid	1		1	1	
Professional Learning Community Aid	7,530		7,530	7,530	
Other State Aid					
Reimbursed TPAF Social Security Contributions (non-budgeted)				252,435	252,435
On-behalf TPAF Long-Term Disability Insurance (non-budgeted)				960	960
On-behalf TPAF Pension Contributions (non-budgeted)				342,090	342,090
On-behalf TPAF Pension Post-Retirement Med'l Contrib (non-budgeted)				285,039	285,039
Total - State Sources	4,650,594		4,650,594	5,531,118	880,524
Total Revenues	9,169,899		9,169,899	9,803,375	633,476
EXPENDITURES:					
Current Expense:					
Regular Programs - Grade 9-12 - Instruction:					
Salaries of Teachers	1,185,167	10,838	1,196,005	1,161,405	34,600
Purchased Professional-Educational Services	15,660	(12,906)	2,754	2,485	269
Purchased Technical Services	250	6,495	6,745	6,745	
Other Purchased Services	8,850	(1,752)	7,098	2,593	4,505
General Supplies	35,310	67,746	103,056	99,512	3,544
Textbooks	44,350	5,000	49,350	39,013	10,337
Total Regular Programs - Instruction	1,289,587	75,421	1,365,008	1,311,753	53,255
Regular Programs - Home Instruction:					
Salaries of Teachers		5,880	5,880	5,880	
Regular Vocational Programs - Instruction:					
Salaries of Teachers	1,367,810	(4,966)	1,362,844	1,313,426	49,418
Purchased Professional-Educational Services	1,531,101	6,120	1,537,221	1,524,358	12,863
Purchased Technical Services	24,500	(546)	23,954	13,327	10,627
Other Purchased Services (400-500 series)	30,150	(16,952)	13,198	7,212	5,986
General Supplies	126,090	12,573	138,663	96,674	41,989
Textbooks	12,415	(2,315)	10,100	3,208	6,892
Total - Regular Vocational Programs - Instruction	3,092,066	(6,086)	3,085,980	2,958,205	127,775
School-Sponsored Co/Extra-Curr. Activities-Instruction					
Salaries	17,850	69,540	87,390	72,275	15,115
Purchased Services (300-500 series)	43,000	(25,845)	17,155	16,852	303
Supplies and Materials		10,510	10,510	9,956	554
Total School-Spon. Co/Extra Curr. Actvts. - Inst	60,850	54,205	115,055	99,083	15,972
Undistributed Expenditures - Attendance & Social Work					
Salaries of Drop-Out Prevention Officer/Coordinator	69,408	8,804	78,212	73,812	4,400
Total Undistributed Expenditures - Attendance & Social Work	69,408	8,804	78,212	73,812	4,400

(Continued)

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Health Services:					
Salaries	\$ 58,477	\$ -	\$ 58,477	\$ 58,450	\$ 27
Purchased Professional and Technical Services	100	52	152	53	99
Other Purchased Services (400-500 series)	417		417	322	95
Supplies and Materials	1,600		1,600	1,600	
Total Undistributed Expenditures - Health Services	60,594	52	60,646	60,425	221
Undistributed Expenditures - Speech, OT, PT and Related Services					
Purchased Professional - Educational Services					
Total Undist. Expend. - Speech, OT, PT and Related Services					
Undistributed Expenditures - Guidance					
Salaries of Other Professional Staff	269,171	(10,000)	259,171	258,447	724
Salaries of Secretarial and Clerical Assistants	31,505		31,505	30,851	654
Purchased Professional-Educational Services	5,000	(5,000)			
Other Purchased Services (400-500 series)	2,500	1,154	3,654	3,653	1
Supplies and Materials	7,000	(824)	6,176	3,239	2,937
Total Undist. Expend. - Guidance	315,176	(14,670)	300,506	296,190	4,316
Undistributed Expenditures - Child Study Teams					
Purchased Professional - Educational Services	10,000	(10,000)			
Total Undist. Expend. - Child Study Teams	10,000	18,589	28,589	28,589	
Undistributed Expenditures - Improvement of Instruction Services					
Salaries of Other Professional Staff	73,477		73,477	73,032	445
Salaries of Secretarial and Clerical Assistants	44,120	12,000	56,120	43,778	12,342
Supplies and Materials	10,000	(8,376)	1,624	1,623	1
Other Objects	25,000	(24,220)	780	780	
Total Undist. Expend. - Improv of Inst. Serv.	152,597	(20,596)	132,001	119,213	12,788
Undistributed Expenditures - Educational Media Service/Sch Library					
Salaries	74,871	14,718	89,589	85,402	4,187
Purchased Professional and Technical Services	90,056	(31,207)	58,849	55,872	2,977
Other Purchased Services (400-500)	1,500	(700)	800	770	30
Supplies and Materials	106,840	2,235	109,075	109,075	
Total Undist Expend-Edu. Media Serv. / Sch. Library	273,267	(14,954)	258,313	251,119	7,194
Undistributed Expenditures - Support Services - General Administration:					
Salaries	148,341	60,803	209,144	199,802	9,342
Legal Services	20,000	4,960	24,960	23,746	1,214
Audit Fee	32,000	(8,575)	23,425	23,425	
Other Purchased Professional Services	61,319	(60,619)	700	700	
Communications/Telephone	40,000	14,304	54,304	30,810	23,494
Other Purch Serv (400-500)	8,500	(1,400)	7,100	3,374	3,726
General Supplies	5,300	88	5,388	503	4,885
Miscellaneous Expenditures	15,750	(9)	15,741	14,240	1,501
Total Undist. Expend. -Support Serv. -Gen. Admin.	331,210	9,552	340,762	296,600	44,162
Undistributed Expenditures - Support Services - School Administration					
Salaries of Principals / Assistant Principals	187,923	25,125	213,048	201,319	11,729
Salaries of Secretarial and Clerical Assistants	78,333		78,333	77,900	433
Other Purchased Services (400-500 series)	11,500	(1,698)	9,802	5,793	4,009
Supplies and Materials	19,500	(4,303)	15,197	14,888	309
Other Objects	5,500		5,500	5,205	295
Total Undist. Expend. -Support Serv. - School Adm.	302,756	19,124	321,880	305,105	16,775

(Continued)

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Central Services:					
Salaries	\$ 33,447	\$ 52,533	\$ 85,980	\$ 74,082	\$ 11,898
Purchased Professional Services	64,152	(58,152)	6,000	6,000	
Purchased Technical Services	42,500	1,050	43,550	33,730	9,820
Misc. Purchased Services (400-500 Series)	15,000	(1,638)	13,362	2,100	11,262
Supplies and Materials	17,500	(7,040)	10,460	8,135	2,325
Interest on Lease Purchase Agreements	4,464	2,176	6,640	6,621	19
Misc. Expenditures	7,500	17,431	24,931	13,580	11,351
Total Undistributed Expenditures - Central Services	184,563	6,360	190,923	144,248	46,675
Undistributed Expenditures - Required Maint for School Facilities					
Salaries	65,790	5,792	71,582	69,500	2,082
Cleaning, Repair, and Maintenance Services	165,000	(71,450)	93,550	81,821	11,729
General Supplies	25,000	25,946	50,946	47,381	3,565
Other Objects	5,000	(4,000)	1,000	126	874
Total Undist. Expend-Required Maint for Sch Fac.	260,790	(43,712)	217,078	198,828	18,250
Undistributed Expenditures - Other Oper & Maint of Plant					
Salaries	289,937	(25,906)	264,031	241,980	22,051
Cleaning, Repair, and Maintenance Services	50,000	(4,801)	45,199	36,870	8,329
Lease Purchase Payments - Energy Savings	93,084	(5,000)	88,084	87,638	446
Insurance	115,500	(5,000)	110,500	106,506	3,994
General Supplies	20,000	9,471	29,471	25,118	4,353
Energy (Natural Gas)	105,000	16,000	121,000	120,022	978
Energy (Heat and Electricity)	259,664	(36,451)	223,213	223,086	127
Energy (Oil)	10,000	(5,000)	5,000	2,217	2,783
Total Undist Expend-Oth. Oper & Maint of Plant	943,185	(56,687)	886,498	843,437	43,061
Undistributed Expenditures - Care & Upkeep of Grounds					
Cleaning, Repair, and Maintenance Services	20,000		20,000	11,562	8,438
Total Care and Upkeep of Grounds	20,000		20,000	11,562	8,438
Undistributed Expenditures - Security					
Cleaning, Repair, and Maintenance Services	4,500		4,500		4,500
Total Security	4,500		4,500		4,500
Total Undist. Expend-Oper & Maint of Plant Serv.	1,228,475	(100,399)	1,128,076	1,053,827	74,249
Undistributed Expenditures - Student Transportation Services:					
Contr Serv (Oth. Than Bet Home & Sch) - Vend	26,449	13,276	39,725	22,069	17,656
Total Undist. Expend. -Student Trans. Serv.	26,449	13,276	39,725	22,069	17,656
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	140,000	15,115	155,115	155,026	89
Other Retirement Contributions - PERS	155,932	(2,000)	153,932	153,264	668
Unemployment Compensation	20,000	5,348	25,348	24,056	1,292
Workmen's Compensation	86,000	443	86,443	86,443	
Health Benefits	1,189,772	1,590	1,191,362	1,179,139	12,223
Tuition Reimbursement	20,000	(17,998)	2,002	84	1,918
Other Employee Benefits	7,500	(4,241)	3,259	3,259	
Total Unallocated Benefits - Employee Benefits	1,619,204	(1,743)	1,617,461	1,601,271	16,190

(Continued)

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Reimbursed TPAF Social Security Contributions (non-budgeted)	\$ -	\$ -	\$ -	\$ 252,435	\$ (252,435)
On-behalf TPAF Long-Term Disability Insurance (non-budgeted)				960	(960)
On-behalf TPAF Pension Contributions (non-budgeted)				342,090	(342,090)
On-behalf TPAF Pension Post-Retirement Contributions (non-budgeted)				285,039	(285,039)
Total On-behalf Contributions				880,524	(880,524)
Total Undistributed Expenditures	4,573,699	(76,605)	4,497,094	5,132,992	(635,898)
Total Current Expense	9,016,202	52,815	9,069,017	9,507,913	(438,896)
Capital Outlay:					
Interest Deposit to Capital Reserve					
Equipment:					
Undistributed Expenses					
Special Schools	16,350	(16,350)			
Care and Upkeep	80,000	(41,695)	38,305	4,500	33,805
Total Equipment	96,350	(58,045)	38,305	4,500	33,805
Facilities Acquisition and Construction Services:					
Construction Services		6,725	6,725	6,725	
Lease Purchase Agreements-Principal	374,264		374,264	324,679	49,585
Assessment for Debt Service on SDA Funding	925		925		925
Total Facilities Acquisition and Construction Services	375,189	6,725	381,914	331,404	50,510
Assets Acquired under Capital Leases (Non-budgeted)				221,706	(221,706)
Total Capital Outlay	471,539	(51,320)	420,219	557,610	(137,391)
Total Expenditures	9,487,741	1,495	9,489,236	10,065,523	(576,287)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(317,842)	(1,495)	(319,337)	(262,148)	57,189
Other Financing Sources (Uses)					
Proceeds from Capital Lease				221,706	221,706
Cancellation of Prior Year Interfunds Payable				115,297	115,297
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(317,842)	(1,495)	(319,337)	74,855	394,192
Fund Balances, July 1	928,837		928,837	928,837	
Fund Balances, June 30	\$ 610,995	\$ (1,495)	\$ 609,500	\$ 1,003,692	\$ 394,192
Recapitulation:					
Restricted Fund Balance:					
Capital Reserve				\$ 12,200	
Excess Surplus					
Excess Surplus - Designated For Subsequent Years Expenditures				77,439	
Assigned Fund Balance:					
Year-end Encumbrances				11,076	
Designated for Subsequent Years Expenditures				481,943	
Unassigned Fund Balance					
				421,034	
				1,003,692	
Reconciliation to Governmental Funds Statements (GAAP):					
Last two State Aid Payments 2016-17 Not Recognized on GAAP Basis					
				(464,975)	
				\$ 538,717	

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Amendments / Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
State Sources:					
Perkins Post Secondary	\$ 100,942	\$ -	\$ 100,942	\$ 94,349	\$ (6,593)
County Vocational Competitive	108,856	(108,856)		18,220	18,220
Total - State Sources	209,798	(108,856)	100,942	112,569	11,627
Federal Sources:					
Perkins Secondary and Reserve		377,773	377,773	93,280	(284,493)
Adult Basic Skills-LA	176,850		176,850	164,094	(12,756)
Adult Basic Skills-Sub-grantee	466,926	(2,726)	464,200	441,188	(23,012)
I.D.E.A.	132,740		132,740	132,740	
No Child Left Behind I A	188,721	2,727	191,448	120,181	(71,267)
No Child Left Behind II A	4,235		4,235	3,623	(612)
Total - Federal Sources	969,472	377,774	1,347,246	955,106	(392,140)
Other Sources:					
CASE Grant				4,734	4,734
Monsanto Garden Grant		1,407	1,407	528	(879)
PSE&G Grant		15,022	15,022	4,963	(10,059)
Total - Other Sources		16,429	16,429	10,225	(6,204)
Total Revenues	1,179,270	285,347	1,464,617	1,077,900	(386,717)

(Continued)

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Amendments / Transfers	Final Budget	Actual	Variance Positive (Negative), Final to Actual
EXPENDITURES:					
Instruction:					
Salaries of Teachers	\$ 199,925	\$ -	\$ 199,925	\$ 149,470	\$ 50,455
Purchased Professional & Technical Services	95,966		95,966	37,593	58,373
Travel		775	775	775	
General Supplies	16,660	83,440	100,100	90,928	9,172
Supplies and Materials	16,449	17,656	34,105	24,966	9,139
Total Instruction	329,000	101,871	430,871	303,732	127,139
Support Services:					
Salaries of Other Professional Staff	77,200		77,200	56,571	20,629
Personal Services - Employee Benefits	18,041	14,251	32,292	14,270	18,022
Purchased Professional Educational Services	467,714		467,714	445,632	22,082
Cleaning, Repair and Maintenance	6,000		6,000	6,000	
Purchased Professional Technical Services	228,219		228,219	192,957	35,262
Other Purchased Services	16,605	33,382	49,987	16,812	33,175
Travel	6,149	16,448	22,597	9,041	13,556
Supplies and Materials		1,250	1,250		1,250
Other Objects	1,292		1,292	1,050	242
Total Support Services	821,220	65,331	886,551	742,333	144,218
Facilities Acquisition and Construction Services:					
Instructional Equipment	29,050	118,145	147,195	31,835	115,360
Total Facilities Acquisition & Construction Services	29,050	118,145	147,195	31,835	115,360
Total Expenditures	1,179,270	285,347	1,464,617	1,077,900	386,717
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 Note to RSI
 For the Fiscal Year Ended June 30, 2017

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

	General Fund	Special Revenue Fund
Sources / Inflows of Resources:		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (C-series)	\$ 9,803,375	\$ 1,077,900
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Current Year		
Prior Year		
The last two 15-16 State aid payments are recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33)		
	465,869	
The last two 16-17 State aid payments are recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33)		
	(464,975)	
	\$ 9,804,269	\$ 1,077,900
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 10,065,523	\$ 1,077,900
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Current Year		
Prior Year		
	\$ 10,065,523	\$ 1,077,900
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)		
	\$ 10,065,523	\$ 1,077,900

**REQUIRED SUPPLEMENTARY
INFORMATION PART III**

SCHEDULE L-1

Schedules of Required Supplementary Information

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

Public Employee's Retirement System

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Pension Liability(Asset)	0.0170410%	0.0151530%	0.0186100%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 5,046,962	\$ 3,401,593	\$ 3,484,297
District's Covered-Employee Payroll	\$ 1,165,849	\$ 1,146,524	\$ 1,067,848
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its covered-employee payroll	432.90%	296.69%	326.29%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.14%	47.93%	52.08%

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

Schedules of Required Supplementary Information Part III

SCHEDULE OF THE DISTRICT CONTRIBUTIONS

Public Employee's Retirement System (PERS)

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 153,264	\$ 130,277	\$ 153,418
Contributions in Relation to the Contractually Required Contribution	(153,264)	(130,277)	(153,418)
Contribution Deficiency (Excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>
District's Covered-Employee Payroll	\$ 1,165,849	\$ 1,146,524	\$ 1,067,848
Contributions as a Percentage of Covered-Employee Payroll	13.15%	11.36%	14.37%

Schedules of Required Supplementary Information

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

Teachers Pension Plan

	<u>2016</u>		<u>2015</u>		<u>2014</u>
District's Proportion of the Net Pension Liability(Asset)	0.031832%		0.031078%		0.031268%
State's proportionate share of the net pension liability (asset) associated with the district	\$ 25,041,038	\$	19,642,384	\$	16,711,990
District's Covered-Employee Payroll	\$ 4,848,646	\$	3,248,683	\$	3,212,474
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its covered-employee payroll	516.45%		604.63%		520.22%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	22.33%		28.71%		33.64%

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

Township of Franklin School District

SCHEDULE OF THE DISTRICT CONTRIBUTIONS

Teachers' Pension Plan

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

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

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Notes to the Required Supplementary Information Part III
Pension Schedules
For the Fiscal Year Ended June 30, 2017

Teachers' Pension and Annuity Fund (TPAF)

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

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

Public Employees' Retirement System (PERS)

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

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

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND DETAIL STATEMENTS

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
 Combining Schedule of Revenues and Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2017

	<u>Total</u>	<u>NCLB Title I, Part A 2015-16</u>	<u>Title II A 2014-15 Carryover</u>	<u>Total Brought Forward</u>
REVENUES:				
Federal Sources	\$ 955,106	\$ 120,181	\$ 3,623	\$ 831,302
State Sources	112,569			112,569
Other Sources	10,225			10,225
Total Revenues	<u>1,077,900</u>	<u>120,181</u>	<u>3,623</u>	<u>954,096</u>
EXPENDITURES:				
Instruction:				
Salaries of Teachers	149,470	65,644		83,826
Purchased Professional & Technical Services	37,593			37,593
Travel	775			775
General Supplies	90,928			90,928
Supplies & Materials	24,966	620		24,346
Total Instruction	<u>303,732</u>	<u>66,264</u>		<u>237,468</u>
Support Services:				
Salaries of Other Professional Staff	56,571			56,571
Personal Services - Employee Benefits	14,270	3,357		10,913
Purchased Professional Educational Services	445,632			445,632
Cleaning, Repair and Maintenance	6,000			6,000
Purchased Professional Technical Services	192,957	50,560		142,397
Other Purchased Services	16,812		3,623	13,189
Travel	9,041			9,041
Other Objects	1,050			1,050
Total Support Services	<u>742,333</u>	<u>53,917</u>	<u>3,623</u>	<u>684,793</u>
Facilities Acquisition & Construction Services:				
Instructional Equipment	31,835			31,835
Total Facilities Acquisition & Construction Services	<u>31,835</u>			<u>31,835</u>
Total Expenditures	<u>\$ 1,077,900</u>	<u>\$ 120,181</u>	<u>\$ 3,623</u>	<u>\$ 954,096</u>

(Continued)

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SPECIAL REVENUE FUND**
Combining Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2017

	<u>Total Carried Forward</u>	<u>I.D.E.A. 2016-17</u>	<u>County Vocational Competitive</u>	<u>Total Brought Forward</u>
REVENUES:				
Federal Sources	\$ 831,302	\$ 132,740		\$ 698,562
State Sources	112,569		\$ 18,220	94,349
Other Sources	10,225			10,225
Total Revenues	<u>954,096</u>	<u>132,740</u>	<u>18,220</u>	<u>803,136</u>
EXPENDITURES:				
Instruction:				
Salaries of Teachers	83,826			83,826
Purchased Professional & Technical Services	37,593		9,040	28,553
Travel	775			775
General Supplies	90,928		1,020	89,908
Supplies & Materials	24,346			24,346
Total Instruction	<u>237,468</u>		<u>10,060</u>	<u>227,408</u>
Support Services:				
Salaries of Other Professional Staff	56,571		6,000	50,571
Personal Services - Employee Benefits	10,913			10,913
Purchased Professional Educational Services	445,632			445,632
Cleaning, Repair and Maintenance	6,000			6,000
Purchased Professional Technical Services	142,397	132,740		9,657
Other Purchased Services	13,189		747	12,442
Travel	9,041		1,413	7,628
Other Objects	1,050			1,050
Total Support Services	<u>684,793</u>	<u>132,740</u>	<u>8,160</u>	<u>543,893</u>
Facilities Acquisition & Construction Services:				
Instructional Equipment	31,835			31,835
Total Facilities Acquisition & Construction Services	<u>31,835</u>			<u>31,835</u>
Total Expenditures	<u>\$ 954,096</u>	<u>\$ 132,740</u>	<u>\$ 18,220</u>	<u>\$ 803,136</u>

(Continued)

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
 Combining Schedule of Revenues and Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2017

	<u>Total Carried Forward</u>	<u>Sub-Grantee Adult Basic Skills 2016-17</u>	<u>Lead Agent Adult Basic Skills 2016-17</u>	<u>Total Brought Forward</u>
REVENUES:				
Federal Sources	\$ 698,562	\$ 441,188	\$ 164,094	\$ 93,280
State Sources	94,349			94,349
Other Sources	10,225			10,225
Total Revenues	<u>803,136</u>	<u>441,188</u>	<u>164,094</u>	<u>197,854</u>
EXPENDITURES:				
Instruction:				
Salaries of Teachers	83,826		78,576	5,250
Purchased Professional & Technical Services	28,553		1,500	27,053
Travel	775		775	
General Supplies	89,908		13,239	76,669
Supplies & Materials	24,346			24,346
Total Instruction	<u>227,408</u>		<u>94,090</u>	<u>133,318</u>
Support Services:				
Salaries of Other Professional Staff	50,571		45,171	5,400
Personal Services - Employee Benefits	10,913		10,615	298
Purchased Professional Educational Services	445,632	441,188	4,444	
Cleaning, Repair and Maintenance	6,000		6,000	
Purchased Professional Technical Services	9,657			9,657
Other Purchased Services	12,442			12,442
Travel	7,628			7,628
Other Objects	1,050			1,050
Total Support Services	<u>543,893</u>	<u>441,188</u>	<u>66,230</u>	<u>36,475</u>
Facilities Acquisition & Construction Services:				
Instructional Equipment	31,835		3,774	28,061
Total Facilities Acquisition & Construction Services	<u>31,835</u>		<u>3,774</u>	<u>28,061</u>
Total Expenditures	<u>\$ 803,136</u>	<u>\$ 441,188</u>	<u>\$ 164,094</u>	<u>\$ 197,854</u>

(Continued)

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
 Combining Schedule of Revenues and Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2017

	<u>Total Carried Forward</u>	<u>Perkins Secondary 2016-17</u>	<u>Perkins Secondary Reserve 2016-17</u>	<u>Perkins Post Secondary 2016-17</u>	<u>Total Brought Forward</u>
REVENUES:					
Federal Sources	\$ 93,280	\$ 75,035	\$ 18,245		
State Sources	94,349			\$ 94,349	
Other Sources	10,225				\$ 10,225
Total Revenues	<u>197,854</u>	<u>75,035</u>	<u>18,245</u>	<u>94,349</u>	<u>10,225</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	5,250	5,250			
Purchased Professional & Technical Services	27,053	4,223		22,830	
Travel					
General Supplies	76,669	35,989		30,455	10,225
Supplies & Materials	24,346	11,046	13,300		
Total Instruction	<u>133,318</u>	<u>56,508</u>	<u>13,300</u>	<u>53,285</u>	<u>10,225</u>
Support Services:					
Salaries of Other Professional Staff	5,400	3,900		1,500	
Personal Services - Employee Benefits	298	298			
Purchased Professional Educational Services					
Cleaning, Repair and Maintenance					
Purchased Professional Technical Services	9,657	1,200		8,457	
Other Purchased Services	12,442	2,283	4,945	5,214	
Travel	7,628	55		7,573	
Other Objects	1,050	1,050			
Total Support Services	<u>36,475</u>	<u>8,786</u>	<u>4,945</u>	<u>22,744</u>	
Facilities Acquisition & Construction Services:					
Instructional Equipment	28,061	9,741		18,320	
Total Facilities Acquisition & Construction Services	<u>28,061</u>	<u>9,741</u>		<u>18,320</u>	
Total Expenditures	<u>\$ 197,854</u>	<u>\$ 75,035</u>	<u>\$ 18,245</u>	<u>\$ 94,349</u>	<u>\$ 10,225</u>

(Continued)

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
Combining Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2017

	<u>Total Carried Forward</u>	<u>CASE Grant 15-16</u>	<u>CASE Grant 16-17</u>	<u>Monsanto Garden Grant</u>
REVENUES:				
Federal Sources				
State Sources				
Other Sources	\$ 10,225	\$ 4,734	\$ 4,963	\$ 528
Total Revenues	<u>10,225</u>	<u>4,734</u>	<u>4,963</u>	<u>528</u>
EXPENDITURES:				
Instruction:				
Salaries of Teachers				
Purchased Professional & Technical Services				
Travel				
General Supplies	10,225	4,734	4,963	528
Supplies & Materials				
Total Instruction	<u>10,225</u>	<u>4,734</u>	<u>4,963</u>	<u>528</u>
Support Services:				
Salaries of Other Professional Staff				
Personal Services - Employee Benefits				
Purchased Professional Educational Services				
Cleaning, Repair and Maintenance				
Purchased Professional Technical Services				
Other Purchased Services				
Travel				
Total Support Services	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Facilities Acquisition & Construction Services:				
Instructional Equipment				
Total Facilities Acquisition & Construction Services	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	<u>\$ 10,225</u>	<u>\$ 4,734</u>	<u>\$ 4,963</u>	<u>\$ 528</u>

CAPITAL PROJECTS FUND DETAIL STATEMENT

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Project Expenditures
For the Fiscal Year Ended June 30, 2017

<u>Project Title / Issue</u>	<u>Approval Date</u>	<u>Revised Budgetary Appropriations</u>	<u>GAAP Expenditures to Date</u>		<u>Unexpended Balance June 30, 2016</u>
			<u>Prior Years</u>	<u>Current Year</u>	
Various Improvements to High School	12/3/2014	\$ 24,263			\$ 24,263
		<u>\$ 24,263</u>			<u>\$ 24,263</u>
Unencumbered Balance					<u>\$ 24,263</u>

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
Summary Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budgetary Basis
For the Fiscal Year Ended June 30, 2017

Revenues and Other Financing Sources (Uses)

State Sources - SCC Grant	\$	
Interest		_____
Total Revenues		_____

Expenditures and Other Financing Uses

Construction Services		
Professional Services		_____
Total Expenditures		_____

Excess (Deficiency) of Revenues Over (Under) Expenditures

Fund Balance - July 1		_____ 24,263
Fund Balance - June 30	\$	_____ 24,263

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
 Schedule of Project Revenues, Expenditures, Project Balance and Project Status--Budgetary Basis
 From Inception and for the Fiscal Year Ended June 30, 2017

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

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	3,149,364
Additional Authorized Cost	0
Revised Authorized Cost	3,149,364
Percentage Increase over Original Authorized Cost	0.00%
Percentage Completion	100.00%
Original Target Completion Date	N/A
Revised Target Completion Date	N/A

PROPRIETARY FUND DETAIL STATEMENTS

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

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

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

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

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
 Enterprise Fund
 Combining Statement of Net Position
 June 30, 2017

	<u>Business Type Activities- Enterprise Funds</u>				<u>Total</u>
	<u>Food Service</u>	<u>Regional Day School</u>	<u>The Learning Center</u>	<u>BCCEC/ ETTC Program</u>	
ASSETS:					
Current Assets:					
Cash and Cash Equivalents	\$ 7,404		\$ 2,094	\$ 195,113	\$ 204,611
Accounts Receivable:					
State	107				107
Federal	5,462				5,462
Other	16,784	86,440	12,063	190,491	305,778
Interfund Receivable	11,199			86,440	97,639
Inventories	10,404				10,404
Total Current Assets	<u>51,360</u>	<u>86,440</u>	<u>14,157</u>	<u>472,044</u>	<u>624,001</u>
Noncurrent Assets:					
Site Improvements					
Building					
Equipment					
Accumulated Depreciation					
Total Noncurrent Assets					
Total Assets	<u>51,360</u>	<u>86,440</u>	<u>14,157</u>	<u>472,044</u>	<u>624,001</u>
LIABILITIES:					
Current Liabilities:					
Accounts Payable	175			20,814	20,989
Interfund Payable		86,440			86,440
Unearned Revenue	1,240		1,748	12,400	15,388
Total Current Liabilities	<u>1,415</u>	<u>86,440</u>	<u>1,748</u>	<u>33,214</u>	<u>122,817</u>
Net Position:					
Invested in Capital Assets					
Net of Related Debt					
Unrestricted	49,945		12,409	438,830	501,184
Total Net Position	<u>\$ 49,945</u>	<u>\$</u>	<u>\$ 12,409</u>	<u>\$ 438,830</u>	<u>\$ 501,184</u>

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
 Enterprise Fund
 Combining Statement of Revenues, Expenses and Changes in Fund Net Position
 For the Fiscal Year Ended June 30, 2017

	<u>Business Type Activities- Enterprise Funds</u>				<u>Total</u>
	<u>Food Service</u>	<u>Regional Day School</u>	<u>The Learning Center</u>	<u>BCCEC/ETTC Program</u>	
OPERATING REVENUES:					
Charges for Services:					
Daily Sales - Reimbursable Programs	\$ 68,984				\$ 68,984
Daily Sales - Non-Reimbursable Programs	30,211				30,211
Tuition			67,414		67,414
Other Revenue	128,399	336,762		388,520	853,681
Total Operating Revenues	227,594	336,762	67,414	388,520	1,020,290
OPERATING EXPENSES:					
Salaries	140,977	336,762	46,248	362,363	886,350
Employee Benefits				51,088	51,088
Cost of Sales - Reimbursable Programs	150,571				150,571
Cost of Sales - Non Reimbursable Programs	34,673				34,673
Purchased Educational Services				33,565	33,565
Travel				315	315
Other Purchased Services	12,898			47,756	60,654
Equipment	3,485				3,485
General Supplies	17,510		739	15,274	33,523
Textbooks				4,540	4,540
Miscellaneous	188			820	1,008
Total Operating Expenses	360,302	336,762	46,987	515,721	1,259,772
Operating Income / (Loss)	(132,708)		20,427	(127,201)	(239,482)
NONOPERATING REVENUES (EXPENSES):					
State Sources:					
State School Lunch Program	2,022				2,022
Federal Sources:					
Food Distribution Program	19,851				19,851
National School Lunch Program	72,116				72,116
National School Breakfast Program	22,614				22,614
Total Non-operating Revenues (Expenses)	116,603				116,603
Income(Loss) before Operating Transfers	(16,105)		20,427	(127,201)	(122,879)
OTHER FINANCING USES:					
Prior Year Cancellations:					
Interfund Receivable				(115,297)	(115,297)
Accounts Receivable			(16,470)	(46,630)	(63,100)
Net Position -- July 1	66,050		8,452	727,958	802,460
Net Position -- June 30	\$ 49,945	\$	\$ 12,409	\$ 438,830	\$ 501,184

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
 Enterprise Fund
 Combining Statement of Cash Flows
 For the Fiscal Year Ended June 30, 2017

	<u>Business Type Activities- Enterprise Funds</u>				<u>Totals</u>
	<u>Food Service</u>	<u>Regional Day School</u>	<u>The Learning Center</u>	<u>BCCEC/ETTC Program</u>	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from Customers	\$ 210,810	\$ 336,762	\$ 57,104	\$ 356,861	\$ 961,537
Payments to Employees	(140,977)	(336,762)	(46,248)	(362,363)	(886,350)
Payments for Employee Benefits				(51,088)	(51,088)
Payments to Suppliers	(159,425)		(739)	(151,163)	(311,327)
Net Cash Provided by (used for) Operating Activities	<u>(89,592)</u>		<u>10,117</u>	<u>(207,753)</u>	<u>(287,228)</u>
Cash from (Used for) Operating Activities-Transfers to the General Fund				149,021	149,021
Total Cash Provided by (Used for) Operating Activities	<u>(89,592)</u>		<u>10,117</u>	<u>(58,732)</u>	<u>(138,207)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:					
State Sources	2,022				2,022
Federal Sources	115,360				115,360
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>117,382</u>				<u>117,382</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest and Dividends					
Net Cash Provided by (used for) Investing Activities					
Net Increase (Decrease) in Cash and Cash Equivalents	27,790		10,117	(58,732)	(20,825)
Cash and Cash Equivalents -- July 1	(20,386)		(8,023)	253,845	225,436
Cash and Equivalents -- June 30	<u>\$ 7,404</u>	<u>\$ -</u>	<u>\$ 2,094</u>	<u>\$ 195,113</u>	<u>\$ 204,611</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	\$(132,708)	\$ -	\$ 20,427	\$(127,201)	\$ (239,482)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:					
Transfer					
Changes in Assets and Liabilities:					
Accounts Receivable (Increase)/Decrease	(16,784)		(12,058)	(54,058)	(82,900)
Interfund Receivable (Increase)/Decrease	68,478			(29,708)	38,770
Inventory (Increase)/Decrease	(3,388)				(3,388)
Accounts Payable Increase/(Decrease)	(870)			814	(56)
Unearned Revenue Increase/(Decrease)	(2,703)		1,748	2,400	1,445
Interfund Payable Increase/(Decrease)	(1,617)				(1,617)
Net Cash Provided by (used for) Operating Activities	<u>\$ (89,592)</u>	<u>\$ -</u>	<u>\$ 10,117</u>	<u>\$(207,753)</u>	<u>\$ (287,228)</u>

FIDUCIARY FUNDS DETAIL STATEMENTS

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

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

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

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Fiduciary Net Position
June 30, 2017

	<u>Agency Funds</u>		
	<u>Student</u>		<u>Total</u>
	<u>Activity</u>	<u>Payroll</u>	
ASSETS:			
Cash and Cash Equivalents	\$ 47,690	\$ 50,396	\$ 98,086
Total Assets	<u>\$ 47,690</u>	<u>\$ 50,396</u>	<u>\$ 98,086</u>
LIABILITIES:			
Payable to Student Groups	\$ 47,690	\$	\$ 47,690
Due to General Fund		34,128	34,128
Payroll Deductions and Withholdings		16,268	16,268
Total Liabilities	<u>\$ 47,690</u>	<u>\$ 50,396</u>	<u>\$ 98,086</u>

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Fiduciary Funds
Student Activity Agency Fund Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2017

	<u>Balance</u> <u>June 30, 2016</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2017</u>
Vo Tech	\$ 26,012	\$ 241,696	\$ 220,018	\$ 47,690

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Fiduciary Funds
Payroll Agency Fund Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2017

	<u>Balance</u> <u>June 30, 2016</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>June 30, 2017</u>
ASSETS:				
Cash and Cash Equivalents	\$ 37,879	\$ 7,251,621	\$ 7,239,104	\$ 50,396
Total Assets	<u>\$ 37,879</u>	<u>\$ 7,251,621</u>	<u>\$ 7,239,104</u>	<u>\$ 50,396</u>
LIABILITIES:				
Due to General Fund	\$ 33,178	\$ 50,396	\$ 49,446	\$ 34,128
Payroll Deductions and Withholdings	4,701	7,201,225	7,189,658	16,268
Total Liabilities	<u>\$ 37,879</u>	<u>\$ 7,251,621</u>	<u>\$ 7,239,104</u>	<u>\$ 50,396</u>

LONG-TERM DEBT SCHEDULES

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
 Schedule of Obligations Under Capital Leases
 For the Fiscal Year Ended June 30, 2016

<u>Series</u>	<u>Date of Lease</u>	<u>Term of Lease</u>	<u>Amount of Original Issue Principal</u>	<u>Interest Rate Payable</u>	<u>Amount Outstanding June 30, 2016</u>	<u>Issued</u>	<u>Retired Current Year</u>	<u>Amount Outstanding June 30, 2017</u>
2014 Refinancing of Energy Savings Project	4/14/14	11 yrs.	\$ 2,796,142	3.00%	\$ 2,449,640		\$ 193,882	\$ 2,255,758
2016 Various Technology and Vehicles	2/1/15	3 yrs	425,899	1.573%	216,726		73,748	142,978
2016 Energy Project	10/15/15	10 yrs	650,000	2.875%	556,212		55,951	500,261
2017 Various Equipment and Vehicles	2/1/17	3 yrs	221,706	2.15%		\$ 221,706	74,056	147,650
					<u>\$ 3,222,578</u>	<u>\$ 221,706</u>	<u>\$ 397,637</u>	<u>\$ 3,046,647</u>
					(a)			(a)
						General Supplies	\$ 72,958	
						Capital Outlay	324,679	
							<u>\$ 397,637</u>	

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

STATISTICAL SECTION

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Invested in capital assets, net of related debt	\$ 8,456,488	\$ 8,632,392	\$ 8,275,193	\$ 7,585,773	\$ 7,745,536	\$ 6,884,811	\$ 7,627,048	\$ 7,898,446	\$ 10,531,955	\$10,020,533
Restricted	2,555,670	2,278,308	1,736,407	1,453,638	397,610	649,361	619,871	3,181,353	301,757	113,902
Unrestricted	481,692	(75,157)	(120,169)	(188,850)	(101,023)	(119,188)	(107,055)	(3,780,914)	(3,659,585)	(3,765,084)
Total governmental activities Net Position	<u>\$ 11,493,849</u>	<u>\$ 10,835,544</u>	<u>\$ 9,891,431</u>	<u>\$ 8,850,561</u>	<u>\$ 8,042,123</u>	<u>\$ 7,414,984</u>	<u>\$ 8,139,864</u>	<u>\$ 7,298,885</u>	<u>\$ 7,174,127</u>	<u>\$ 6,369,351</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 1,080,169	\$ 1,032,108	\$ 983,395	\$ 934,485	\$ 876,290	\$ 818,095	\$ -	\$ -	\$ -	\$ -
Restricted		7,979	16,728	4,930	23,309	17,886				
Unrestricted	297,064	421,010	384,166	229,198	370,868	535,945	892,355	951,241	802,460	501,184
Total business-type activities Net Position	<u>\$ 1,377,233</u>	<u>\$ 1,461,097</u>	<u>\$ 1,384,289</u>	<u>\$ 1,168,614</u>	<u>\$ 1,270,467</u>	<u>\$ 1,371,926</u>	<u>\$ 892,355</u>	<u>\$ 951,241</u>	<u>\$ 802,460</u>	<u>\$ 501,184</u>
District-wide										
Invested in capital assets, net of related debt	\$ 9,536,657	\$ 9,664,501	\$ 9,258,588	\$ 8,520,258	\$ 8,621,826	\$ 7,702,906	\$ 7,627,048	\$ 7,898,446	\$ 10,531,955	\$10,020,533
Restricted	2,555,670	2,286,287	1,753,135	1,458,568	420,919	667,247	619,871	3,181,353	301,757	113,902
Unrestricted	778,755	345,853	263,997	40,349	269,845	416,757	785,300	(2,829,673)	(2,857,125)	(3,263,900)
Total District Net Position	<u>\$ 12,871,082</u>	<u>\$ 12,296,641</u>	<u>\$ 11,275,720</u>	<u>\$ 10,019,174</u>	<u>\$ 9,312,590</u>	<u>\$ 8,786,910</u>	<u>\$ 9,032,219</u>	<u>\$ 8,250,126</u>	<u>\$ 7,976,587</u>	<u>\$ 6,870,535</u>

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities										
Instruction										
Regular	\$ 973,428	\$ 1,108,781	\$ 1,167,138	\$ 1,650,755	\$ 1,859,555	\$ 1,652,817	\$ 1,392,817	\$ 1,450,057	\$ 1,545,838	\$ 1,739,203
Special Vocational Programs										
Vocational	2,150,347	2,377,718	2,524,598	2,796,045	2,754,285	2,834,358	3,058,443	3,277,086	3,091,102	3,082,340
Other instruction										
School Sponsored Co-Curricular Activities	33,528	28,393	33,711	39,236	24,173	28,120	21,868	20,823	22,289	99,083
Support Services:										
Attendance and Social Work			108,598	64,152	68,539	73,835	75,312	88,172	89,116	73,812
Health Services	38,224	39,339	42,905	53,618	54,825	55,242	56,496	61,459	59,872	60,425
Speech, OT, PT and Related Services										6,072
Students - Regular	1,295,086	1,095,181	1,209,421	986,591	1,053,612	1,675,738	1,282,486	803,389	947,066	1,067,112
Improvement of Instruction Services	72,619	99,932	103,739	115,507	164,186	148,632	135,650	170,250	112,935	119,213
Educational Media/School Library	175,709	261,741	213,095	151,945	157,649	175,315	219,420	183,199	224,033	251,119
General Administration	442,216	320,379	299,231	214,512	291,309	263,041	259,662	287,463	329,655	302,606
School Administrative	237,652	218,016	203,002	237,117	248,180	255,654	260,038	314,382	289,248	305,105
Central Services	428,650	466,584	396,299	444,854	(302)	304,308	279,719	95,866	162,128	137,627
Operation and Maintenance of Plant Services	1,244,916	1,223,044	1,135,174	995,817	80,495	925,595	852,937	1,084,502	1,173,851	1,152,736
Student Transportation Services	11,405	16,529	27,064	13,352		15,056	13,134	14,538	26,610	22,069
Unallocated benefits	1,171,454	1,121,058	1,245,674	1,492,726		1,871,773	1,453,811	2,840,999	3,246,493	4,390,059
Capital Outlay										
Special Schools									20,673	
Interest on Long Term Debt									8,999	93,032
Unallocated depreciation	259,241	280,607	280,617	281,135	617,132	640,385	1,452,642	451,993	450,853	446,097
Total governmental activities expenses	8,534,474	8,657,303	8,990,265	9,537,364	7,373,638	10,919,869	10,814,435	11,144,178	11,806,833	13,341,638
Business-type activities:										
Food Service	195,153	193,588	185,570	176,170	184,435	226,700	262,300	320,379	271,248	360,302
Regional Day School	1,624,468	1,478,487	1,497,453	1,444,478	1,353,544	1,120,210	588,610	527,374	398,855	336,762
Summer Enrichment Program	157,356	123,096	105,019	92,092	120,662	60,888	32,885			
BCCEC/ETTC	76,435	23,577	38,626	97,998	162,525	286,422	183,126	355,677	393,172	515,721
Air Force Junior ROTC	578									
Transitional Production Workshop	13,275	276	1,024		841	145				
Consolidated Services	191,415	172,551	248,410	309,380	271,096	313,748				
School Based Youth Services	54		645	60,529	65,084	62,749	57,827	19,418	69,283	46,987
ETTC Program										
Total business-type activities expense	2,258,734	1,991,574	2,076,748	2,180,647	2,158,187	2,070,862	1,124,748	1,222,848	1,132,558	1,259,772
Total district expenses	\$ 10,793,207	\$ 10,648,878	\$ 11,067,013	\$ 11,718,010	\$ 9,531,825	\$ 12,990,731	\$ 11,939,183	\$ 12,367,026	\$ 12,939,391	\$ 14,601,410

Continued

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ 370,898	\$ 331,558	\$ 395,344	\$ 404,740	\$ 654,536	\$ 1,026,990	\$ 1,526,201	\$ 2,166,925	\$ 2,199,217	\$ 2,349,349
Operating grants and contributions	1,832,367	1,703,769	1,802,658	1,930,251	2,268,482	2,809,543	2,044,893	1,248,686	2,301,228	2,617,296
Total governmental activities program revenues	<u>2,203,265</u>	<u>2,035,327</u>	<u>2,198,002</u>	<u>2,334,990</u>	<u>2,923,018</u>	<u>3,836,533</u>	<u>3,571,094</u>	<u>3,415,611</u>	<u>4,500,445</u>	<u>4,966,645</u>
Business-type activities:										
Charges for services:										
Food service	145,663	138,789	143,393	112,037	112,404	113,354	165,781	178,803	163,592	227,594
Regional Day School	1,556,507	1,556,902	1,389,762	1,202,642	1,325,281	1,145,218	521,970	547,187	411,670	336,762
Summer Enrichment Program	137,661	134,060	105,019	92,092	142,000	117,000	5,876			
BCCEC/ETTC	17,000	10,770	37,119	112,018	233,387	377,948	615,374	501,317	387,169	388,520
Air Force Junior ROTC	828									
Transitional Production Workshop	2,223	4,155	5,877	1,761	1,635	390				
Consolidated Services	191,415	172,551	248,410	309,380	300,733	284,111				
School Based Youth Services	10,000									
ETTC Program & The Learning Center				40,487	68,124	36,862	32,875	37,838	46,500	67,414
Operating grants and contributions	50,839	60,813	70,259	68,813	76,352	97,336	121,364	119,988	120,172	116,603
Total business type activities program revenues	<u>2,112,136</u>	<u>2,078,039</u>	<u>1,999,841</u>	<u>1,939,230</u>	<u>2,259,916</u>	<u>2,172,219</u>	<u>1,463,240</u>	<u>1,385,133</u>	<u>1,129,103</u>	<u>1,136,893</u>
Total district program revenues	<u>\$ 4,315,401</u>	<u>\$ 4,113,366</u>	<u>\$ 4,197,842</u>	<u>\$ 4,274,221</u>	<u>\$ 5,182,934</u>	<u>\$ 6,008,752</u>	<u>\$ 5,034,334</u>	<u>\$ 4,800,744</u>	<u>\$ 5,629,548</u>	<u>\$ 6,103,538</u>
Net (Expense)/Revenue										
Governmental activities	\$ 6,331,208	\$ 6,621,976	\$ 6,792,263	\$ 7,202,373	\$ 5,720,936	\$ 7,083,336	\$ 7,243,341	\$ 7,728,567	\$ 7,306,388	\$ 8,374,993
Business-type activities	146,597	(86,464)	76,907	241,417	(101,729)	(101,357)	(338,492)	(162,285)	3,455	122,879
Total district-wide net expense	<u>\$ 6,477,806</u>	<u>\$ 6,535,512</u>	<u>\$ 6,869,170</u>	<u>\$ 7,443,790</u>	<u>\$ 5,619,207</u>	<u>\$ 6,981,979</u>	<u>\$ 6,904,849</u>	<u>\$ 7,566,282</u>	<u>\$ 7,309,843</u>	<u>\$ 8,497,872</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
County of Salem Budget Appropriation	\$ 1,595,000	\$ 1,660,000	\$ 1,660,000	\$ 1,792,900	\$ 1,792,900	\$ 1,792,900	\$ 1,792,900	\$ 1,828,758	\$ 1,828,758	\$ 1,828,758
Federal and State Aid Unrestricted	3,848,080	4,086,043	3,993,785							
Federal and State Aid Restricted	95,516	103,025	82,470	4,344,679	4,567,036	4,638,225	4,631,699	4,738,192	5,206,226	5,532,012
Transferred Locations/ Use of Capital Assets										
Loss on Disposal of Capital Assets	(6,823)	(16,860)						(1,637)		
Bond Proceeds								3,149,364		
Capital Outlay Contributions		(2,387)								
Miscellaneous income	279,360	133,849	111,895	44,924	163,309	25,072	60,040	932,499	13,226	94,150
Prior Year Cancellations										115,297
Transfers									133,420	
Total governmental activities	<u>5,811,133</u>	<u>5,963,670</u>	<u>5,848,150</u>	<u>6,182,503</u>	<u>6,523,245</u>	<u>6,456,197</u>	<u>6,484,639</u>	<u>10,647,176</u>	<u>7,181,630</u>	<u>7,570,217</u>
Business-type activities:										
Miscellaneous Income	451	86	99	157	125	102	32	15		
Prior Period Cancellations								(103,414)	(11,906)	(178,397)
Loss on Disposal of Capital Assets		(1,893)								
Returned to Grantor		(15,921)								
Capital Outlay Contributions		2,387		4,584						
Transfers									(133,420)	
Total business-type activities	<u>451</u>	<u>(15,341)</u>	<u>99</u>	<u>4,741</u>	<u>125</u>	<u>102</u>	<u>32</u>	<u>(103,399)</u>	<u>(145,326)</u>	<u>(178,397)</u>
Total district-wide	<u>\$ 5,811,585</u>	<u>\$ 5,948,330</u>	<u>\$ 5,848,250</u>	<u>\$ 6,187,244</u>	<u>\$ 6,523,370</u>	<u>\$ 6,456,299</u>	<u>\$ 6,484,671</u>	<u>\$ 10,543,777</u>	<u>\$ 7,036,304</u>	<u>\$ 7,391,820</u>
Change in Net Position										
Governmental activities	\$ (520,075)	\$ (658,306)	\$ (944,113)	\$ (1,019,870)	\$ 802,309	\$ (627,139)	\$ (758,702)	\$ 2,918,609	\$ (124,758)	\$ (804,776)
Business-type activities	(146,146)	71,124	(76,808)	(236,675)	101,854	101,459	338,524	58,886	(148,781)	(301,276)
Total district	<u>\$ (666,221)</u>	<u>\$ (587,182)</u>	<u>\$ (1,020,921)</u>	<u>\$ (1,256,545)</u>	<u>\$ 904,163</u>	<u>\$ (525,680)</u>	<u>\$ (420,178)</u>	<u>\$ 2,977,495</u>	<u>\$ (273,539)</u>	<u>\$ (1,106,052)</u>

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Restricted	\$ 2,548,755	\$ 2,278,308	\$ 1,736,407	\$ 260,627	\$ 83,693	\$ 340,496	\$ 329,154	\$ 228,304	\$ 277,494	\$ 89,639
Unrestricted	195,894	(20,827)	(54,801)	(143,670)	(6,827)	(28,471)	16,725	69,746	185,474	449,078
Total general fund	<u>\$ 2,744,649</u>	<u>\$ 2,257,482</u>	<u>\$ 1,681,606</u>	<u>\$ 116,958</u>	<u>\$ 76,866</u>	<u>\$ 312,025</u>	<u>\$ 345,879</u>	<u>\$ 298,050</u>	<u>\$ 462,968</u>	<u>\$ 538,717</u>
All Other Governmental Funds										
Restricted										
Unrestricted, reported in:										
Special revenue fund	\$ (1,551)									
Capital projects fund			\$ 2,233,489	\$ 1,311,982	\$ 351,785	\$ 351,785	\$ 290,717	\$ 2,953,049	\$ 24,263	\$ 24,263
Total all other governmental funds	<u>\$ (1,551)</u>	<u>\$ -</u>	<u>\$ 2,233,489</u>	<u>\$ 1,311,982</u>	<u>\$ 351,785</u>	<u>\$ 351,785</u>	<u>\$ 290,717</u>	<u>\$ 2,953,049</u>	<u>\$ 24,263</u>	<u>\$ 24,263</u>

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
County of Salem Budget Appropriation	\$ 1,595,000	\$ 1,660,000	\$ 1,660,000	\$ 1,792,900	\$ 1,792,900	\$ 1,792,900	\$ 1,792,900	\$ 1,828,758	\$ 1,828,758	\$ 1,828,758
Tuition charges	370,898	331,558	395,344	404,740	654,536	1,026,990	1,526,201	2,166,925	2,199,217	2,349,349
Unrestricted Miscellaneous Revenue	279,360	133,849	111,895	44,924	172,709	25,072	60,040	33,237	24,605	104,375
State sources	4,693,360	4,963,369	4,150,346	5,056,789	5,276,031	5,618,464	5,593,383	5,443,182	5,633,766	5,644,581
Federal sources	1,082,322	918,479	1,727,758	1,218,141	1,550,087	1,829,304	1,083,254	711,713	917,824	955,106
Other sources	281	10,989	808							
Total revenue	8,021,221	8,018,244	8,046,152	8,517,493	9,446,263	10,292,730	10,055,778	13,333,179	10,604,170	10,882,169
Expenditures										
Instruction										
Regular Instruction	928,343	1,059,979	1,118,335	1,601,862	1,752,228	1,545,490	1,376,360	1,436,103	1,537,321	1,621,365
Special Vocational Programs										
Vocational education	2,060,176	2,280,115	2,426,993	2,698,259	2,539,630	2,619,703	2,960,765	3,193,145	2,975,612	2,958,205
Other instruction										
School Sponsored Co/Extra Curricular Activities	33,528	28,393	33,711	39,236	24,173	28,120	21,868	20,823	22,289	99,083
Support Services:										
Attendance & Social Work			108,598	64,152	68,539	73,835	75,312	88,172	89,116	73,812
Health Services	38,224	39,339	42,905	53,618	54,825	55,242	56,496	61,459	59,872	60,425
Speech, OT, PT and Related Services										
Students - Regular	1,295,086	1,095,181	1,209,421	986,591	1,053,612	1,675,738	1,282,486	803,389	947,066	1,067,112
Improvement of Instruction Services	72,619	99,932	103,739	115,507	164,186	148,632	135,650	170,250	112,935	119,213
Educational Media/School Library	175,709	261,741	213,095	151,945	157,649	175,315	219,420	183,199	224,033	251,119
General Administration	408,402	295,979	274,829	193,071	244,243	215,975	256,146	284,805	323,492	296,600
School Administrative	237,652	218,016	203,002	237,117	248,180	255,654	260,038	314,382	289,248	305,105
Central Services	428,650	466,584	396,299	413,033	383,020	303,383	278,092	95,866	162,128	144,248
Operation and Maintenance of Plant Services	1,222,373	1,186,443	1,098,572	959,147	872,938	846,215	851,069	1,089,659	991,183	1,053,827
Student Transportation Services	11,405	16,529	27,064	13,352	14,358	15,056	13,134	14,538	26,610	22,069
Unallocated Benefits	659,782	708,469	808,138	995,640	1,120,371	1,888,295	1,462,403	1,449,471	1,495,326	1,601,271
On Behalf Contributions	558,640	425,911	426,498	428,965	521,488	680,790	590,980	682,105	806,435	880,524
Special Schools										
Capital outlay	321,867	683,164	1,088,040	2,031,154	1,227,112	230,128	242,728	831,310	4,278,773	589,445
Total expenditures	8,452,455	8,865,776	9,579,237	10,982,649	10,446,552	10,757,571	10,082,947	10,718,676	14,368,184	11,143,423
Excess (Deficiency) of revenues over (under) expenditures	(431,234)	(847,531)	(1,533,085)	(2,465,156)	(1,000,289)	(464,841)	(27,214)	2,614,503	(3,764,014)	(261,254)
Other Financing sources (uses)										
Capital Lease Proceeds			3,190,699						866,726	221,706
Transfers				(21,000)					133,420	
Prior Year Cancellations										115,297
Total other financing sources (uses)			3,190,699	(21,000)					1,000,146	337,003
Net change in fund balances	\$ (431,234)	\$ (847,531)	\$ 1,657,614	\$ (2,486,156)	\$ (1,000,289)	\$ (464,841)	\$ (27,214)	\$ 2,614,503	\$ (2,763,868)	\$ 75,749
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.

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

General Fund:	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Tuition	\$ 370,898	\$ 331,558	\$ 395,344	\$ 392,340	\$ 654,536	\$ 1,026,990	\$ 1,526,201	\$ 2,166,925	\$ 2,199,217	\$ 2,349,349
Post Secondary	14,850	25,050	10,785	12,400						
Interest Earned on Capital Reserve Funds	43,485	6,000	6,000	6,000						
Interest on Investments	121,037	66,337	20,672	1,124	2,972	2,195	1,270	1,699	1,751	1,269
Child Care Revenue										
Refunds of Prior Year Expenditures	10,988		23,898	19,833	6,996	21,600	10,467			
Sale of Fixed Assets	10,001	6,215								
Rentals				1,000						
Supplement Services Provider				5,000						91,938
NJ Schools Construction Corporation										
NJ Clean Energy Program			21,034		5,712					
PSE&G			10,000	10,000						
ESIP Incentive					144,610					
Miscellaneous	78,999	30,247	19,507	1,967	3,019	(2,055)	41,191	17,535	11,475	943
Total	\$ 650,258	\$ 465,407	\$ 507,239	\$ 449,664	\$ 817,845	\$ 1,048,730	\$ 1,579,129	\$ 2,186,159	\$ 2,212,443	\$ 2,443,499

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

Fiscal Year Ended June 30,	Governmental Activities					Business Type Activities	Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Early Retirement	Capital Leases	Short Term Loan	Bond Anticipation Notes (BANs)	Capital Leases			
2017			\$ 3,046,647				\$ 3,046,647	0.1127%	\$ 48.43
2016			3,222,578	\$ 464,939			3,687,517	0.1350%	58.04
2015			2,627,188	460,334			3,087,522	0.1100%	48.19
2014			2,796,142				2,796,142	0.1000%	43.02
2013			2,893,284				2,893,284	0.1078%	44.47
2012			3,006,220				3,006,220	0.1122%	45.79
2011			3,105,040				3,105,040	0.1152%	47.02
2010			3,190,699				3,190,699	0.1225%	48.35
2009								not available	
2008		\$ 15,462					15,462	0.0006%	0.23

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

- a** Personal income has been estimated upon the county population and per capita
- b** Per Capital personal income estimated based upon the 2000 Census published

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

<u>Year</u>	<u>Population (3)</u>	<u>Personal Income (4)</u>	<u>Per Capita Personal Income (1)</u>	<u>Unemployment Rate (2)</u>
2017	62,903	\$ 2,703,471,488	\$ 42,979	7.0%
2016	63,538	2,278,059,816	42,936	7.0%
2015	64,180	2,752,863,113	42,893	7.1%
2014	64,670	2,771,109,500	42,850	8.2%
2013	65,062	2,684,588,244	41,262	8.8%
2012	65,656	2,679,880,952	40,817	11.0%
2011	66,031	2,695,253,358	40,818	10.8%
2010	65,998	2,604,281,080	39,460	7.4%
2009	66,342	2,575,064,730	38,815	10.7%
2008	66,194	2,574,417,048	38,892	6.3%

(1) Source: Regional Economic Information System

(2) Source: US Bureau of Economic Analysis

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

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

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

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Instruction										
Regular	11	12	16	14	17	17	23	23	24	23
Vocational	22	23	20	21	22	22	18	18	18	22
Support Services:										
Student & instruction related services	7	8	10	10	12	12	12	10	10	17
Health Services	1	1	1	1	1	1	1	1	1	1
General administration	3	3	2	2	2	2	2	2	2	2
School administrative services	5	5	5	5	5	5	5	3	3	2
Other administrative services	5	5	5	5	3	3	3	2	2	4
Central services	7	7	7	7	4	2	2	4	4	6
Administrative Information Technology							11	8	8	2
Plant operations and maintenance	10	10	11	12	11	11		8	8	8
Other:										
Cafeteria	3	3	3	3	4	4	4	4	4	4
Regional Day School	22	22	25	25	22	22	25			
Total	<u>96</u>	<u>99</u>	<u>105</u>	<u>105</u>	<u>103</u>	<u>101</u>	<u>106</u>	<u>83</u>	<u>84</u>	<u>91</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2017	818	\$ 10,553,978	\$ 12,902	5.44%	45	na	na	18.18	818.5	778.8	1.30%	95.15%
2016	903	10,089,411	11,173	-8.69%	43	na	na	21.00	881.0	837.0	9.03%	95.01%
2015	808	9,887,366	12,237	6.96%	41	na	na	19.71	808.0	768.0	-0.25%	95.05%
2014	884	9,840,219	11,131	-2.70%	41	na	na	21.56	789.6	742.8	63.68%	94.07%
2013	859	9,827,443	11,441	1.26%	39	na	na	22.03	482.4	452.5	-40.44%	93.80%
2012	816	9,219,440	11,298	6.40%	39	na	na	20.92	810.0	771.9	51.12%	95.30%
2011	843	8,951,495	10,619	-1.33%	35	na	na	24.09	536.0	504.0	-19.57%	94.03%
2010	789	8,491,197	10,762	-8.72%	35	na	na	22.54	666.4	635.5	3.40%	95.36%
2009	694	8,182,612	11,791	0.49%	35	na	na	19.83	644.5	611.6	13.27%	94.90%
2008	693	8,130,588	11,732	-1.78%	33	na	na	21.00	569.0	532.0	14.26%	93.50%

Sources: District records

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS) and does not include Academy students.

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<u>District Building</u>										
<u>Vocational School</u>										
Salem County Vocational (1973)										
Square Feet	136,356	136,356	136,356	136,356	136,356	136,356	136,356	136,356	136,356	136,356
Capacity (students)	630	630	630	630	630	630	630	630	630	630
Enrollment (Full-time equivalent)	540	560	677	686	695 *	859	884	808	903	818
Number of Schools at June 30, 2016										
Elementary = 0										
Middle School = 0										
Senior High School = 0										
Vo-Tech = 1	1	1	1	1	1	1	1	1	1	1

Source: District Facilities Office

* = includes academy students

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

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

Undistributed Expenditures - Required Maintenance for School Facilities

11-000-261-xxx

		<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
* School Facilities	<u>Project # (s)</u>										
Salem County Vocational School	N/A	\$ 514,030	\$ 424,413	\$ 337,165	\$ 221,957	\$ 181,183	\$ 202,435	\$ 254,598	\$ 306,498	\$ 289,052	\$ 198,828
Total School Facilities		<u>514,030</u>	<u>424,413</u>	<u>337,165</u>	<u>221,957</u>	<u>181,183</u>	<u>202,435</u>	<u>254,598</u>	<u>306,498</u>	<u>289,052</u>	<u>198,828</u>
Total		<u>\$ 514,030</u>	<u>\$ 424,413</u>	<u>\$ 337,165</u>	<u>\$ 221,957</u>	<u>\$ 181,183</u>	<u>\$ 202,435</u>	<u>\$ 254,598</u>	<u>\$ 306,498</u>	<u>\$ 289,052</u>	<u>\$ 198,828</u>

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Insurance Schedule
6/30/2017
Unaudited

	<u>Coverage</u>	<u>GCSSDJIF SIR Retention</u>	<u>District Deductible</u>
Property Policy	\$ 175,000,000	\$ 250,000	\$ 500
Boiler & Machinery / Equipment Breakdown	125,000,000	None	1,000
Crime Policy	500,000	250,000	500
General Liability and Automobile Policy	20,000,000	250,000	None
Workers' Compensation and Employer's Liability Policy	Statutory	250,000	None
Educator's Legal Liability Insurance Policy	20,000,000	175,000	None
Commercial Pollution and Mold Legal Liability Insurance	3,000,000	None	25,000
Cyber Liability	1,000,000	None	25,000
Violent Malicious Acts	1,000,000	None	15,000
Disaster Management Services	2,000,000	None	15,000
Bonds			
Board Secretary/Business Administrator	10,000		
Treasurer of School Funds	150,000		

Source: District Records

SINGLE AUDIT SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

991 S. Black Horse Pike
P.O. Box 799
Williamstown, NJ 08094

(856) 629-3111
Fax (856) 728-2245
www.colavita.net

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements as prescribed by the Office of School Finance, Department of Education, and State of New Jersey the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Salem County Vocational Technical School District, in the County of Salem, State of New Jersey, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Board of Education of the Salem County Vocational Technical's basic financial statements and have issued our report thereon dated November 7, 2017.

Internal Control Over Financial Reporting

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

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

A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We considered the deficiencies described in the accompanying schedule of findings and questioned costs to be significant, labeled Finding 2017-1, 3 and 4.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Salem County Vocational Technical Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance, or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and are described in the accompanying schedule of findings and questioned costs as items labeled finding 2017-2 and 4.

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

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

Purpose of this Report

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

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

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915
November 7, 2017

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

991 S. Black Horse Pike
P.O. Box 799
Williamstown, NJ 08094

(856) 629-3111
Fax (856) 728-2245
www.colavita.net

REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal and State Program

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

Management's Responsibility

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

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of Salem County Vocational Technical Board of Education's compliance with those requirements.

Opinion on Each Major Program

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

Report on Internal Control Over Compliance

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

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

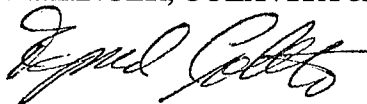
Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above or any instance of deficiency in internal control over compliance that we have to report to the Board of Education in a separate report entitled *Auditors' Management Report on Administrative Findings-Financial, Compliance and Performance* dated November 7, 2017. However, material weaknesses may exist that have not been identified.

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

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

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915
November 7, 2017

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
 Schedule of Expenditures of Federal Awards, Schedule A
 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 at	Cash	Budgetary Expenditures Pass Through Funds	Budgetary Expenditures Direct	Total Budgetary Expenditures (A)	Adjustment	Balance June 30, 2017				
					From	To	Unearned Revenue / (Accounts Receivable)						Received	(Accounts Receivable)	Unearned Revenue	Due to Grantor at June 30, 2017	
Special Revenue Fund:																	
U.S. Department of Education:																	
Passed-Through State Department of Education:																	
Title I	84.010A	S010A150030	NCLB464016	\$ 191,274	7/1/15	6/30/16	\$ (45,418)	\$ 45,418									
Title I	84.010A	S010A160030	NCLB464017	220,138	7/1/16	6/30/17		75,948	\$ (120,181)		\$ (120,181)		\$ (44,233)				
Title II Part A	84.367A	S367A160029	NCLB464017	14,472	7/1/16	6/30/17			(3,623)		(3,623)		(3,623)				
IDEA Cluster:																	
IDEA	84.027	H027A160100	IDEA464017	132,740	7/1/16	6/30/17		107,048	(132,740)		(132,740)		(25,692)				
Perkins - Secondary	84.048A	V048A160030	PERK 464017	82,856	7/1/16	6/30/17		65,960	(75,035)		(75,035)		(9,075)				
Perkins - Secondary Reserve	84.048A	V048A160030	PERK 464017	26,000	7/1/16	6/30/17		15,738	(18,245)		(18,245)		(2,507)				
21th Century	84.287C	S287C150030	NGO-11-K17-HO5	500,000	9/1/12	8/31/13	(61)					\$ 61					
Total U.S. Department of Education							(45,479)	310,112	(349,824)		(349,824)	61	(85,130)				
U.S. Department of Labor:																	
Passed-Through State Department of Labor and Workforce Development:																	
Adult Basic Skills	84.002	V002A150031	Sub grantee	374,000	7/1/15	6/30/16	(105,554)	105,622					(68)				
Adult Basic Skills	84.002	V002A160031	Sub grantee	464,200	7/1/16	6/30/17		325,163	(441,188)		(441,188)		(116,025)				
Adult Basic Skills	84.002	V002A150031	Lead Agent	143,770	7/1/15	6/30/16	(72,809)	72,809									
Adult Basic Skills	84.002	V002A160031	Lead Agent	176,850	7/1/16	6/30/17		47,724	(164,094)		(164,094)		(116,370)				
Total U.S. Department of Labor							(178,363)	551,318	(605,282)		(605,282)	(68)	(232,395)				
Total Special Revenue Fund							(223,842)	861,430	(955,106)		(955,106)	(7)	(317,525)				
Enterprise Fund:																	
U.S. Department of Agriculture:																	
Passed Through State Department of Education:																	
Non- Cash Assistance:																	
Food Distribution Program	10.565	Unknown	N/A	19,759	7/1/16	6/30/17		19,759	(19,636)		(19,636)			\$ 123			
Food Distribution Program	10.565	Unknown	N/A	16,875	7/1/15	6/30/16	215		(215)		(215)						
Child Nutrition Cluster:																	
Cash Assistance:																	
National School Breakfast Program	10.553	171NJ304N1099	N/A	22,614	7/1/16	6/30/17		21,145	(22,614)		(22,614)		(1,469)				
National School Breakfast Program	10.553	16161NJ304N1099	N/A	25,671	7/1/15	6/30/16	(1,781)	1,781									
National School Lunch Program	10.555	171NJ304N1099	N/A	72,116	7/1/16	6/30/17		68,123	(72,116)		(72,116)		(3,993)				
National School Lunch Program	10.555	16161NJ304N1099	N/A	75,657	7/1/15	6/30/16	(4,445)	4,445									
Total U.S Department of Agriculture and Enterprise Funds							(6,011)	115,253	(114,581)		(114,581)		(5,462)	123			
Total Federal Financial Awards							\$ (229,853)	\$ 976,683	\$ (1,069,687)		\$ (1,069,687)	\$ (7)	\$ (322,987)	\$ 123			

(A) There were no awards passed through to subrecipients.

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance, Schedule B
For the Fiscal Year Ended June 30, 2017

EXHIBIT K-4

State Grantor/ Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2016	Cash Received	Budgetary Expenditures	Payments/ Adjustment	Balance June 30, 2017			Memo		
			From	To	Unearned Revenue (Accounts Receivable)				(Accounts Receivable)	Unearned Revenue	Due to Grantor at 6/30/17	Budgetary Receivable June 30, 2017	Cumulative Total Expenditures	
State Department of Education (State Aid):														
General Fund:														
Special Education Aid	17-495-034-5120-089	\$ 399,706	7/1/16	6/30/17		\$ 320,553	\$ (399,706)							
Special Education Aid	16-495-034-5120-089	391,823	7/1/15	6/30/16	\$ (39,175)	39,175			\$ (79,153)			\$ (79,153)	\$ 399,706	
Equalization Aid	17-495-034-5120-078	4,202,604	7/1/16	6/30/17		3,825,927	(4,202,604)		(376,677)			(376,677)	4,202,604	
Equalization Aid	16-495-034-5120-078	4,180,454	7/1/15	6/30/16	(417,965)	417,965								
Security Aid	17-495-034-5120-084	25,113	7/1/16	6/30/17		19,125	(25,113)		(5,988)			(5,988)	25,113	
Security Aid	16-495-034-5120-084	22,326	7/1/15	6/30/16	(2,232)	2,232								
PARCC Readiness Aid	17-495-034-5120-098	7,820	7/1/16	6/30/17		7,038	(7,820)		(782)			(782)	7,820	
PARCC Readiness Aid	16-495-034-5120-098	7,820	7/1/15	6/30/16	(782)	782								
Per Pupil Growth Aid	17-495-034-5120-097	7,820	7/1/16	6/30/17		7,038	(7,820)		(782)			(782)	7,820	
Per Pupil Growth Aid	16-495-034-5120-097	7,820	7/1/15	6/30/16	(782)	782								
Additional Adjustment Aid	17-495-034-5120-085	1	7/1/16	6/30/17		1	(1)						1	
Prof Learning Comm Aid	17-495-034-5120-101	7,530	7/1/16	6/30/17		5,937	(7,530)		(1,593)			(1,593)	7,530	
Adult and Post Graduate Program Aid	16-100-034-5120-510	49,344	7/1/15	6/30/16	(4,933)	4,933								
Reimbursed TPAF Social Security Contrib.	17-495-034-5095-002	252,435	7/1/16	6/30/17		240,269	(252,435)		(12,166)				252,435	
Reimbursed TPAF Social Security Contrib.	16-495-034-5095-002	248,110	7/1/15	6/30/16	(11,932)	11,932								
Total General Fund					(477,801)	4,903,689	(4,903,029)		(477,141)			(464,975)	4,903,029	
Special Revenue Fund:														
State Department of Education:														
Carl D. Perkins - Post Secondary	PERK464017	100,942	7/1/16	6/30/17		88,887	(94,349)		(5,462)				94,349	
Carl D. Perkins - Post Secondary	PERK464016	111,011	7/1/15	6/30/16	(3,005)			\$ 3,005						
Carl D. Perkins - Post Secondary	PERK464015	96,129	7/1/14	6/30/15	(1,500)			1,500						
County Vocational Competitive Grant	15E00146	343,917	4/1/15	6/30/18	(6,964)		(18,220)		(25,184)				93,205	
Total State Department of Education					(11,469)	88,887	(112,569)	4,505	(30,646)				187,554	
State Department of Human Services:														
School Based Youth Services	SBYS14XXSP	278,182	7/1/13	6/30/14		17,942		(17,942)						
Total State Department of Human Services						17,942		(17,942)						
Total Special Revenue Fund					6,473	88,887	(112,569)	(13,437)	(30,646)				187,554	
Enterprise Fund:														
State School Lunch Program	17-100-010-3350-023	2,022	7/1/16	6/30/17		1,915	(2,022)		(107)				2,022	
State School Lunch Program	16-100-010-3350-023	2,184	7/1/15	6/30/16	(122)	122								
Total Enterprise Funds					(122)	2,037	(2,022)		(107)				2,022	
Total State Financial Assistance Subject to OMB 15-08					\$ (471,450)	\$ 4,994,613	\$ (5,017,620)	\$ (13,437)	\$ (507,894)			\$ (464,975)	\$ 5,280,159	
On Behalf TPAF Contributions Not Subject to OMB 15-08														
On Behalf Pension Contributions	17-495-034-5095-002	342,090	7/1/16	6/30/17		\$ 342,090	\$ (342,090)							
On Behalf TPAF Post Retirmt. Medical	17-495-034-5095-001	285,039	7/1/16	6/30/17		285,039	(285,039)							
On-behalf TPAF Long-Term Disab. Ins.	17-495-034-5095-004	960	7/1/16	6/30/17		960	(960)							
Total State Financial Assistance						\$ 5,622,702	\$ (5,645,709)							

(A) Canceled / Adjustment

(B) Prior Year Encumbrance Canceled

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2017

NOTE 1: GENERAL

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

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements 2 CFR 200- *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB 15-08. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The District has elected not to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment was \$894 to reconcile from the budgetary basis to the GAAP basis for the general fund. See Note 1 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2017

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$	\$ 5,532,012	\$ 5,532,012
Special Revenue Fund	955,106	112,569	1,067,675
Food Service Fund	114,581	2,022	116,603
Total Awards & Financial Assistance	<u>\$ 1,069,687</u>	<u>\$ 5,646,603</u>	<u>\$ 6,716,290</u>

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5: FEDERAL AND STATE LOANS OUTSTANDING

The Salem County Vocational Technical School District has no outstanding short-term loan, resulting from the timing difference in the 19th and 20th state aid payments and other receivables.

NOTE 6: OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 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.

NOTE 7: SCHOOLWIDE PROGRAM FUNDS

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

NOTE 8: MAJOR PROGRAMS

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

NOTE 9: ADJUSTMENTS

There was a net adjustment of \$(7) on schedule A of Federal Awards and a net adjustment of \$4,505 reflected on Schedule B of the State Financial Assistance. In addition, the District remitted \$17,942 for School Based Youth Services during 2016-17.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- 1) Material weakness (es) identified? _____ yes X none
- 2) Significant deficiencies identified? X yes _____ reported

Noncompliance material to basic financial statements noted? X yes _____ no

Federal Awards

Internal control over major programs:

- 1) Material weakness (es) identified? _____ yes X none
- 2) Significant deficiencies identified? reported _____ yes _____ X

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

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

CFDA Number(s)	FAIN Number(s)	Name of Federal Program or Cluster
84.002	V002A160031	Adult Basic Skills

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

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(continued)

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

State Awards

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

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

Internal control over major programs:

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

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

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

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

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
17-495-034-5120-078	Equalization Aid
17-495-034-5120-089	Special Education Categorical Aid
17-495-034-5120-084	Security Aid
17-495-034-5120-098	PARCC Readiness Aid
17-495-034-5120-097	Per Pupil Growth Aid
17-100-034-5120-510	Adult and Post Graduate Program Aid
17-495-034-5120-085	Additional Adjustment Aid
17-495-034-5120-101	Professional Learning Community Aid

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(continued)

Section II - Financial Statement Findings

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

Finding: 2017-1 (AMR Finding 2017-1)

Criteria or specific requirement:

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

Condition:

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

Context:

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

Effect:

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

Cause:

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

Recommendation:

Procedures to record bank transfers between the General Account and Payroll Agency should be reviewed and revised, in order to ensure that actual bank transfers agree to amounts recorded in the District's accounting software program.

Management's response:

Management is aware of the finding and agrees with the recommendation

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(continued)

Section II - Financial Statement Findings (Continued)

Finding: 2017-2 (AMR Finding 2017-3)

Criteria or specific requirement:

N.J.S.A 18A:17-36 requires the Treasurer to present an annual report showing the amounts received and disbursed for school purposes during said year and file a copy with the executive county superintendent on or before August 1st of each year.

Condition:

The June 30, 2017 Board Treasurer Report was not filed with the Executive County Superintendent on or before August 1, 2017.

Context:

The Board Treasurer Report was not submitted until August 16, 2017.

Effect:

The Board Treasurer Report was filed subsequent to the required date of August 1, 2017.

Cause:

Revisions to the originally prepared Treasurer's Report were necessary to be made.

Recommendation:

Procedures to file year end Treasurer Reports should be reviewed and revised, in order to assure timely filing in the future.

Management's response:

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(continued)

Section II - Financial Statement Findings (Continued)

Finding: 2017-3 (AMR Finding 2017-4)

Criteria or specific requirement:

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

Condition:

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

Context:

The June 30, 2017 Accounts Receivable balance reflected in the District's General Ledger for Title I was not in agreement with the supporting grant documentation.

Effect:

As a result of the above condition, adjusting journal entries were identified and submitted to the Board Office, as of June 30, 2017.

Cause:

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

Recommendation:

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

Management's response:

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(continued)

Section II - Financial Statement Findings (Continued)

Finding: 2017-4 (AMR Finding 2017-5)

Criteria or specific requirement:

In accordance with N.J.S.A. 18A:66-90 and Generally Accepted Accounting Principles in the United States, the TPAF reimbursement should be recorded as a liability due to the State, as of the fiscal reporting year end.

Condition:

The 2016-17 TPAF reimbursement to the State was not properly accrued in the District's accounting software program, as of June 30, 2017. As such, an audit adjustment was submitted and reflected in the financial statements of the District.

Context:

The TPAF reimbursement was not recorded as an accounts payable at June 30, 2017.

Effect:

As a result of the above condition, adjusting journal entries were identified and submitted to the Board Office, as of June 30, 2017.

Cause:

An adequate review for unrecorded liabilities was not performed prior to the year-end financial close-out.

Recommendation:

Procedures to record the year end TPAF reimbursement to the State should be reviewed and revised, in order assure future TPAF reimbursements are properly accrued and recorded in the District's accounting software program.

Management's response:

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(continued)

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

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

FEDERAL AWARDS - NONE

Finding:

Information on the federal program:

Criteria or specific requirement:

Condition:

Questioned Costs: None

Context:

Effect:

Cause:

Recommendation:

Management's response:

STATE AWARDS - NONE

Finding:

Information on the federal program:

Criteria or specific requirement:

Condition:

Questioned Costs: None

Context:

Effect:

Cause:

Recommendation:

Management's response:

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

STATUS OF PRIOR - YEAR FINDINGS

Finding: 2016-1

Condition: The current Treasurer does not have a surety bond.

Current Status: Resolved

Finding: 2016-2

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

Current Status: Unresolved, see Finding 2017-1

Finding: 2016-3

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

Current Status: Resolved

Finding: 2016-4

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

Current Status: Resolved

Finding: 2016-5

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

Current Status: Resolved

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

STATUS OF PRIOR - YEAR FINDINGS (Continued)

Finding: 2016-6

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

Current Status: Unresolved, see Finding 2017-3

Finding: 2016-7

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

Current Status: Resolved

Finding: 2016-8

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

Current Status: Resolved

Finding: 2016-9

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

Current Status: Resolved

Finding: 2016-10

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

Current Status: Resolved