

REVISED
4/12/19

**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, 2018

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**Salem County Vocational Technical
Board of Education**

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For the Fiscal Year Ended June 30, 2018

Prepared by

**Salem County Vocational Technical School
Business Office**

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OF THE SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
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Vocational Technical Schools

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

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

John R. Swain
Superintendent

John Bolil
Business Administrator

January 22, 2019

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, 2018, 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.

MAJOR INITIATIVES: The Salem County Vocational-Technical School continues to provide an 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 its are the responsibility of the individual local education employers. 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. A new program (Global Logistics and Supply Chain Management) was developed and is set to be launched for the 2018-2019 school year. In addition, extra-curricular activities were introduced for the students at Salem County Vocational-Technical School.

The district office continues to refine its efficiency through reassigning duties and reallocation of job responsibilities. 2017-2018 saw the district transition to the Edu-Met accounting system which was a large undertaking within the business office. There have been many issues in regards to transition but system is running and is consistently being evaluated for efficiency and effectiveness.

The district completed 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 closeout of the 2014-2015 long range plan and the creation of a new long range plan that will developed in 2019-2020.

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.

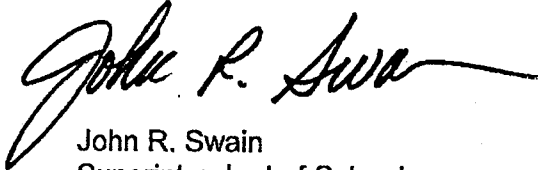
5. **BUDGETARY CONTROLS:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of School Estimates. Annual appropriated 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, 2018.

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,

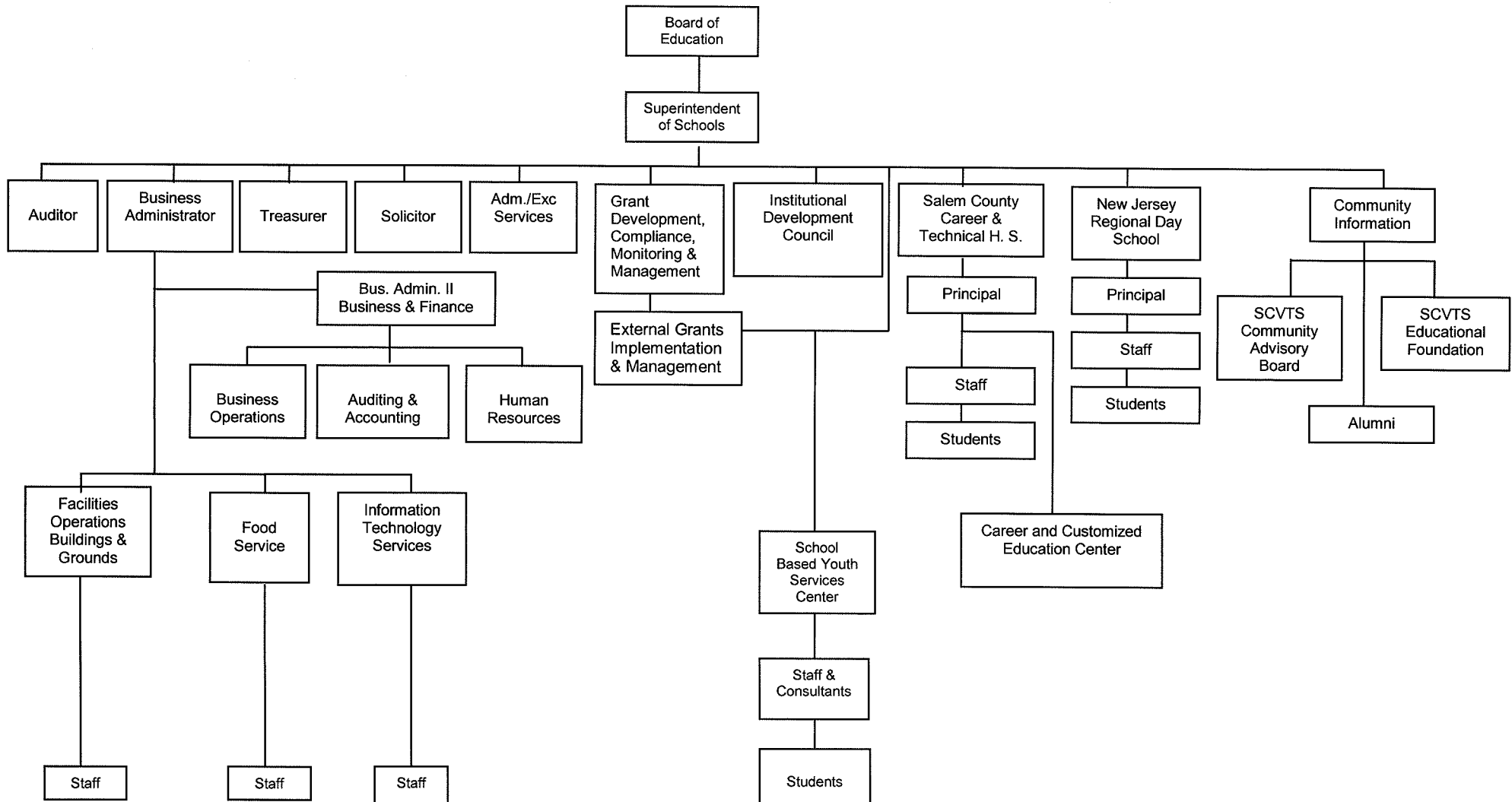
A handwritten signature in cursive script that reads "John R. Swain".

John R. Swain
Superintendent of Schools

A handwritten signature in cursive script that reads "John Bolli".

John Bolli
Business Administrator

SCVTS Administrative and Organizational Design Overall Organizational Structure



SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
WOODSTOWN, NEW JERSEY

ROSTER OF OFFICIALS

JUNE 30, 2018

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
David Moffett, President	2018
Earl Ransome, Vice President	2019
James Davis	2020
Daryl Halter, Ex Officio	2020
Linwood Donelson III	2019
Julie Smith	2021
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

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Williamstown, NJ 08094

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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, 2018, 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, 2018, 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 January 22, 2019 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 effectiveness of the Salem County Vocational Technical Board of Education's of 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
January 22, 2019

REQUIRED SUPPLEMENTARY INFORMATION – PART I

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(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, 2018. 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, 2018 are as follows:

- The School District had \$14,568,055 in expenses; \$6,269,242 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 \$6,646,163 (net position).
- Among major funds, the General Fund had \$9,942,077 in revenues and \$10,124,459 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, 2018
(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, 2018
(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, 2018 and 2017.

**Table 1
Net position**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Assets		
Current and Other Assets	\$ 1,328,497	\$ 1,840,191
Capital Assets	12,465,037	13,043,894
Total Assets	<u>13,793,534</u>	<u>14,884,085</u>
Deferred Outflows of Resources	<u>1,294,715</u>	<u>1,815,909</u>
Liabilities		
Other Liabilities	602,163	786,834
Long-Term Liabilities	6,492,853	8,419,091
Total Liabilities	<u>7,095,016</u>	<u>9,205,925</u>
Deferred Inflows of Resources	<u>1,347,070</u>	<u>623,534</u>
Net Assets		
Invested in Capital Assets Net of Related Debt	9,924,810	10,020,533
Restricted	36,463	113,902
Unrestricted (Deficit)	(3,315,110)	(3,263,900)
Total Net Position	<u>\$ 6,646,163</u>	<u>\$ 6,870,535</u>

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Cont'd)**

Table 2 shows a summary of changes in net position for fiscal years ended June 30, 2018 and 2017.

**Table 2
Changes in Net
Position**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Revenues		
Program Revenues		
Charges for Services	\$ 3,460,202	\$ 3,369,639
Operating Grants & Contributions	2,809,040	2,733,899
General Revenues		
County of Salem Budget Appropriation	1,828,758	1,828,758
Federal and State Grants Restricted	6,260,710	5,532,012
Miscellaneous Income	90,737	94,150
Total Revenues	\$ 14,449,447	\$ 13,558,458
Expenses		
Instruction		
Regular	\$ 1,602,990	\$ 1,739,203
Vocational	3,221,222	3,082,340
School Sponsored Co curricular	244,325	99,083
Student Services		
Attendance & Social Work	93,928	73,812
Health Services	62,835	60,425
Students - Regular	1,121,454	1,067,112
Improvement of Instruction Services	74,941	119,213
Educational Media/School Library	318,831	251,119
General Administration	315,115	302,606
School Administration	221,276	305,105
Central Services	293,193	137,627
Operation and Maintenance of Plant	1,245,136	1,152,736
Student Transportation Services	26,848	22,069
Unallocated Benefits	4,061,994	4,390,059
Adult Education	54,809	
Interest on Long-Term Debt	92,551	93,032
Unallocated Depreciation	449,135	446,097
Food Service	351,004	360,302
Regional Day School	299,394	336,762
BCCEC/ETTC	342,564	515,721
The Learning Center	74,510	46,987
Total Expenses	\$ 14,568,055	\$ 14,601,410
	(118,608)	(1,042,952)
Prior Year Receivable Cancellation	(105,764)	(63,100)
Increase (Decrease) in Net Position	(224,372)	(1,106,052)
Beginning Net Position	6,870,535	7,976,587
Ending Net Position	\$ 6,646,163	\$ 6,870,535

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Cont'd)**

Governmental Activities

In 2017-2018 Governmental-Type Activities revenues were \$13,416,008 or 93.5% of total revenues of \$14,343,683. The County of Salem Budget Appropriation made up 13.6% of Governmental-Type Activities revenue, Federal and State Aid unrestricted revenue made up 46.7%, miscellaneous income was .7% and program revenues made up 39% of Governmental-Type Activities revenue.

Governmental-Type Activities expenditures increased by \$158,945 from the prior year, which was due to increases in various line items.

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 2018</u>	<u>Net Cost of Services 2018</u>	<u>Total Cost of Services 2017</u>	<u>Net Cost of Services 2017</u>
Instruction				
Regular Instruction	\$ 1,602,990	\$ 1,185,748	\$ 1,739,203	\$ 1,435,471
Regular Vocational	3,221,222	681,525	3,082,340	732,991
School Sponsored Co/Extracur Act	244,325	244,325	99,083	99,083
Support services				
Attendance & Social Work	93,928	93,928	73,812	73,812
Health Services	62,835	62,835	60,425	60,425
Students - Regular	1,121,454	370,157	1,067,112	324,779
Improvement of Instruction Services	74,941	74,941	119,213	119,213
Educational Media/School Library		-	251,119	251,119
General Administration	318,831	318,831	302,606	302,606
School Administration	315,115	315,115	305,105	305,105
Central Services	221,276	221,276	137,627	137,627
Administrative Information Technology	293,193	293,193		
Operation and Maint. of Plant Serv.	1,245,136	1,245,136	1,152,736	1,152,736
Student Transportation Services	26,848	26,848	22,069	22,069
Unallocated Benefits	4,061,994	2,534,427	4,390,059	2,818,828
Adult Education	54,809	54,809		
Interest on Long-Term Debt	92,551	92,551	93,032	93,032
Unallocated Depreciation	449,135	449,135	446,097	446,097
	<u>\$ 13,500,583</u>	<u>\$ 8,264,780</u>	<u>\$ 13,341,638</u>	<u>\$ 8,374,993</u>

Business-Type Activities

In 2017-2018 Business-Type Activities revenues were \$1,033,439 or 7.6% of total District revenues.

Charges for Services comprised 89.1% of total Business-Type Activities revenue in 2017-2018, while operating grants and contributions made up 10.9%.

Expenses for Business-Type Activities were \$1,067,472 or 12.9% of total District expenses.

Food Service comprised 32.9% of total Business-Type Activities expenses in 2017-2018, while Salem Campus expenses made up 28.1%, BCCEC/ETTC made up 32.1% and The Learning Center was 6.9%.

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(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 \$11,265,996 and expenditures of \$11,448,378. The net change in fund balance for the year in the General Fund, Special Revenue Fund, and Capital Projects Fund resulted in a decrease of \$182,382.

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, 2018, 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 2017</u>	<u>Percent Increase (Decrease)</u>
Local Sources	\$ 4,473,550	39.7%	\$ 191,068	4.5%
Federal Sources	1,013,640	9.0%	58,534	6.1%
State Sources	5,778,806	51.3%	134,225	2.4%
Total	\$ 11,265,996	100.0%	\$ 383,827	3.5%

The following schedule present a summary of the expenditures of the governmental funds for the fiscal year ended June 30, 2018, 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 2017</u>	<u>Percent Increase (Decrease)</u>
Instructional	\$ 5,101,721	44.8%	\$ 423,068	9.0%
Support	3,646,619	31.8%	253,089	7.5%
Unallocated	2,110,356	18.3%	(371,439)	-15.0%
Capital Outlay	589,682	5.1%	237	0.0%
Total	\$ 11,448,378	100.0%	\$ 304,955	2.7%

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 2017-2018 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 \$11,076.

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Cont'd)**

General Fund Budgeting Highlights (Cont'd)

For the General Fund, the original revenue amount budgeted on Exhibit C-1 was \$9,065,729 and the final budget was \$9,318,367. The actual revenue was \$9,967,339, which was \$44,057 less than budgeted, excluding reimbursed TPAF Social Security Aid and on-behalf TPAF contributions for pensions and long-term disability of \$604,915.

During the 2017-2018 year, the School District budgeted \$1,828,758 for county tax and \$4,903,232 for state aid revenues, respectively. The School District also received \$243,153 in reimbursed TPAF Social Security Aid and TPAF Pension Contributions.

The final budget basis expenditure appropriation estimate was \$9,874,277 compared to the original estimate of \$9,625,111.

There was a positive variance in expenditures of \$354,733, excluding reimbursed TPAF Social Security Aid and on-behalf TPAF contributions for pensions and long-term disability of \$604,915.

Capital Assets

At the end of the fiscal year 2018, the School District had \$12,465,037 (Net of Depreciation) invested in buildings, furniture and equipment.

Table 5 shows a summary of the fiscal years ended June 30, 2018 and 2017

Table 5

	June 30, 2018		June 30, 2017
Land	\$ 391,928	\$	391,928
Land Improvements	451,261		485,616
Construction in Progress			776,625
Buildings & Improvements	10,950,462		10,684,354
Equipment & Furniture	671,386		705,371
Total	\$ 12,465,037	\$	13,043,894

Overall capital assets decreased by \$578,857 from fiscal year 2017. The decrease in capital assets was comprised of depreciation of \$751,821, offset by net additions in capital equipment of \$172,964.

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 principal balance remaining for all capital leases of the District, as of June 30, 2018 was \$2,561,451.

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(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 2017–2018 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, the district will explore expanding extracurricular opportunities in both the athletic and arts areas and looks to include the following: golf, bowling, soccer, chorus, and musical clubs. It is also exploring the potential of expanding its vocational opportunities through the start of a Mechatronics course that would be linked to Salem County Community College and would avail students to earn an associate's degree in said course.

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, 2018

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 176,074	\$ 76,733	\$ 252,807
Receivables, net	771,122	273,178	1,044,300
Interfund Receivable	15,435		15,435
Inventories		15,955	15,955
Capital Assets, net (Note 6):	12,465,037		12,465,037
Total Assets	13,427,668	365,866	13,793,534
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Pension Outflows	1,273,491		1,273,491
Deferred Loss on Refinancing of Capital Lease	21,224		21,224
Total Deferred Outflows of Resources	1,294,715		1,294,715
LIABILITIES:			
Accounts Payable	563,559	3,528	567,087
Accrued Interest	15,651		15,651
Unearned Revenue	18,474	951	19,425
Noncurrent Liabilities (Note 7):			
Due within One Year	364,144		364,144
Due beyond One Year	2,337,297		2,337,297
Net Pension Liability	3,791,412		3,791,412
Total Liabilities	7,090,537	4,479	7,095,016
DEFERRED INFLOWS OF RESOURCES:			
Deferred Pension Inflows	1,347,070		1,347,070
Total Deferred Inflows of Resources	1,347,070		1,347,070
NET POSITION			
Invested in Capital Assets, Net of Related Debt	9,924,810		9,924,810
Restricted for:			
Capital Reserve	12,200		12,200
Capital Projects	24,263		24,263
Unrestricted (Deficit)	(3,676,497)	361,387	(3,315,110)
Total Net Position	\$ 6,284,776	\$ 361,387	\$ 6,646,163

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, 2018

Functions / Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
Instruction:						
Regular Instruction	\$ 1,602,990		\$ 417,242	\$ (1,185,748)		\$ (1,185,748)
Regular Vocational	3,221,222	\$ 2,539,697		(681,525)		(681,525)
School Sponsored Co/Extracurricular Activities	244,325			(244,325)		(244,325)
Undistributed Expenditures and Support Services:						
Attendance & Social Work	93,928			(93,928)		(93,928)
Health Services	62,835			(62,835)		(62,835)
Students - Regular	1,121,454		751,297	(370,157)		(370,157)
Improvement of Instruction Services	74,941			(74,941)		(74,941)
General Administration	318,831			(318,831)		(318,831)
School Administration	315,115			(315,115)		(315,115)
Central Services	221,276			(221,276)		(221,276)
Administration Information Technology	293,193			(293,193)		(293,193)
Operation and Maintenance of Plant Services	1,245,136			(1,245,136)		(1,245,136)
Student Transportation Services	26,848			(26,848)		(26,848)
Unallocated Benefits	4,061,994		1,527,567	(2,534,427)		(2,534,427)
Adult Education	54,809			(54,809)		(54,809)
Interest on Long-Term Debt	92,551			(92,551)		(92,551)
Unallocated Depreciation	449,135			(449,135.00)		(449,135.00)
Total Governmental Activities	13,500,583	2,539,697	2,696,106	(8,264,780)		(8,264,780)
Business-Type Activities:						
Food Service	351,004	252,966	112,934		14,896	14,896
Salem Campus	299,394	299,394				
BCCEC/ETTC	342,564	303,673			(38,891)	(38,891)
The Learning Center	74,510	64,472			(10,038)	(10,038)
Total Business-Type Activities	1,067,472	920,505	112,934		(34,033)	(34,033)
Total Primary Government	\$ 14,568,055	\$ 3,460,202	\$ 2,809,040	\$ (8,264,780)	\$ (34,033)	\$ (8,298,813)
General Revenues:						
County of Salem Budget Appropriation				1,828,758		1,828,758
Federal and State Aid Restricted				6,260,710		6,260,710
Prior Period Cancellations					(105,764)	(105,764)
Miscellaneous Income				90,737		90,737
Total General Revenues				8,180,205	(105,764)	8,074,441
Change in Net Assets				(84,575)	(139,797)	(224,372)
Net Position -- July 1				6,369,351	501,184	6,870,535
Net Position -- June 30				\$ 6,284,776	\$ 361,387	\$ 6,646,163

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, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS:				
Cash and Cash Equivalents	\$ 135,219	\$	\$ 24,263	\$ 159,482
Accounts Receivable:				
State Government	11,643	118,436		130,079
Federal Government		386,767		386,767
Intergovernmental	254,276			254,276
Interfund Accounts Receivable	435,127			435,127
	<u>\$ 836,265</u>	<u>\$ 505,203</u>	<u>\$ 24,263</u>	<u>\$ 1,365,731</u>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts Payable:				
State Government	\$	\$	\$	\$
Other	479,930	83,629		563,559
Interfund Payable		403,100		403,100
Unearned Revenue		18,474		18,474
	<u>479,930</u>	<u>505,203</u>	<u></u>	<u>985,133</u>
Fund Balances:				
Restricted for:				
Capital Reserve Account	12,200			12,200
Assigned:				
Year-End Encumbrances	61,842			61,842
Designated for Subsequent Years Expenditures	221,034			221,034
Capital Projects Fund			24,263	24,263
Unassigned, Reported In:				
General Fund	61,259			61,259
	<u>356,335</u>	<u></u>	<u>24,263</u>	<u>380,598</u>
Total Fund Balances	<u>\$ 836,265</u>	<u>\$ 505,203</u>	<u>\$ 24,263</u>	<u>\$ 1,365,731</u>
Total Liabilities and Fund Balances	<u>\$ 836,265</u>	<u>\$ 505,203</u>	<u>\$ 24,263</u>	<u>\$ 1,365,731</u>
 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 \$24,792,465 and the accumulated depreciation is \$12,327,428				12,465,037
Deferred Outflow of Resources - Deferred Amount on Refinanced Debt				21,224
Deferred Outflow of Resources - Deferred Pension Contribution				1,273,491
Deferred Inflows of Resources - Pension Actuarial Gains				(1,347,070)
Long Term Net Pension Liability				(3,791,412)
Noncurrent liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.				(2,717,092)
Net Position of governmental activities				<u>\$ 6,284,776</u>

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, 2018

	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	2,539,697			2,539,697
Miscellaneous	90,737	14,358		105,095
State Sources	5,482,885	295,921		5,778,806
Federal Sources		1,013,640		1,013,640
Total Revenues	9,942,077	1,323,919		11,265,996
EXPENDITURES:				
Current:				
Regular Instruction	1,180,584	417,242		1,597,826
Regular Vocational	3,110,833			3,110,833
School Sponsored Co/Extracurricular Activities	244,325			244,325
Attendance & Social Work	93,928			93,928
Undistributed Expenditures and Support Services:				
Health Services	62,835			62,835
Students - Regular	370,157	751,297		1,121,454
Improvement of Instruction Services	74,941			74,941
General Administration	313,505			313,505
School Administration	315,115			315,115
Central Services	228,914			228,914
Administration Information Technology	293,193			293,193
Operation and Maintenance of Plant Services	1,209,814			1,209,814
Student Transportation Services	26,848			26,848
Unallocated Benefits	1,505,441			1,505,441
On Behalf Contributions	604,915			604,915
Capital Outlay	434,302	155,380		589,682
Adult Education	54,809			54,809
Total Expenditures	10,124,459	1,323,919		11,448,378
Excess (Deficiency) of Revenues over Expenditures	(182,382)			(182,382)
OTHER FINANCING SOURCES (USES):				
Total Other Financing Sources and Uses				
Net Change in Fund Balances	(182,382)			(182,382)
Fund Balance -- July 1	538,717		24,263	562,980
Fund Balance -- June 30	\$ 356,335	\$	\$ 24,263	\$ 380,598

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, 2018

Total Net Change in Fund Balances - Governmental Funds		\$ (182,382)
Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:		
<p>Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.</p>		
Depreciation Expense		\$ (751,821)
Capital Outlays		<u>172,964</u>
		(578,857)
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		(4,844)
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.		-
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		485,196
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.		12,882
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>185,492</u>
Change in Net Position of Governmental Activities		<u>\$ (84,575)</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, 2018

	<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	\$ -	\$	\$ -	\$ 93,325	\$ 93,325
Accounts Receivable:					
State	106				106
Federal	5,596				5,596
Other	62,882	99,407	18,793	86,394	267,476
Interfund				115,829	115,829
Inventories	15,955				15,955
Total Current Assets	<u>84,539</u>	<u>99,407</u>	<u>18,793</u>	<u>295,548</u>	<u>498,287</u>
Noncurrent Assets:					
Site Improvements					
Building					
Equipment					
Accumulated Depreciation					
Total Noncurrent Assets					
Total Assets	<u>84,539</u>	<u>99,407</u>	<u>18,793</u>	<u>295,548</u>	<u>498,287</u>
LIABILITIES:					
Current Liabilities:					
Accounts Payable	2,155			1,373	3,528
Interfund Payable	16,592	99,407	16,422		132,421
Unearned Revenue	951				951
Total Current Liabilities	<u>19,698</u>	<u>99,407</u>	<u>16,422</u>	<u>1,373</u>	<u>136,900</u>
Net Position:					
Unrestricted	64,841		2,371	294,175	361,387
Total Net Position	<u>\$ 64,841</u>	<u>\$</u>	<u>\$ 2,371</u>	<u>\$ 294,175</u>	<u>\$ 361,387</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, 2018

	<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>
OPERATING REVENUES:					
Charges for Services:					
Daily Sales - Reimbursable Programs	\$ 64,119				\$ 64,119
Daily Sales - Non-Reimbursable Programs	26,972				26,972
Tuition			64,472		64,472
Other Revenue	161,875	299,394		303,673	764,942
Total Operating Revenues	252,966	299,394	64,472	303,673	920,505
OPERATING EXPENSES:					
Salaries	160,574	243,212	73,293	205,844	682,923
Employee Benefits		56,182		66,485	122,667
Cost of Sales - Reimbursable Programs	125,647				125,647
Cost of Sales - Non Reimbursable Programs	37,589				37,589
Purchased Educational Services				25,305	25,305
Rental				22,756	22,756
Travel				344	344
Other Purchased Services	4,963				4,963
Cleaning, Repairs and Maintenance			1,042		1,042
General Supplies	17,639		175	18,311	36,125
Equipment	3,625				3,625
Textbooks				2,699	2,699
Miscellaneous	967			820	1,787
Total Operating Expenses	351,004	299,394	74,510	342,564	1,067,472
Operating Income / (Loss)	(98,038)		(10,038)	(38,891)	(146,967)
NONOPERATING REVENUES (EXPENSES):					
State Sources:					
State School Lunch Program	1,935				1,935
Federal Sources:					
Food Distribution Program	18,134				18,134
National School Lunch Program	68,289				68,289
National School Breakfast Program	24,576				24,576
Total Non-operating Revenues (Expenses)	112,934				112,934
OTHER FINANCING USES:					
Change in Net Position	14,896		(10,038)	(38,891)	(34,033)
Prior Period Cancellation:					
Accounts Receivable				(105,764)	(105,764)
Net Position -- July 1	49,945		12,409	438,830	501,184
Net Position -- June 30	\$ 64,841		\$ 2,371	\$ 294,175	\$ 361,387

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, 2018

	Business Type Activities- Enterprise Funds				Totals
	Food Service	Regional Day School	The Learning Center	BCCEC/ETTC Program	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from Customers	\$ 252,966	\$ 299,394	\$ 80,894	\$ 272,617	\$ 905,871
Payments to Employees	(160,574)	(243,212)	(73,293)	(205,844)	(682,923)
Payments for Employee Benefits		(56,182)		(66,485)	(122,667)
Payments to Suppliers	(212,730)		(9,695)	(102,076)	(324,501)
Net Cash Provided by (used for) Operating Activities	(120,338)		(2,094)	(101,788)	(224,220)
Cash from (Used for) Operating Activities-Transfers to the General Fund					
Total Cash Provided by (Used for) Operating Activities	(120,338)		(2,094)	(101,788)	(224,220)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:					
State Sources	1,935				1,935
Federal Sources	110,999				110,999
Net Cash Provided by (used for) Non-Capital Financing Activities	112,934				112,934
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest and Dividends					
Net Cash Provided by (used for) Investing Activities					
Net Increase (Decrease) in Cash and Cash Equivalents	(7,404)		(2,094)	(101,788)	(111,286)
Cash and Cash Equivalents -- July 1	7,404		2,094	195,113	204,611
Cash and Equivalents -- June 30	\$ -	\$ -	\$ -	\$ 93,325	\$ 93,325
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	\$ (98,038)	\$ -	\$ (10,038)	\$ (38,891)	\$ (146,967)
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	(46,231)		(6,730)	(1,667)	(54,628)
Interfund Receivable (Increase)/Decrease	11,199			(29,389)	(18,190)
Inventory (Increase)/Decrease	(5,551)				(5,551)
Accounts Payable Increase/(Decrease)	1,980			(19,441)	(17,461)
Deferred Revenue Increase/(Decrease)	(289)		(1,748)	(12,400)	(14,437)
Due to General Fund Increase/(Decrease)	16,592		16,422		33,014
Net Cash Provided by (used for) Operating Activities	\$(120,338)	\$ -	\$ (2,094)	\$(101,788)	\$ (224,220)

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, 2018

	<u>Agency Funds</u>	
	<u>Student Activity</u>	<u>Payroll</u>
ASSETS:		
Cash and Cash Equivalents	\$ 43,005	\$ 16,577
Total Assets	<u>\$ 43,005</u>	<u>\$ 16,577</u>
LIABILITIES:		
Payable to Student Groups	\$ 43,005	\$
Due to General Fund		15,435
Payroll Deductions and Withholdings		1,142
Total Liabilities	<u>\$ 43,005</u>	<u>\$ 16,577</u>

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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, 2018 of 766 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 FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New Accounting Standards:

The School District has adopted the following GASB statements:

- **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 inter-period equity, and creating additional transparency. The requirements of this Statement will be effective for reporting periods beginning after June 15, 2017. The adoption of GASB 75 will impact the financial statements of the School District.
- **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. The adoption of GASB 85 is not expected to impact the financial statements of the School District.
- **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. The adoption of GASB 86 is not expected to 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:

- **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.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

New Accounting Standards (Continued):

- 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. 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.

- GASB No. 88 - *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*: The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management is evaluating the potential impact of the adoption of GASB 88 on the School District's financial statements.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

New Accounting Standards (Continued):

- GASB No. 89 - *Accounting for Interest Cost Incurred before the End of a Construction Period*: The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Management is evaluating the potential impact of the adoption of GASB 89 on the School District's financial statements.

- GASB Statement - No. 90 - *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*: The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Management is evaluating the potential impact of the adoption of GASB 90 on the School District's financial statements.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

A. Basis of Presentation:

The financial statements of the Board of Education (Board) of SalemCountyVocationalTechnicalSchool 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.

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.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

A. Basis of Presentation (Cont'd):

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.

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.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

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.

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.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

Enterprise Funds (Cont'd)-

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

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

D. Fiduciary Funds:

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

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

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

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

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

E. Measurement Focus:

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

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.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

E. Measurement Focus (Cont'd):

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

F. Basis of Accounting:

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

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

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

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

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.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

F. Basis of Accounting (Cont'd):

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

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

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

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

Revenues – Exchange and Non-Exchange Transactions(Cont'd) - Under the modified accrual basis, the following revenuesources 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.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

G. Budgets/Budgetary Control:

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

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

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

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

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

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.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

H. Encumbrances (Cont'd):

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

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

I. Cash, Cash Equivalents and Investments:

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

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

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

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 FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

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.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

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.

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.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

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.

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.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

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.

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

AC. Bond and Lease Acquisition Costs:

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

Custodial Credit Risk Related to Deposits:

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be recovered. Although the District does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 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, 2018, the District's bank balance of \$663,373 was exposed to custodial credit risk as follows:

Insured	\$	250,000
Uninsured and collateralized with securities held by pledging financial institutions		413,373
	\$	<u>663,373</u>

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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, 2018, the capital reserve account had a balance of \$12,200, which was the same as the prior year.

NOTE 5. ACCOUNTS RECEIVABLES

Accounts Receivables at June 30, 2018 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	\$ 11,643	\$ 118,436	\$ 106	\$ 130,185
Federal		386,767	5,596	392,363
Intergovernmental	254,276			254,276
Other			267,476	267,476
Total	<u>\$ 265,919</u>	<u>\$ 505,203</u>	<u>\$ 273,178</u>	<u>\$ 1,044,300</u>

NOTE 6. INVENTORY

Inventory in the Food Service Fund at June 30, 2018 consisted of the following:

Food	\$ 3,530
Supplies	12,425
	<u>\$ 15,955</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 \$18,230 in federal commodities during the 2017-2018 school year, which was consumed during operations with the exception of \$219 left in ending inventory.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 7. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 was as follows:

	Beginning Balance 7/1/2017	Additions	Adjustments/ Retirements	Ending Balance 6/30/2018
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	776,625		19,164,283
Equipment	4,095,454	172,964		4,268,418
Total Historical Cost	24,619,501	949,589	(776,625)	24,792,465
Less accumulated depreciation for :				
Land Improvements	(482,220)	(34,355)		(516,575)
Building and improvements	(7,703,304)	(510,517)		(8,213,821)
Equipment	(3,390,083)	(206,949)		(3,597,032)
Total accumulated depreciation	(11,575,607)	(751,821)		(12,327,428)
Government activities capital assets, net	\$ 13,043,894	\$ 197,768	\$ (776,625)	\$ 12,465,037
				To A-1
Business-Type Activities -				
Business-Type Activities				
Capital Assets - Net	\$ -	\$ -	\$ -	\$ -

*Depreciation expense was charged to governmeal functions as follows:

Instruction- Regular	\$ 5,164
Instruction- Vocational	110,389
Plant Operations and Maintenance	181,807
General Administration	5,326
Unallocated	449,135
Total Depreciation Expense	\$ 751,821

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 8. GENERAL LONG-TERM DEBT

During the fiscal year ended June 30, 2018, the following changes occurred in long-term obligations:

	Beginning Balance 7/1/2017	Additions	Reductions	Ending Balance 6/30/2018	Amounts Due within One Year	Long-term Portion
Governmental Activities:						
Capital Lease Payable	\$ 3,046,647	\$	\$ (485,196)	\$ 2,561,451	\$ 364,144	\$ 2,197,307
Short-Term Loan Payable						
Compensated Absences	325,482		(185,492)	139,990		139,990
Governmental Activity Long Term Liabilities	<u>\$ 3,372,129</u>	<u>\$ -</u>	<u>\$ (670,688)</u>	<u>\$ 2,701,441</u>	<u>\$ 364,144</u>	<u>\$ 2,337,297</u>
Business-Type Activities:						
Compensated absences payable	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

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

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

Year Ending June 30	Principal	Interest	Total
2019	\$ 135,000	\$ 6,750	\$ 141,750
	<u>\$ 135,000</u>	<u>\$ 6,750</u>	<u>\$ 141,750</u>

Bonds Authorized But Not Issued – As of June 30, 2018, 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 FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

The following is a schedule of the future minimum lease payments at June 30, 2018:

Year Ending June 30,	Principal	Interest	Total
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>\$ 2,044,647</u>	<u>\$ 248,494</u>	<u>\$ 2,293,141</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, 2018:

Year Ending June 30,	Principal	Interest	Total
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>\$ 442,194</u>	<u>\$ 48,776</u>	<u>\$ 490,970</u>

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, 2018:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 74,610	\$ 1,604	\$ 76,214
	<u>\$ 74,610</u>	<u>\$ 1,604</u>	<u>\$ 76,214</u>

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 \$21,224, as of June 30, 2018.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 10. OPERATING LEASES

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

Year Ending June 30,	Total
2019	\$ 10,881
2020	1,766
	\$ 12,647

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. For additional information about PERS or TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at <http://www.nj.gov/treasury/pensions/financial-reports.shtml>.

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. The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A. 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.

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 11. PENSION PLANS (CONT'D)

Public Employees' Retirement System (Cont'd)

Contributions - The contribution policy is set by N.J.S.A. 43:15A 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 7.34% of employees' annual compensation through June 30, 2018. Employers are required to contribute at an actuarially determined rate in PERS. The current PERS rate is 13.37% of covered payroll. The District's contributions to PERS for the years ended June 30, 2018, and 2017, were \$154,272 and \$153,264 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, 2018 was \$5,212,345. Payroll covered by PERS was \$1,179,357 for fiscal year 2018. Contributions to the system for the year ended June 30, 2018 were as follows:

	<u>PERS</u>
Employees	\$ 86,536
District	<u>154,272</u>
Total	\$ <u>240,808</u>

The District is billed annually for its normal contribution plus any accrued liability. These contributions were equal to the required contributions for 2018, as follows:

<u>Public Employees Retirement System</u>					
<u>Fiscal Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Total Liability</u>	<u>Funded by State</u>	<u>Paid by District</u>
<u>2018</u>	\$ <u>19,859</u>	\$ <u>123,670</u>	\$ <u>154,272</u>	\$ <u>N/A</u>	\$ <u>154,272</u>

Components of Net Pension Liability - At June 30, 2018, the District's proportionate share of the PERS net pension liability was \$3,791,412. The net pension liability was measured as of June 30, 2017. 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 July 1, 2016, to the measurement date of June 30, 2017. 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, 2017. The District's proportion measured as of June 30, 2017 was 0.016287% which was a decrease of 0.00075% from its proportion measured as of June 30, 2016.

Pension Expense and Deferred Outflows/Inflows of Resources - The District's 2018 PERS pension expense, with respect to GASB 68, was \$139,009. The District's 2018 deferred outflows of resources and deferred inflows of resources were from the following sources:

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 11. PENSION PLANS (CONT'D)

Public Employees' Retirement System (Cont'd)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 89,275	\$
Changes of assumptions	763,839	761,038
Net difference between projected and actual earnings on pension plan investments	25,817	
Changes in proportion	240,288	586,032
Contributions subsequent to the measurement date	154,272	
Total	\$ <u>1,273,491</u>	\$ <u>1,347,070</u>

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

<u>Year</u>		<u>PERS</u>
2018	\$	(145,894)
2019		(18,559)
2020		65,985
2021		(114,130)
2022		(15,254)
Thereafter		
Total	\$	<u>(227,852)</u>

Additional Information-Collective Balances at June 30, 2018 and 2017 are as follows:

<u>Year</u>		<u>6/30/2018</u>		<u>6/30/2017</u>
Collective deferred outflows of resources	\$	1,273,491	\$	1,792,623
Collective deferred inflows of resources	\$	1,347,070	\$	623,534
Collective Net Pension Liability	\$	3,791,412	\$	5,046,962
District's Proportion		0.016287%		0.017041%

Actuarial Assumptions - The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Measurement Date	June 30, 2017
Actuarial Valuation Date	July 1, 2016
Investment Rate of Return	7.00%
Salary Scale (Based on Age):	
Through 2026	1.65% - 4.15%
Thereafter	2.65% - 5.15%
Inflation	2.25%

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 11. PENSION PLANS (CONT'D)

Public Employees' Retirement System (Cont'd)

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, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-Term 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, 2017 are summarized in the following table:

	PERS	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
US Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Client oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%
Total	100.00%	

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 11. PENSION PLANS (CONT'D)

Public Employees' Retirement System (Cont'd)

Discount Rate - The discount rate as of June 30, 2017 used to measure the total pension liability was 5.00% for PERS. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 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 40% 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 2040 for PERS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 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 - The following presents the collective net pension liability of the participating employers as of June 30, 2017, 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 (4.00%) or 1-percentage-point higher (6.00%) than the current rate:

	1% Decrease (4.00%)	Current Discount (5.00%)	1% Increase (6.00%)
District's proportionate share of the net pension liability	\$ 4,703,504	\$ 3,791,412	\$ 3,031,526

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.

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.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 11. PENSION PLANS (CONT'D)

Teachers' Pension and Annuity Fund (Cont'd)

Contributions - 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 2018. 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 2017, 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, 2018 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>
6/30/18	\$ 48,351	100 %	\$ N/A
6/30/17	558,325	100	N/A
6/30/16	558,325	100	N/A

During the fiscal year ended June 30, 2018, the State of New Jersey contributed \$48,351 to the TPAF for pension contributions, \$312,283 for post-retirement benefits on behalf of the School, and \$1,128 for long-term disability. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$243,153 during the year ended June 30, 2018 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, 2018, 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.

Pension Expense - For the year ended June 30, 2018, the District recognized pension expense of \$1,420,538 and revenue of \$1,420,538 for support provided by the State.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 11. PENSION PLANS (CONT'D)

Teachers' Pension and Annuity Fund (Cont'd)

Actuarial Assumptions - The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	TPAF
Measurement Date	June 30, 2017
Actuarial Valuation Date	July 1, 2016
Investment Rate of Return	7.00%
Salary Scale (Based on Age):	
Through 2026	Varies based
Thereafter	on experience
Inflation	2.25%

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, 2017 are summarized in the following table:

	TPAF	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
US Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Client oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%
Total	100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 4.25% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 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.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 11. PENSION PLANS (CONT'D)

Teachers' Pension and Annuity Fund (Cont'd)

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 40% 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 2036. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2036 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. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

General Information about the OPEB Plan

The State of New Jersey reports a liability as a result of its statutory requirements to pay other postemployment (health) benefits for State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A 52:14-17.32f. According to N.J.S.A 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits are the responsibility of the individual local education employers.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 12. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)

At June 30, 2018, the following employees were covered by the benefit terms:

TPAF participant retirees

As of June 30, 2017, there were 112,966 retirees receiving post-retirement medical benefits and the State contributed \$1.39 billion on their behalf.

PERS participant retirees

The state paid \$238.9 million toward Chapter 126 benefits for 20,913 eligible retired members in Fiscal Year 2017.

Basis of Presentation

The Schedule presents the State of New Jersey's obligation under NJSA 52:14-17.32f. The Schedule does not purport to be a complete presentation of the financial position or changes in financial position of the State Health Benefit Local Education Retired Employees Plan or the State of New Jersey. The accompanying Schedule was prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the State of New Jersey to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Total OPEB Liability

The State of New Jersey's total OPEB liability, as of the measurement date of June 30, 2017, was \$53,639,841,858. Of this amount, the total OPEB liability attributable to the School District was \$13,752,666. The State of New Jersey's proportionate share of the total OPEB liability is 100%, including the proportion attributable to the School District of 0.02564%. The total OPEB liability for the School District measured as of June 30, 2017 is zero as a result of the Special Funding Situation with the State of New Jersey. The School District's proportionate share of the total OPEB liability measured as of June 30, 2017 is 0.00%. Accordingly, the School District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position.

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total nonemployer OPEB liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2016. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>TPAF/ABP</u>	<u>PERS</u>
Inflation Rate	2.50%	2.50%
	Based on	Based on
Salary Increases:	Years of Service	Age
Through 2026	1.55% - 4.55%	2.15% - 4.15%
Thereafter	2.00% - 5.45%	3.15% - 5.15%

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 12. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)

Postretirement mortality rates were based on the RP-2014 Headcount- Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount- Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 – June 30, 2015, July 1, 2010 – June 30, 2013, and July 1, 2011 – June 30, 2014 for TPAF and PERS, respectively.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long-erm trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% decreasing to a 5.0% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount rate

The discount rate for June 30, 2017 was 3.58%. This represents the municipal bond return rate as chosen by the Division. The source is 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.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance as of June 30, 2016 Measurement Date	\$ <u>14,651,304</u>
Changes for the year:	
Service cost	828,546
Interest cost	436,834
Changes of benefit terms	
Differences between expected and actual	
Changes in assumptions or other inputs	(1,857,206)
Member contributions	11,729
Gross benefit payments	<u>(318,541)</u>
Net changes	<u>(898,638)</u>
Balance as of June 30, 2017 Measurement Date	\$ <u>13,752,666</u>

Sensitivity of Total Nonemployer OPEB Liability to changes in the discount rate:

The following presents the total nonemployer OPEB liability as of June 30, 2017, respectively, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 12. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)

June 30, 2017		
At 1.00% Decrease 2.58%	At Discount Rate 3.58%	At 1.00% Increase 4.58%
\$ 63,674,362,200	53,639,841,858	45,680,364,953

Sensitivity of Total Nonemployer OPEB Liability to changes in the healthcare trend rate:

The following presents the total nonemployer OPEB liability as of June 30, 2017, calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1- percentage point lower or 1-percentage point higher than the current rate:

June 30, 2017		
Healthcare Cost Trend Rate		
1.00% Decrease		1.00% Increase
\$44,113,584,560	\$53,639,841,858	\$66,290,599,457

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the School District recognized OPEB expense of \$1,090,108. The School District reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$
Changes of assumptions		1,626,473
Net difference between projected and actual earnings on OPEB plan investments		
Changes in proportion	139,174	
Contributions subsequent to the measurement date		
Total	\$ 139,174	\$ 1,626,473

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows.

Measurement Period Ending June 30,	OPEB
2018	\$ 170,490
2019	170,490
2020	170,490
2021	170,490
2022	170,490
Thereafter	603,534
Total	\$ 1,455,984

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 12. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)

Special Funding Situation

The participating local education employer allocations included in the supplemental Schedule of special funding amounts by employer are provided as each local education employer is required to record in their financial statements, as an expense and corresponding revenue, their respective amount of total OPEB expense attributable to the State of New Jersey under the special funding situation and to include their respective amount of total OPEB liability in their notes to their financial statements. The total OPEB liability and service cost for each employer was determined separately based on actual data for each employer's participants.

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, 2018, a liability existed for compensated absences in the Governmental Activities of \$139,990.

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.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 15. RISK MANAGEMENT (CONT'D)

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

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

Annual contributions to the Fund are determined by the Fund's Board of Trustees. The School District is jointly and personally liable for claims insured by the Fund and its members during the period of its membership, including liability for supplemental assessments, if necessary. The Fund's Board of Trustees may authorize refunds to its members in any fund year for which contributions exceed the amount necessary to fund all obligations for that year. 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, 2018:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 435,127	\$
Special Revenue Fund		403,100
Enterprise Fund	115,829	132,421
Fiduciary Funds		15,435
Total	\$ 550,956	\$ 550,956

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, 2018 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, 2018

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 \$3,676,497, shown on Exhibit A-1, as of June 30, 2018. 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 \$356,335 General Fund balance at June 30, 2018, \$61,842 is assigned for encumbrances; \$0 is restricted as excess surplus in accordance with N.J.S.A. 18A:7F-7, \$12,200 has been restricted in the Capital Reserve Account; \$221,034 has been assigned, appropriated and included as anticipated revenue for the year ending June 30, 2019 and \$61,259 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 appropriate for future expenditures. Specific reservations of the fund balance are summarized below:

Legally Restricted for Capital Reserve Account – As of June 30, 2018, 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).

Assigned 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, 2018, \$61,842 has been restricted for this purpose.

Unassigned - General Fund – The budgetary basis unassigned general fund balance at June 30, 2018 is \$551,496.

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. There was no excess fund balance on a budgetary basis at June 30, 2018.

NOTE 21. LITIGATION

There was one pending claim involving a terminated employee submitted against the Board, as of November 7, 2018. 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.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

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, 2018, the District had an unexpended balance of \$24,263 on this project.

NOTE 25. SUBSEQUENT EVENTS

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

End of Notes to Financial Statements

REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2018

	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	2,081,800		2,081,800	2,080,661	(1,139)
Tuition Charges - Out of County	384,577		384,577	459,036	74,459
Rent and Royalties	75,000		75,000	75,000	
Interest Earned on Investments				1,367	1,367
Unrestricted Miscellaneous Revenue	5,000		5,000	14,370	9,370
Other Restricted Miscellaneous Revenue	40,000		40,000		(40,000)
Total - Local Sources	4,415,135		4,415,135	4,459,192	44,057
State Sources:					
Categorical Aid					
Equalization Aid	4,202,604	197,697	4,400,301	4,400,301	
Categorical Special Education Aid	399,706		399,706	399,706	
Categorical Security Aid	25,113		25,113	25,113	
Adjustment Aid	1		1	1	
PARCC Readiness Aid	7,820		7,820	7,820	
Per Pupil Growth Aid	7,820		7,820	7,820	
Additional Adjustment Aid					
Professional Learning Community Aid	7,530		7,530	7,530	
Adult Post Grad Aid		54,941	54,941	54,941	
Other State Aid					
Reimbursed TPAF Social Security Contributions (non-budgeted)				243,153	243,153
On-behalf TPAF Long-Term Disability Insurance (non-budgeted)				1,128	1,128
On-behalf TPAF Pension Contributions (non-budgeted)				48,351	48,351
On-behalf TPAF Pension Post-Retirement Med'l Contrib (non-budgeted)				312,283	312,283
Total - State Sources	4,650,594	252,638	4,903,232	5,508,147	604,915
Total Revenues	9,065,729	252,638	9,318,367	9,967,339	648,972
EXPENDITURES:					
Current Expense:					
Regular Programs - Grade 9-12 - Instruction:					
Salaries of Teachers	1,181,201	(41,375)	1,139,826	1,138,669	1,157
Purchased Professional-Educational Services	5,000		5,000	4,695	305
Purchased Technical Services	14,465	(13,780)	685	595	90
Other Purchased Services	6,135	(3,034)	3,101	1,895	1,206
General Supplies	24,571	(3,827)	20,744	18,761	1,983
Textbooks	41,966	(26,703)	15,263	14,589	674
Total Regular Programs - Instruction	1,273,338	(88,719)	1,184,619	1,179,204	5,415
Regular Programs - Home Instruction:					
Salaries of Teachers	10,000	(8,507)	1,493	1,380	113
Regular Vocational Programs - Instruction:					
Salaries of Teachers	1,397,676	(238,724)	1,158,952	1,121,387	37,565
Purchased Professional-Educational Services	1,551,240	265,459	1,816,699	1,816,488	211
Purchased Technical Services	24,000	(8,251)	15,749	14,219	1,530
Other Purchased Services	36,150	(24,969)	11,181	8,745	2,436
General Supplies	161,875	(14,241)	147,634	146,304	1,330
Textbooks	13,589	(8,570)	5,019	3,690	1,329
Other Objects	609	(609)			
Total - Regular Vocational Programs - Instruction	3,185,139	(29,905)	3,155,234	3,110,833	44,401
School-Sponsored Co/Extra-Curr. Activities-Instruction					
Salaries	24,725	109,485	134,210	134,210	
Purchased Services	40,000	(9,568)	30,432	30,432	
Supplies and Materials		6,475	6,475	6,475	
Total School-Spon. Co/Extra Curr. Actvts. - Inst	64,725	106,392	171,117	171,117	
School-Sponsored Athletics-Instruction					
Salaries	46,940	(21,740)	25,200	23,619	1,581
Purchased Services	2,500	31,057	33,557	33,076	481
Supplies and Materials	5,100	11,413	16,513	16,513	
Total School-Spon. Athletics - Inst	54,540	20,730	75,270	73,208	2,062
Undistributed Expenditures - Attendance & Social Work					
Salaries of Drop-Out Prevention Officer/Coordinator	93,928	3,914	97,842	93,928	3,914
Total Undistributed Expenditures - Attendance & Social Work	93,928	3,914	97,842	93,928	3,914

(Continued)

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2018

	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	\$ 60,129	\$ 7,000	\$ 67,129	\$ 60,129	\$ 7,000
Purchased Professional and Technical Services	100	1,600	1,700	1,690	10
Other Purchased Services	425		425	316	109
Supplies and Materials	1,605		1,605	700	905
Total Undistributed Expenditures - Health Services	62,259	8,600	70,859	62,835	8,024
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	262,913	11,436	274,349	266,359	7,990
Salaries of Secretarial and Clerical Assistants	32,853	19,000	51,853	42,967	8,886
Purchased Professional-Educational Services	5,000	(5,000)			
Other Purchased Services	2,500	2,033	4,533	4,187	346
Supplies and Materials	7,000	(4,021)	2,979	2,979	
Total Undist. Expend. - Guidance	310,266	23,448	333,714	316,492	17,222
Undistributed Expenditures - Child Study Teams					
Purchased Professional - Educational Services					
Salaries	10,000	44,126	54,126	53,665	461
Total Undist. Expend. - Child Study Teams	10,000	44,126	54,126	53,665	461
Undistributed Expenditures - Improvement of Instruction Services					
Salaries of Other Professional Staff					
Salaries	74,941		74,941	74,941	
Supplies and Materials	10,000	(10,000)			
Total Undist. Expend. - Improv of Inst. Serv.	84,941	(10,000)	74,941	74,941	
Undistributed Expenditures - Educational Media Service/Sch Library					
Salaries					
Purchased Professional and Technical Services					
Other Purchased Services					
Supplies and Materials					
Total Undist Expend-Edu. Media Serv. / Sch. Library					
Undistributed Expenditures - Support Services - General Administration:					
Salaries	160,766	30,394	191,160	184,565	6,595
Legal Services	20,000	(8,670)	11,330	11,322	8
Audit Fee	37,000	(14,550)	22,450	22,450	
Other Purchased Professional Services	20,000	(14,907)	5,093	4,435	658
Purchased Technical Services	10,000	(9,520)	480	480	
Communications/Telephone	70,000	(1,199)	68,801	65,672	3,129
Misc. Purch Serv	9,000	(884)	8,116	5,029	3,087
General Supplies	5,300	(3,361)	1,939	1,690	249
Miscellaneous Expenditures	15,750	2,113	17,863	17,862	1
Total Undist. Expend. -Support Serv. -Gen. Admin.	347,816	(20,584)	327,232	313,505	13,727
Undistributed Expenditures - Support Services - School Administration					
Salaries of Principals / Assistant Principals					
Salaries	196,795	5,919	202,714	201,664	1,050
Salaries of Secretarial and Clerical Assistants	79,938	3,331	83,269	79,939	3,330
Other Purchased Services	11,500	2,000	13,500	8,800	4,700
Supplies and Materials	19,500	4,106	23,606	19,404	4,202
Other Objects	5,500		5,500	5,308	192
Total Undist. Expend. -Support Serv. - School Adm.	313,233	15,356	328,589	315,115	13,474

(Continued)

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2018

	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	\$ 224,738	\$ 27,245	\$ 251,983	\$ 191,520	\$ 60,463
Purchased Professional Services	6,000	(3,633)	2,367		2,367
Purchased Technical Services	52,500	(33,863)	18,637	14,720	3,917
Misc. Purchased Services	15,999	(12,938)	3,061	1,831	1,230
Supplies and Materials	17,500	(4,525)	12,975	12,771	204
Interest on Lease Purchase Agreements	5,424	2,214	7,638	7,638	
Misc. Expenditures	7,500	(7,066)	434	434	
Total Undistributed Expenditures - Central Services	329,661	(32,566)	297,095	228,914	68,181
Undistributed Expenditures - Admin Info Technology					
Salaries	86,151	8,794	94,945	92,737	2,208
Purchased Professional Services		4,752	4,752	4,711	41
Purchased Technical Services	90,056	236	90,292	82,860	7,432
Other Purchased Services	1,500	5,568	7,068	6,951	117
Supplies and Materials	100,000	6,244	106,244	105,934	310
Total Undist. Expend-Admin Info Technology	277,707	25,594	303,301	293,193	10,108
Undistributed Expenditures - Required Maint for School Facilities					
Salaries	71,342	3,946	75,288	74,342	946
Cleaning, Repair, and Maintenance Services	155,000	(29,799)	125,201	125,201	
Lead Testing of Drinking Water	10,000	(10,000)			
General Supplies	25,000	62,190	87,190	81,145	6,045
Other Objects	5,000	(4,620)	380	380	
Total Undist. Expend-Required Maint for Sch Fac.	266,342	21,717	288,059	281,068	6,991
Undistributed Expenditures - Other Oper & Maint of Plant					
Salaries	291,550	60,771	352,321	311,535	40,786
Cleaning, Repair, and Maintenance Services	50,000	(11,692)	38,308	37,257	1,051
Lease Purchase Payments - Energy Savings	80,070		80,070	80,069	1
Insurance	125,000	(14,235)	110,765	110,765	
Miscellaneous Purchased Services	5,000	(5,000)			
General Supplies	20,000	(569)	19,431	19,358	73
Energy (Natural Gas)	90,000	47,078	137,078	135,982	1,096
Energy (Heat and Electricity)	200,000	31,257	231,257	227,729	3,528
Energy (Oil)	6,000		6,000	3,984	2,016
Total Undist Expend-Oth. Oper & Maint of Plant	867,620	107,610	975,230	926,679	48,551
Undistributed Expenditures - Care & Upkeep of Grounds					
Cleaning, Repair, and Maintenance Services	20,000	(16,543)	3,457	2,067	1,390
Total Care and Upkeep of Grounds	20,000	(16,543)	3,457	2,067	1,390
Undistributed Expenditures - Security					
Cleaning, Repair, and Maintenance Services	4,500	(4,500)			
Total Security	4,500	(4,500)			
Total Undist. Expend-Oper & Maint of Plant Serv.	1,158,462	108,284	1,266,746	1,209,814	56,932
Undistributed Expenditures - Student Transportation Services:					
Salaries (Oth. Than Bet Home & Sch)		12,280	12,280	11,614	666
Contr Serv (Oth. Than Bet Home & Sch) - Vend	27,990	(9,695)	18,295	15,234	3,061
Total Undist. Expend. -Student Trans. Serv.	27,990	2,585	30,575	26,848	3,727
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	140,000	7,049	147,049	141,940	5,109
Other Retirement Contributions - PERS	140,859	13,414	154,273	154,273	
Unemployment Compensation	22,000	1,785	23,785	23,784	1
Workmen's Compensation	80,000	8,630	88,630	88,630	
Health Benefits	1,104,626	17,457	1,122,083	1,087,529	34,554
Tuition Reimbursement	40,000	(32,500)	7,500	7,500	
Other Employee Benefits	7,500	(5,597)	1,903	1,785	118
Total Unallocated Benefits - Employee Benefits	1,534,985	10,238	1,545,223	1,505,441	39,782

(Continued)

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2018

	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)	\$ -	\$ -	\$ -	\$ 243,153	\$ (243,153)
On-behalf TPAF Long-Term Disability Insurance (non-budgeted)				1,128	(1,128)
On-behalf TPAF Pension Contributions (non-budgeted)				48,351	(48,351)
On-behalf TPAF Pension Post-Retirement Contributions (non-budgeted)				312,283	(312,283)
Total On-behalf Contributions				604,915	(604,915)
Total Undistributed Expenditures	4,605,788	178,995	4,730,243	5,099,606	(369,363)
Total Current Expense	9,138,990	178,986	9,317,976	9,635,348	(317,372)
Capital Outlay:					
Interest Deposit to Capital Reserve					
Equipment:					
Grades 9-12		6,899	\$ 6,899	\$ 6,899	
Undistributed Expenses					
Security		10,685	10,685	10,685	
Total Equipment		17,584	17,584	17,584	
Facilities Acquisition and Construction Services:					
Lease Purchase Agreements-Principal	485,196	(2,213)	482,983	416,718	66,265
Other Objects		925	925		925
Assessment for Debt Service on SDA Funding	925	(925)			
Total Facilities Acquisition and Construction Services	486,121	15,371	501,492	434,302	67,190
Assets Acquired under Capital Leases (Non-budgeted)					
Total Capital Outlay	486,121	15,371	501,492	434,302	67,190
Adult Education - Local Support Services					
Salaries		54,809	54,809	54,809	
Total Expenditures	9,625,111	249,166	9,874,277	10,124,459	(250,182)
Excess (Deficiency) of Revenues Over (Under) Expenditures					
	(559,382)	3,472	(555,910)	(157,120)	398,790
Other Financing Sources (Uses)					
Transfers to Food Service		(14,548)	(14,548)		14,548
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses					
	(559,382)	(11,076)	(570,458)	(157,120)	413,338
Fund Balances, July 1	1,003,692		1,003,692	1,003,692	
Fund Balances, June 30	444,310	(11,076)	433,234	846,572	413,338
Recapitulation:					
Restricted Fund Balance:					
Capital Reserve				\$ 12,200	
Assigned Fund Balance:					
Year-end Encumbrances				61,842	
Designated for Subsequent Years Expenditures				221,034	
Unassigned Fund Balance					
				551,496	
				846,572	
Reconciliation to Governmental Funds Statements (GAAP):					
Last two State Aid Payments 2017-18 Not Recognized on GAAP Basis				(490,237)	
				\$ 356,335	

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT

Required Supplementary Information

Budgetary Comparison Schedule

Special Revenue Fund

For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Amendments / Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
State Sources:					
Perkins Post Secondary		\$ 92,758	\$ 92,758	\$ 78,570	\$ (14,188)
Opportunity Partners		88,220	88,220	14,535	(73,685)
County Vocational Competitive				206,459	206,459
Total - State Sources		180,978	180,978	299,564	118,586
Federal Sources:					
Perkins Secondary and Reserve	375,746	15	375,761	115,932	(259,829)
Adult Basic Skills-LA		585,580	585,580	142,607	(442,973)
Adult Basic Skills-Sub-grantee				430,254	430,254
I.D.E.A.	116,937		116,937	116,937	
No Child Left Behind:					
Title IA		214,650	214,650	179,663	(34,987)
Title IIA		30,489	30,489	19,347	(11,142)
Title IV		10,000	10,000	8,900	(1,100)
Total - Federal Sources	492,683	840,734	1,333,417	1,013,640	(319,777)
Other Sources:					
Case Grant				14,085	14,085
Monsanto Grant	6,246	10,994	17,240	273	(16,967)
Total - Other Sources	6,246	10,994	17,240	14,358	(2,882)
Total Revenues	498,929	1,032,706	1,531,635	1,327,562	(204,073)

(Continued)

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT

Required Supplementary Information
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Amendments / Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES:					
Instruction:					
Salaries of Teachers	\$ 41,646	\$ 272,002	\$ 313,648	\$ 220,357	\$ 93,291
Purchased Professional Educational Services		1,720	1,720	1,406	314
Purchased Professional & Technical Services	177,577	(94,903)	82,674	70,847	11,827
Travel		682	682	397	285
General Supplies	33,978	55,460	89,438	89,438	
Supplies and Materials	37,316	24,748	62,064	38,440	23,624
Total Instruction	290,517	259,709	550,226	420,885	129,341
Support Services:					
Salaries of Other Professional Staff	12,150	68,640	80,790	57,241	23,549
Personal Services - Employee Benefits	5,649	21,500	27,149	22,649	4,500
Purchased Professional Educational Services		425,620	425,620	419,409	6,211
Purchased Professional Technical Services	11,700	212,970	224,670	218,445	6,225
Other Purchased Services	29,907	11,299	41,206	29,333	11,873
Travel	11,554	1,406	12,960	1,633	11,327
Supplies and Materials	1,250	2,900	4,150	757	3,393
Other Objects	1,750	293	2,043	1,830	213
Total Support Services	73,960	744,628	818,588	751,297	67,291
Facilities Acquisition and Construction Services:					
Instructional Equipment	134,452	28,369	162,821	155,380	7,441
Total Facilities Acquisition & Construction Services	134,452	28,369	162,821	155,380	7,441
Total Expenditures	498,929	1,032,706	1,531,635	1,327,562	204,073
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, 2018

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)	\$ 9,967,339	\$ 1,327,562
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		(3,643)
Prior Year		
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	
The last two 17-18 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)	(490,237)	
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	\$ 9,942,077	\$ 1,323,919
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 10,124,459	\$ 1,327,562
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		(3,643)
Prior Year		
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	\$ 10,124,459	\$ 1,323,919

**REQUIRED SUPPLEMENTARY
INFORMATION PART III**

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Schedules of Required Supplementary Information
Schedule of The District's Proportionate Share of the Net Pension Liability
Public Employee's Retirement System

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability(Asset)	0.016287%	0.017041%	0.015153%	0.018610%	0.020479%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 3,791,412	\$ 5,046,962	\$ 3,401,593	\$ 3,484,297	\$ 3,913,891
District's Covered-Employee Payroll	\$ 1,179,357	\$ 1,165,849	\$ 1,146,524	\$ 1,067,848	\$ 1,169,944
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its covered-employee payroll	321.48%	432.90%	296.69%	326.29%	334.54%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10%	40.14%	47.93%	52.08%	48.72%

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Schedules of Required Supplementary Information
Schedule of The District's Contributions
Public Employee's Retirement System

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 154,272	\$ 153,264	\$ 130,277	\$ 153,418	\$ 154,303
Contributions in Relation to the Contractually Required Contribution	(154,272)	(153,264)	(130,277)	(153,418)	(154,303)
Contribution Deficiency (Excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
District's Covered-Employee Payroll	\$ 1,179,357	\$ 1,165,849	\$ 1,146,524	\$ 1,067,848	\$ 1,169,944
Contributions as a Percentage of Covered-Employee Payroll	13.00%	13.15%	11.36%	14.37%	13.19%

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Schedules of Required Supplementary Information
Schedule of The District's Proportionate Share of the Net Pension Liability
Teacher's Pension and Annuity Fund

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability(Asset)	0.030413%	0.031832%	0.031078%	0.031268%	0.031849%
State's proportionate share of the net pension liability (asset) associated with the district	\$ 20,505,800	\$ 25,041,038	19,642,384	\$ 16,711,990	\$ 16,096,024
District's Covered-Employee Payroll	\$ 3,400,311	\$ 4,848,646	3,248,683	\$ 3,212,474	\$ 3,138,412
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its covered-employee payroll	603.06%	516.45%	604.63%	520.22%	512.87%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	25.41%	22.33%	28.71%	33.64%	33.76%

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Schedules of Required Supplementary Information
Schedule of The District's Contributions
Teacher's Pension and Annuity Fund

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 five 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 REQUIRED SUPPLEMENTARY INFORMATION PART III
PENSION SCHEDULES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Required Supplementary Information - Part III
Schedule of Changes in the Total OPEB Liability and Related Ratios
State Health Benefit Local Education Retired Employees Plan
Last Ten Fiscal Years

	<u>2017</u>
Total OPEB Liability	
Service cost	\$ 828,546
Interest	436,834
Changes of benefit terms	
Differences between expected and actual experience	
Changes of assumptions or other inputs	(1,857,206)
Member contributions	11,729
Benefit payments	(318,541)
Net change in total OPEB liability	<u>(898,638)</u>
Total OPEB liability - beginning	<u>14,651,304</u>
Total OPEB liability - ending	<u>\$ 13,752,666</u>
Covered-employee payroll	<u>\$ 4,579,668</u>
Total OPEB liability as a percentage of covered-employee payroll	300.30%

Notes to Schedule:

Changes of benefit terms: None

Changes of assumptions: The decrease in the liability from June 30, 2016 to June 30, 2017 is due to the increase in the assumed discount rate from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017.

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

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, 2018

	<u>Total</u>	<u>NCLB Title I, Part A 2017-18</u>	<u>Title II A</u>	<u>Title IV</u>	<u>Total Brought Forward</u>
REVENUES:					
Federal Sources	\$ 1,013,640	\$ 179,663	\$ 19,347	\$ 8,900	\$ 805,730
State Sources	299,564				299,564
Other Sources	14,358				14,358
Total Revenues	<u>1,327,562</u>	<u>179,663</u>	<u>19,347</u>	<u>8,900</u>	<u>1,119,652</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	220,357	60,584		8,900	150,873
Purchased Professional Educational Services	1,406				1,406
Purchased Professional & Technical Services	70,847				70,847
Travel	397				397
General Supplies	89,438	12,665			76,773
Supplies & Materials	38,440				38,440
Total Instruction	<u>420,885</u>	<u>73,249</u>		<u>8,900</u>	<u>338,736</u>
Support Services:					
Salaries of Other Professional Staff	57,241	450	13,320		43,471
Personal Services - Employee Benefits	22,649	16,334	1,019		5,296
Purchased Professional Educational Services	419,409				419,409
Purchased Professional Technical Services	218,445	89,560	3,250		125,635
Other Purchased Services	29,333		1,678		27,655
Travel	1,633				1,633
Supplies & Materials	757	70			687
Other Objects	1,830		80		1,750
Total Support Services	<u>751,297</u>	<u>106,414</u>	<u>19,347</u>		<u>625,536</u>
Facilities Acquisition & Construction Services:					
Instructional Equipment	155,380				155,380
Total Facilities Acquisition & Construction Services	<u>155,380</u>				<u>155,380</u>
Total Expenditures	<u>\$ 1,327,562</u>	<u>\$ 179,663</u>	<u>\$ 19,347</u>	<u>\$ 8,900</u>	<u>\$ 1,119,652</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, 2018

	Total Carried Forward	I.D.E.A. 2017-18	County Vocational Competitive	Total Brought Forward
REVENUES:				
Federal Sources	\$ 805,730	\$ 116,937		\$ 688,793
State Sources	299,564		\$ 206,459	93,105
Other Sources	14,358			14,358
Total Revenues	1,119,652	116,937	206,459	796,256
EXPENDITURES:				
Instruction:				
Salaries of Teachers	150,873		10,470	140,403
Purchased Professional Educational Services	1,406			1,406
Purchased Professional & Technical Services	70,847		49,931	20,916
Travel	397			397
General Supplies	76,773		23,540	53,233
Supplies & Materials	38,440			38,440
Total Instruction	338,736		83,941	254,795
Support Services:				
Salaries of Other Professional Staff	43,471		21,900	21,571
Personal Services - Employee Benefits	5,296		2,306	2,990
Purchased Professional Educational Services	419,409			419,409
Purchased Professional Technical Services	125,635	116,937	3,898	4,800
Other Purchased Services	27,655		20,281	7,374
Travel	1,633			1,633
	687		538	149
Other Objects	1,750			1,750
Total Support Services	625,536	116,937	48,923	459,676
Facilities Acquisition & Construction Services:				
Instructional Equipment	155,380		73,595	81,785
Total Facilities Acquisition & Construction Services	155,380		73,595	81,785
Total Expenditures	\$ 1,119,652	\$ 116,937	\$ 206,459	\$ 796,256

(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, 2018

	Total Carried Forward	Sub-Grantee Adult Basic Skills 2017-18	Lead Agent Adult Basic Skills 2017-18	Total Brought Forward
REVENUES:				
Federal Sources	\$ 688,793	\$ 430,254	\$ 142,607	\$ 115,932
State Sources	93,105			93,105
Other Sources	14,358			14,358
Total Revenues	796,256	430,254	142,607	223,395
EXPENDITURES:				
Instruction:				
Salaries of Teachers	140,403		125,754	14,649
Purchased Professional Educational Services	1,406			1,406
Purchased Professional & Technical Services	20,916			20,916
Travel	397		397	
General Supplies	53,233		5,848	47,385
Supplies & Materials	38,440			38,440
Total Instruction	254,795		131,999	122,796
Support Services:				
Salaries of Other Professional Staff	21,571	13,200		8,371
Personal Services - Employee Benefits	2,990		2,432	558
Purchased Professional Educational Services	419,409	417,054	2,355	
Purchased Professional Technical Services	4,800			4,800
Other Purchased Services	7,374			7,374
Travel	1,633			1,633
Supplies & Materials	149			149
Other Objects	1,750			1,750
Total Support Services	459,676	430,254	4,787	24,635
Facilities Acquisition & Construction Services:				
Instructional Equipment	81,785		5,821	75,964
Total Facilities Acquisition & Construction Services	81,785		5,821	75,964
Total Expenditures	\$ 796,256	\$ 430,254	\$ 142,607	\$ 223,395

(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, 2018

	Total Carried Forward	Perkins Secondary 2017-18	Perkins Secondary Reserve 2017-18	Perkins Post Secondary 2017-18	Opportunity Partners	Total Brought Forward
REVENUES:						
Federal Sources	\$ 115,932	\$ 93,694	\$ 22,238			
State Sources	93,105			\$ 78,570	14,535	
Other Sources	14,358					\$ 14,358
Total Revenues	223,395	93,694	22,238	78,570	14,535	14,358
EXPENDITURES:						
Instruction:						
Salaries of Teachers	14,649	6,000			8,649	
Purchased Professional Educational Services	1,406				1,406	
Purchased Professional & Technical Services	20,916	870	3,636	16,410		
Travel						
General Supplies	47,385			32,628	399	14,358
Supplies & Materials	38,440	19,838	18,602			
Total Instruction	122,796	26,708	22,238	49,038	10,454	14,358
Support Services:						
Salaries of Other Professional Staff	8,371	3,720		570	4,081	
Personal Services - Employee Benefits	558	514		44		
Purchased Professional Educational Services						
Purchased Professional Technical Services	4,800	4,800				
Other Purchased Services	7,374	4,750		2,624		
Travel	1,633	58		1,575		
Supplies & Materials	149			149		
Other Objects	1,750	1,750				
Total Support Services	24,635	15,592		4,962	4,081	
Facilities Acquisition & Construction Services:						
Instructional Equipment	75,964	51,394		24,570		
Total Facilities Acquisition & Construction Services	75,964	51,394		24,570		
Total Expenditures	\$ 223,395	\$ 93,694	\$ 22,238	\$ 78,570	\$ 14,535	\$ 14,358

(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, 2018

	<u>Total Carried Forward</u>	<u>CASE Grant 16-17</u>	<u>CASE Grant 17-18</u>	<u>Monsanto Garden Grant</u>
REVENUES:				
Federal Sources				
State Sources				
Other Sources	\$ 14,358	\$ 5,333	\$ 8,752	\$ 273
Total Revenues	<u>14,358</u>	<u>5,333</u>	<u>8,752</u>	<u>273</u>
EXPENDITURES:				
Instruction:				
Salaries of Teachers				
Purchased Professional Educational Services				
Purchased Professional & Technical Services				
Travel				
General Supplies	14,358	5,333	8,752	273
Supplies & Materials				
Total Instruction	<u>14,358</u>	<u>5,333</u>	<u>8,752</u>	<u>273</u>
Support Services:				
Salaries of Other Professional Staff				
Personal Services - Employee Benefits				
Purchased Professional Educational Services				
Purchased Professional Technical Services				
Other Purchased Services				
Travel				
Supplies & Materials				
Other Objects				
Total Support Services				
Facilities Acquisition & Construction Services:				
Instructional Equipment				
Total Facilities Acquisition & Construction Services				
Total Expenditures	<u>\$ 14,358</u>	<u>\$ 5,333</u>	<u>\$ 8,752</u>	<u>\$ 273</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, 2018

<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, 2018</u>
			<u>Prior Years</u>	<u>Current Year</u>	
Various Improvements to High School	12/3/2014	\$ 3,149,364	\$ 3,125,101		\$ 24,263
		<u>\$ 3,149,364</u>	<u>\$ 3,125,101</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, 2018

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	<u>24,263</u>
Fund Balance - June 30	\$ <u><u>24,263</u></u>

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, 2018

	<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, 2018

	Business Type Activities- Enterprise Funds				Total
	Food Service	Regional Day School	The Learning Center	BCCEC/ ETTC Program	
ASSETS:					
Current Assets:					
Cash and Cash Equivalents \$				93,325	93,325
Accounts Receivable:					
State	106				106
Federal	5,596				5,596
Other	62,882	99,407	18,793	86,394	267,476
Interfund Receivable				115,829	115,829
Inventories	15,955				15,955
Total Current Assets	84,539	99,407	18,793	295,548	498,287
Noncurrent Assets:					
Site Improvements					
Building					
Equipment					
Accumulated Depreciation					
Total Noncurrent Assets					
Total Assets	84,539	99,407	18,793	295,548	498,287
LIABILITIES:					
Current Liabilities:					
Accounts Payable	2,155			1,373	3,528
Interfund Payable	16,592	99,407	16,422		132,421
Unearned Revenue	951				951
Total Current Liabilities	19,698	99,407	16,422	1,373	136,900
Net Position:					
Invested in Capital Assets					
Net of Related Debt					
Unrestricted	64,841		2,371	294,175	361,387
Total Net Position	\$ 64,841	\$	\$ 2,371	\$ 294,175	\$ 361,387

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, 2018

	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	\$ 64,119				\$ 64,119
Daily Sales - Non-Reimbursable Programs	26,972				26,972
Tuition			64,472		64,472
Other Revenue	161,875	299,394		303,673	764,942
Total Operating Revenues	252,966	299,394	64,472	303,673	920,505
OPERATING EXPENSES:					
Salaries	160,574	243,212	73,293	205,844	682,923
Employee Benefits		56,182		66,485	122,667
Cost of Sales - Reimbursable Programs	125,647				125,647
Cost of Sales - Non Reimbursable Programs	37,589				37,589
Purchased Educational Services				25,305	25,305
Rental				22,756	22,756
Travel				344	344
Other Purchased Services	4,963				4,963
Cleaning, Repairs and Maintenance			1,042		1,042
General Supplies	17,639		175	18,311	36,125
Equipment	3,625				3,625
Textbooks				2,699	2,699
Miscellaneous	967			820	1,787
Total Operating Expenses	351,004	299,394	74,510	342,564	1,067,472
Operating Income / (Loss)	(98,038)		(10,038)	(38,891)	(146,967)
NONOPERATING REVENUES (EXPENSES):					
State Sources:					
State School Lunch Program	1,935				1,935
Federal Sources:					
Food Distribution Program	18,134				18,134
National School Lunch Program	68,289				68,289
National School Breakfast Program	24,576				24,576
Total Non-operating Revenues (Expenses)	112,934				112,934
Income(Loss) before Operating Transfers	14,896		(10,038)	(38,891)	(34,033)
OTHER FINANCING USES:					
Prior Year Cancellations:					
Accounts Receivable				(105,764)	(105,764)
Net Position -- July 1	49,945		12,409	438,830	501,184
Net Position -- June 30	\$ 64,841		\$ 2,371	\$ 294,175	\$ 361,387

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
 Enterprise Fund
 Combining Statement of Cash Flows
 For the Fiscal Year Ended June 30, 2018

	Business Type Activities- Enterprise Funds				Totals
	Food Service	Regional Day School	The Learning Center	BCCEC/ETTC Program	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from Customers	\$ 252,966	\$ 299,394	\$ 80,894	\$ 272,617	\$ 905,871
Payments to Employees	(160,574)	(243,212)	(73,293)	(205,844)	(682,923)
Payments for Employee Benefits		(56,182)		(66,485)	(122,667)
Payments to Suppliers	(212,730)		(9,695)	(102,076)	(324,501)
Net Cash Provided by (used for) Operating Activities	(120,338)		(2,094)	(101,788)	(224,220)
Cash from (Used for) Operating Activities-Transfers to the General Fund					
Total Cash Provided by (Used for) Operating Activities	(120,338)		(2,094)	(101,788)	(224,220)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:					
State Sources	1,935				1,935
Federal Sources	110,999				110,999
Net Cash Provided by (used for) Non-Capital Financing Activities	112,934				112,934
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest and Dividends					
Net Cash Provided by (used for) Investing Activities					
Net Increase (Decrease) in Cash and Cash Equivalents	(7,404)		(2,094)	(101,788)	(111,286)
Cash and Cash Equivalents -- July 1	7,404		2,094	195,113	204,611
Cash and Equivalents -- June 30	\$ -	\$ -	\$ -	\$ 93,325	\$ 93,325
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	\$ (98,038)	\$ -	\$ (10,038)	\$ (38,891)	\$ (146,967)
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	(46,231)	(12,967)	(6,730)	(1,667)	(67,595)
Interfund Receivable (Increase)/Decrease	11,199			(29,389)	(18,190)
Inventory (Increase)/Decrease	(5,551)				(5,551)
Accounts Payable Increase/(Decrease)	1,980			(19,441)	(17,461)
Unearned Revenue Increase/(Decrease)	(289)		(1,748)	(12,400)	(14,437)
Interfund Payable Increase/(Decrease)	16,592	12,967	16,422		45,981
Net Cash Provided by (used for) Operating Activities	\$ (120,338)	\$ -	\$ (2,094)	\$ (101,788)	\$ (224,220)

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, 2018

	<u>Agency Funds</u>		<u>Total</u>
	<u>Student Activity</u>	<u>Payroll</u>	
ASSETS:			
Cash and Cash Equivalents	\$ 43,005	\$ 16,577	\$ 59,582
Total Assets	<u>\$ 43,005</u>	<u>\$ 16,577</u>	<u>\$ 59,582</u>
 LIABILITIES:			
Payable to Student Groups	\$ 43,005	\$	\$ 43,005
Due to General Fund		15,435	15,435
Payroll Deductions, Withholdings and Net Payroll		1,142	1,142
Total Liabilities	<u>\$ 43,005</u>	<u>\$ 16,577</u>	<u>\$ 59,582</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, 2018

	<u>Balance</u> <u>June 30, 2017</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2018</u>
Vo Tech	\$ 47,690	\$ 209,576	\$ 214,261	\$ 43,005

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Fiduciary Funds
Payroll Agency Fund Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2018

	<u>Balance</u> <u>June 30, 2017</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>June 30, 2018</u>
ASSETS:				
Cash and Cash Equivalents	\$ 50,396	\$ 7,052,145	\$ 7,085,964	\$ 16,577
Total Assets	<u>\$ 50,396</u>	<u>\$ 7,052,145</u>	<u>\$ 7,085,964</u>	<u>\$ 16,577</u>
LIABILITIES:				
Due to General Fund	\$ 34,128	\$	\$ 18,693	\$ 15,435
Payroll Deductions, Withholdings and Net Payroll	16,268	7,052,145	7,067,271	1,142
Total Liabilities	<u>\$ 50,396</u>	<u>\$ 7,052,145</u>	<u>\$ 7,085,964</u>	<u>\$ 16,577</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, 2018

<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, 2017</u>	<u>Issued</u>	<u>Retired Current Year</u>	<u>Amount Outstanding June 30, 2018</u>
2014 Refinancing of Energy Savings Project	4/14/14	11 yrs.	\$ 2,796,142	3.00%	\$ 2,255,758		\$ 211,111	\$ 2,044,647
2016 Various Technology and Vehicles	2/1/15	3 yrs	425,899	1.573%	142,978		142,978	
2016 Energy Project	10/15/15	10 yrs	650,000	2.875%	500,261		58,067	442,194
2017 Various Equipment and Vehicles	2/1/17	3 yrs	221,706	2.15%	147,650		73,040	74,610
					<u>\$ 3,046,647</u>		<u>\$ 485,196</u>	<u>\$ 2,561,451</u>
					(a)			(a)

STATISTICAL SECTION

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Invested in capital assets, net of related debt	\$ 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	\$ 9,924,810
Restricted	2,278,308	1,736,407	1,453,638	397,610	649,361	619,871	3,181,353	301,757	113,902	36,463
Unrestricted	(75,157)	(120,169)	(188,850)	(101,023)	(119,188)	(107,055)	(3,780,914)	(3,659,585)	(3,765,084)	(3,676,497)
Total governmental activities Net Position	<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>	<u>\$ 6,284,776</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 1,032,108	\$ 983,395	\$ 934,485	\$ 876,290	\$ 818,095	\$ -	\$ -	\$ -		\$ -
Restricted	7,979	16,728	4,930	23,309	17,886					
Unrestricted	421,010	384,166	229,198	370,868	535,945	892,355	951,241	802,460	501,184	361,387
Total business-type activities Net Position	<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>	<u>\$ 361,387</u>
District-wide										
Invested in capital assets, net of related debt	\$ 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	\$ 9,924,810
Restricted	2,286,287	1,753,135	1,458,568	420,919	667,247	619,871	3,181,353	301,757	113,902	36,463
Unrestricted	345,853	263,997	40,349	269,845	416,757	785,300	(2,829,673)	(2,857,125)	(3,263,900)	(3,315,110)
Total District Net Position	<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>	<u>\$ 6,646,163</u>

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities										
Instruction										
Regular	\$ 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	\$ 1,602,990
Special Vocational Programs										
Vocational	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	3,221,222
Other instruction										
School Sponsored Co-Curricular Activities	28,393	33,711	39,236	24,173	28,120	21,868	20,823	22,289	99,083	244,325
Support Services:										
Attendance and Social Work		108,598	64,152	68,539	73,835	75,312	88,172	89,116	73,812	93,928
Health Services	39,339	42,905	53,618	54,825	55,242	56,496	61,459	59,872	60,425	62,835
Speech, OT, PT and Related Services								6,072		
Students - Regular	1,095,181	1,209,421	986,591	1,053,612	1,675,738	1,282,486	803,389	947,066	1,067,112	1,121,454
Improvement of Instruction Services	99,932	103,739	115,507	164,186	148,632	135,650	170,250	112,935	119,213	74,941
Educational Media/School Library	261,741	213,095	151,945	157,649	175,315	219,420	183,199	224,033	251,119	
General Administration	320,379	299,231	214,512	291,309	263,041	259,662	287,463	329,655	302,606	318,831
School Administrative	218,016	203,002	237,117	248,180	255,654	260,038	314,382	289,248	305,105	315,115
Central Services	466,584	396,299	444,854	(302)	304,308	279,719	95,866	162,128	137,627	221,276
Administration Information Technology										293,193
Operation and Maintenance of Plant Services	1,223,044	1,135,174	995,817	80,495	925,595	852,937	1,084,502	1,173,851	1,152,736	1,245,136
Student Transportation Services	16,529	27,064	13,352		15,056	13,134	14,538	26,610	22,069	26,848
Unallocated benefits	1,121,058	1,245,674	1,492,726		1,871,773	1,453,811	2,840,999	3,246,493	4,390,059	4,061,994
Capital Outlay										
Special Schools								20,673		54,809
Interest on Long Term Debt								8,999	93,032	92,551
Unallocated depreciation	280,607	280,617	281,135	617,132	640,385	1,452,642	451,993	450,853	446,097	449,135
Total governmental activities expenses	<u>8,657,303</u>	<u>8,990,265</u>	<u>9,537,364</u>	<u>7,373,638</u>	<u>10,919,869</u>	<u>10,814,435</u>	<u>11,144,178</u>	<u>11,806,833</u>	<u>13,341,638</u>	<u>13,500,583</u>
Business-type activities:										
Food Service	193,588	185,570	176,170	184,435	226,700	262,300	320,379	271,248	360,302	351,004
Regional Day School	1,478,487	1,497,453	1,444,478	1,353,544	1,120,210	588,610	527,374	398,855	336,762	299,394
Summer Enrichment Program	123,096	105,019	92,092	120,662	60,888	32,885				
BCCEC/ETTC	23,577	38,626	97,998	162,525	286,422	183,126	355,677	393,172	515,721	342,564
Air Force Junior ROTC										
Transitional Production Workshop	276	1,024		841	145					
Consolidated Services	172,551	248,410	309,380	271,096	313,748					
School Based Youth Services		645	60,529	65,084	62,749	57,827	19,418	69,283	46,987	74,510
ETTC Program										
Total business-type activities expense	<u>1,991,574</u>	<u>2,076,748</u>	<u>2,180,647</u>	<u>2,158,187</u>	<u>2,070,862</u>	<u>1,124,748</u>	<u>1,222,848</u>	<u>1,132,558</u>	<u>1,259,772</u>	<u>1,067,472</u>
Total district expenses	<u>\$ 10,648,878</u>	<u>\$ 11,067,013</u>	<u>\$ 11,718,010</u>	<u>\$ 9,531,825</u>	<u>\$ 12,990,731</u>	<u>\$ 11,939,183</u>	<u>\$ 12,367,026</u>	<u>\$ 12,939,391</u>	<u>\$ 14,601,410</u>	<u>\$ 14,568,055</u>

Continued

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ 331,558	\$ 395,344	\$ 404,740	\$ 654,536	\$ 1,026,990	\$ 1,526,201	\$ 2,166,925	\$ 2,199,217	\$ 2,349,349	\$ 2,539,697
Operating grants and contributions	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	2,696,106
Total governmental activities program revenues	<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>	<u>5,235,803</u>
Business-type activities:										
Charges for services										
Food service	138,789	143,393	112,037	112,404	113,354	165,781	178,803	163,592	227,594	252,966
Regional Day School	1,556,902	1,389,762	1,202,642	1,325,281	1,145,218	521,970	547,187	411,670	336,762	299,394
Summer Enrichment Program	134,060	105,019	92,092	142,000	117,000	5,876				
BCCEC/ETTC	10,770	37,119	112,018	233,387	377,948	615,374	501,317	387,169	388,520	303,673
Air Force Junior ROTC										
Transitional Production Workshop	4,155	5,877	1,761	1,635	390					
Consolidated Services	172,551	248,410	309,380	300,733	284,111					
School Based Youth Services										
ETTC Program & The Learning Center			40,487	68,124	36,862	32,875	37,838	46,500	67,414	64,472
Operating grants and contributions	60,813	70,259	68,813	76,352	97,336	121,364	119,988	120,172	116,603	112,934
Total business type activities program revenues	<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>	<u>1,033,439</u>
Total district program revenues	<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>	<u>\$ 6,269,242</u>
Net (Expense)/Revenue										
Governmental activities	\$ 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	\$ 8,264,780
Business-type activities	(86,464)	76,907	241,417	(101,729)	(101,357)	(338,492)	(162,285)	3,455	122,879	34,033
Total district-wide net expense	<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>	<u>\$ 8,298,813</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
County of Salem Budget Appropriation	\$ 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	\$ 1,828,758
Federal and State Aid Unrestricted	4,086,043	3,993,785								
Federal and State Aid Restricted	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	6,260,710
Transferred Locations/ Use of Capital Assets										
Loss on Disposal of Capital Assets	(16,860)						(1,637)			
Bond Proceeds							3,149,364			
Capital Outlay Contributions	(2,387)									
Miscellaneous income	133,849	111,895	44,924	163,309	25,072	60,040	932,499	13,226	94,150	90,737
Prior Year Cancellations									115,297	
Transfers								133,420		
Total governmental activities	<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>	<u>8,180,205</u>
Business-type activities:										
Miscellaneous Income	86	99	157	125	102	32	15			
Prior Period Cancellations							(103,414)	(11,906)	(178,397)	(105,764)
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>(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>	<u>(105,764)</u>
Total district-wide	<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>	<u>\$ 8,074,441</u>
Change in Net Position										
Governmental activities	\$ (658,306)	\$ (944,113)	\$ (1,019,870)	\$ 802,309	\$ (627,139)	\$ (758,702)	\$ 2,918,609	\$ (124,758)	\$ (804,776)	\$ (84,575)
Business-type activities	71,124	(76,808)	(236,675)	101,854	101,459	338,524	58,886	(148,781)	(301,276)	(139,797)
Total district	<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>	<u>\$ (224,372)</u>

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Fund										
Restricted	\$ 2,278,308	\$ 1,736,407	\$ 260,627	\$ 83,693	\$ 340,496	\$ 329,154	\$ 228,304	\$ 277,494	\$ 89,639	\$ 12,200
Unassigned	<u>(20,827)</u>	<u>(54,801)</u>	<u>(143,670)</u>	<u>(6,827)</u>	<u>(28,471)</u>	<u>16,725</u>	<u>69,746</u>	<u>185,474</u>	<u>449,078</u>	<u>344,135</u>
Total general fund	<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>	<u>\$ 356,335</u>
All Other Governmental Funds										
Assigned, reported in:										
Capital projects fund		\$ 2,233,489	\$ 1,311,982	\$ 351,785	\$ 351,785	\$ 290,717	\$ 2,953,049	\$ 24,263	\$ 24,263	\$ 24,263
Total all other governmental funds	<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>	<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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
County of Salem Budget Appropriation	\$ 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	\$ 1,828,758
Tuition charges	331,558	395,344	404,740	654,536	1,026,990	1,526,201	2,166,925	2,199,217	2,349,349	2,539,697
Unrestricted Miscellaneous Revenue	133,849	111,895	44,924	172,709	25,072	60,040	33,237	24,605	104,375	105,095
State sources	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	5,778,806
Federal sources	918,479	1,727,758	1,218,141	1,550,087	1,829,304	1,083,254	711,713	917,824	955,106	1,013,640
Other sources	10,989	808					3,149,364			
Total revenue	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	11,265,996
Expenditures										
Instruction										
Regular Instruction	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	1,597,826
Special Vocational Programs										
Vocational education	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	3,110,833
Other instruction										
School Sponsored Co/Extra Curricular Activities	28,393	33,711	39,236	24,173	28,120	21,868	20,823	22,289	99,083	244,325
Support Services:										
Attendance & Social Work		108,598	64,152	68,539	73,835	75,312	88,172	89,116	73,812	93,928
Health Services	39,339	42,905	53,618	54,825	55,242	56,496	61,459	59,872	60,425	62,835
Speech, OT, PT and Related Services								6,072		
Students - Regular	1,095,181	1,209,421	986,591	1,053,612	1,675,738	1,282,486	803,389	947,066	1,067,112	1,121,454
Improvement of Instruction Services	99,932	103,739	115,507	164,186	148,632	135,650	170,250	112,935	119,213	74,941
Educational Media/School Library	261,741	213,095	151,945	157,649	175,315	219,420	183,199	224,033	251,119	
General Administration	295,979	274,829	193,071	244,243	215,975	256,146	284,805	323,492	296,600	313,505
School Administrative	218,016	203,002	237,117	248,180	255,654	260,038	314,382	289,248	305,105	315,115
Central Services	466,584	396,299	413,033	383,020	303,383	278,092	95,866	162,128	144,248	228,914
Operation and Maintenance of Plant Services	1,186,443	1,098,572	959,147	872,938	846,215	851,069	1,089,659	991,183	1,053,827	1,503,007
Student Transportation Services	16,529	27,064	13,352	14,358	15,056	13,134	14,538	26,610	22,069	26,848
Unallocated Benefits	708,469	808,138	995,640	1,120,371	1,888,295	1,462,403	1,449,471	1,495,326	1,601,271	1,505,441
On Behalf Contributions	425,911	426,498	428,965	521,488	680,790	590,980	682,105	806,435	880,524	604,915
Adult Education										54,809
Special Schools								20,673		
Capital outlay	683,164	1,088,040	2,031,154	1,227,112	230,128	242,728	831,310	4,278,773	589,445	589,682
Total expenditures	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	11,448,378
Excess (Deficiency) of revenues over (under) expenditures	(847,531)	(1,533,085)	(2,465,156)	(1,000,289)	(464,841)	(27,214)	2,614,503	(3,764,014)	(261,254)	(182,382)
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	\$ (847,531)	\$ 1,657,614	\$ (2,486,156)	\$ (1,000,289)	\$ (464,841)	\$ (27,214)	\$ 2,614,503	\$ (2,763,868)	\$ 75,749	\$ (182,382)
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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund:										
Tuition	\$ 331,558	\$ 395,344	\$ 392,340	\$ 654,536	\$ 1,026,990	\$ 1,526,201	\$ 2,166,925	\$ 2,199,217	\$ 2,349,349	\$ 2,539,697
Post Secondary	25,050	10,785	12,400							
Interest Earned on Capital Reserve Funds	6,000	6,000	6,000							
Interest on Investments	66,337	20,672	1,124	2,972	2,195	1,270	1,699	1,751	1,269	1,367
Child Care Revenue										
Refunds of Prior Year Expenditures		23,898	19,833	6,996	21,600	10,467				
Sale of Fixed Assets	6,215									
Rentals			1,000						91,938	75,000
Supplement Services Provider			5,000							
NJ Clean Energy Program		21,034		5,712						
PSE&G		10,000	10,000							
ESIP Incentive				144,610						
Miscellaneous	30,247	19,507	1,967	3,019	(1,403)	41,191	17,535	11,475	943	14,370
Total	<u>\$ 465,407</u>	<u>\$ 507,239</u>	<u>\$ 449,664</u>	<u>\$ 817,845</u>	<u>\$ 1,049,382</u>	<u>\$ 1,579,129</u>	<u>\$ 2,186,159</u>	<u>\$ 2,212,443</u>	<u>\$ 2,443,499</u>	<u>\$ 2,630,434</u>

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

Fiscal Year Ended June 30,	Governmental Activities					Business Type Activities	Total District	Percentage of Personal Income a	Per Capita a
	General Obligation Bonds b	Early Retirement	Capital Leases	Short Term Loan	Bond Anticipation Notes (BANs)	Capital Leases			
2018			\$ 2,561,451				\$ 2,561,451	0.0947%	\$ 40.72
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

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>
2018	62,903	\$ 2,703,471,488	\$ 42,979	7.0%
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%

(1) Source: Regional Economic Information System

(2) Source: US Bureau of Economic Analysis

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

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

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

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Instruction										
Regular	12	16	14	17	17	23	23	24	23	23
Vocational	23	20	21	22	22	18	18	18	22	22
Support Services:										
Student & instruction related services	8	10	10	12	12	12	10	10	17	17
Health Services	1	1	1	1	1	1	1	1	1	1
General administration	3	2	2	2	2	2	2	2	2	2
School administrative services	5	5	5	5	5	5	3	3	2	2
Other administrative services	5	5	5	3	3	3	2	2	4	4
Central services	7	7	7	4	2	2	4	4	6	7
Administrative Information Technology						11	8	8	2	2
Plant operations and maintenance	10	11	12	11	11		8	8	8	8
Other:										
Cafeteria	3	3	3	4	4	4	4	4	4	4
Regional Day School	22	25	25	22	22	25				
Total	99	105	105	103	101	106	83	84	91	92

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				
2018	766	\$ 10,858,696	\$ 14,176	15.85%	46	na	na	16.65	765.2	719.9	-5.30%	94.08%
2017	818	10,553,978	12,902	5.44%	45	na	na	18.18	818.5	778.8	1.30%	96.15%
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	14.26%	94.90%

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
District Building										
<u>Vocational School</u>										
Salem County Vocational (1973)										
Square Feet	136,356	136,356	136,356	136,356	136,356	136,356	136,356	136,356	136,356	136,356
Capacity (students)	630	630	630	630	630	630	630	630	630	630
Enrollment (Full-time equivalent)	560	677	686	695 *	859	884	808	903	818	766
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>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>2018</u>
<u>* School Facilities</u>	<u>Project # (s)</u>										
Salem County Vocational School	N/A	\$ 424,413	\$ 337,165	\$ 221,957	\$ 181,183	\$ 202,435	\$ 254,598	\$ 306,498	\$ 289,052	\$ 198,828	\$ 281,068
Total School Facilities		<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>	<u>281,068</u>
Total		<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>	<u>\$ 281,068</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
6/30/2018
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

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the of Education of the Salem County Vocational Technical School District, in the County of Salem, State of New Jersey, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the of Education of the Salem County Vocational Technical School District's basic financial statements, and have issued our report thereon dated January 22, 2019.

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 2018-1 and 2.

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 no 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.

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.

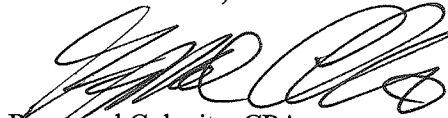
Purpose of this Report

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

January 22, 2019

NIGHTLINGER, COLAVITA & VOLPA

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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, 2018. 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 federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Salem County Vocational Technical Board of Education's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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.

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 types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2018.

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 types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Salem County Vocational Technical Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal or state program 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 Treasury 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 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.

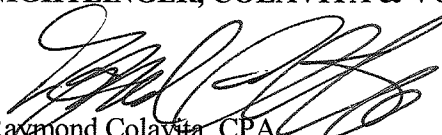
Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We 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 January 22, 2019. 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
January 22, 2019

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
 Schedule of Expenditures of Federal Awards, Schedule A
 For the Fiscal Year Ended June 30, 2018

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2017		Budgetary Expenditures Pass Through Funds	Budgetary Expenditures Direct	Total Budgetary Expenditures (A)	Balance June 30, 2018			
					From	To	Unearned Revenue / (Accounts Receivable)	Cash Received				(Accounts Receivable)	Unearned Revenue	Due to Grantor at June 30, 2018	
Special Revenue Fund:															
U.S. Department of Education:															
Passed-Through State Department of Education:															
Title I	84.010	S010A160030	NCLB464017	\$ 220,138	7/1/16	6/30/17	\$ (44,233)	\$ 44,233							
Title I	84.010	S010A170030	NCLB464018	214,650	7/1/17	6/30/18			\$ (179,663)		\$ (179,663)	\$ (179,663)			
Title II Part A	84.367A	S367A170028	NCLB464017	14,472	7/1/16	6/30/17	(3,623)	3,623							
Title II Part A	84.367A	S367A180029	NCLB464018	30,489	7/1/17	6/30/18			(19,347)		(19,347)	(19,347)			
Title IV Part A	84.424	S424A180031	NCLB464018	10,000	7/1/17	6/30/18			(8,900)		(8,900)	(8,900)			
IDEA Cluster:															
IDEA	84.027	H027A170100	IDEA464017	132,740	7/1/16	6/30/17	(25,692)	25,692							
IDEA	84.027	H027A170100	IDEA464018	116,937	7/1/17	6/30/18		116,937	(116,937)		(116,937)				
Perkins - Secondary	84.048A	V048A170030	PERK 464017	82,856	7/1/16	6/30/17	(9,075)	9,075							
Perkins - Secondary	84.048A	V048A170030	PERK 464018	96,154	7/1/17	6/30/18		93,694	(93,694)		(93,694)				
Perkins - Secondary Reserve	84.048A	V048A160030	PERK 464017	26,000	7/1/16	6/30/17	(2,507)	2,507							
Perkins - Secondary Reserve	84.048A	V048A170030	PERK 464018	28,895	7/1/17	6/30/18		22,238	(22,238)		(22,238)				
Total U.S. Department of Education							(85,130)	317,999	(440,779)		(440,779)	(207,910)			
U.S. Department of Labor:															
Passed-Through State Department of Labor and Workforce Development:															
Adult Basic Skills	84.002	V002A160031	Sub grantee	464,200	7/1/16	6/30/17	(116,025)	116,025							
Adult Basic Skills	84.002	V002A170031	Sub grantee	434,200	7/1/17	6/30/18		285,093	(430,254)		(430,254)	(145,161)			
Adult Basic Skills	84.002	V002A160031	Lead Agent	176,850	7/1/16	6/30/17	(116,370)	116,370							
Adult Basic Skills	84.002	V002A170031	Lead Agent	151,380	7/1/17	6/30/18		108,911	(142,607)		(142,607)	(33,696)			
Total U.S. Department of Labor							(232,395)	626,399	(572,861)		(572,861)	(178,857)			
Total Special Revenue Fund							(317,525)	944,398	(1,013,640)		(1,013,640)	(386,767)			
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	123		(123)		(123)				
Food Distribution Program	10.565	Unknown	N/A	18,230	7/1/17	6/30/18		18,230	(18,011)		(18,011)		\$ 219		
Child Nutrition Cluster:															
Cash Assistance:															
National School Breakfast Program	10.553	161NJ304N1099	N/A	22,614	7/1/16	6/30/17	(1,469)	1,469							
National School Breakfast Program	10.553	171NJ304N1099	N/A	24,576	7/1/17	6/30/18		22,847	(24,576)		(24,576)	(1,729)			
National School Lunch Program	10.555	161NJ304N1099	N/A	72,116	7/1/16	6/30/17	(3,993)	3,993							
National School Lunch Program	10.555	171NJ304N1099	N/A	68,289	7/1/17	6/30/18		64,422	(68,289)		(68,289)	(3,867)			
Total U.S. Department of Agriculture and Enterprise Funds							(5,339)	110,961	(110,999)		(110,999)	(5,596)	219		
Total Federal Financial Awards							\$ (322,864)	\$ 1,055,359	\$ (1,124,639)		\$ (1,124,639)	\$ (392,363)	\$ 219		

(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, 2018

State Grantor/ Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance	Cash	Budgetary	Balance June 30, 2018			Memo	
			From	To	June 30, 2017			(Accounts Receivable)	Unearned Revenue	Due to Grantor at 6/30/18	Budgetary Receivable June 30, 2018	Cumulative Total Expenditures
State Department of Education (State Aid):												
General Fund:												
Special Education Aid	18-495-034-5120-089	399,706	7/1/17	6/30/18		\$ 359,742	\$ (399,706)	\$ (39,964)			\$ (39,964)	\$ 399,706
Special Education Aid	17-495-034-5120-089	399,706	7/1/16	6/30/17	\$ (79,153)	79,153						
Equalization Aid	18-495-034-5120-078	4,400,301	7/1/17	6/30/18		3,960,347	(4,400,301)	(439,954)			(439,954)	4,400,301
Equalization Aid	17-495-034-5120-078	4,202,604	7/1/16	6/30/17	(376,677)	376,677						
Security Aid	18-495-034-5120-084	25,113	7/1/17	6/30/18		22,602	(25,113)	(2,511)			(2,511)	25,113
Security Aid	17-495-034-5120-084	25,113	7/1/16	6/30/17	(5,988)	5,988						
PARCC Readiness Aid	18-495-034-5120-098	7,820	7/1/17	6/30/18		7,039	(7,820)	(781)			(781)	7,820
PARCC Readiness Aid	17-495-034-5120-098	7,820	7/1/16	6/30/17	(782)	782						
Per Pupil Growth Aid	18-495-034-5120-097	7,820	7/1/17	6/30/18		7,039	(7,820)	(781)			(781)	7,820
Per Pupil Growth Aid	17-495-034-5120-097	7,820	7/1/16	6/30/17	(782)	782						
Adjustment Aid	18-495-034-5120-085	1	7/1/17	6/30/18		1	(1)					1
Prof Learning Comm Aid	18-495-034-5120-101	7,530	7/1/17	6/30/18		6,777	(7,530)	(753)			(753)	7,530
Prof Learning Comm Aid	17-495-034-5120-101	7,530	7/1/16	6/30/17	(1,593)	1,593						
Adult and Post Graduate Program Aid	18-100-034-5120-510	54,941	7/1/17	6/30/18		49,448	(54,941)	(5,493)				54,941
Reimbursed TPAF Social Security Contrib.	18-495-034-5094-003	243,153	7/1/17	6/30/18		231,510	(243,153)	(11,643)				243,153
Reimbursed TPAF Social Security Contrib.	17-495-034-5094-003	252,435	7/1/16	6/30/17	(12,166)	12,166						
Total General Fund						(477,141)	5,121,646	(5,146,385)	(501,880)		(484,744)	5,146,385
Special Revenue Fund:												
State Department of Education:												
Carl D. Perkins - Post Secondary	PERK464017	92,758	7/1/17	6/30/18		78,570	(78,570)					78,570
Carl D. Perkins - Post Secondary	PERK464016	100,942	7/1/16	6/30/17	(5,462)	5,462						
County Vocational Competitive Grant	15E00146	343,917	4/1/15	6/30/18	(25,184)	113,207	(206,459)	(118,436)				299,664
Total State Department of Education						(30,646)	197,239	(285,029)	(118,436)			378,234
State Department of Labor/Work Force Dev												
Opportunity Partnership Training Grant	OPGFY-1801015	88,220	1/16/18	1/15/19		26,466	(14,535)			11,931		14,535
Total Special Revenue Fund						(30,646)	223,705	(299,564)	(118,436)	11,931		392,769
Enterprise Fund:												
State School Lunch Program	18-100-010-3350-023	1,935	7/1/17	6/30/18		1,829	(1,935)	(106)				1,935
State School Lunch Program	17-100-010-3350-023	2,022	7/1/16	6/30/17	(107)	107						
Total Enterprise Funds						(107)	1,936	(1,935)	(106)			1,935
Total State Financial Assistance Subject to OMB 15-08						\$ (507,894)	\$ 5,347,287	\$ (5,447,884)	\$ (620,422)	\$ 11,931	\$ (484,744)	\$ 5,541,089
On Behalf TPAF Contributions Not Subject to OMB 15-08												
On Behalf Pension Contributions	18-495-034-5094-002	48,351	7/1/17	6/30/18		\$ 48,351	\$ (48,351)					
On Behalf TPAF Post Retirmt. Medical	18-495-034-5094-001	312,283	7/1/17	6/30/18		312,283	(312,283)					
On-behalf TPAF Long-Term Disab. Ins.	18-495-034-5094-004	1,128	7/1/17	6/30/18		1,128	(1,128)					
Total State Financial Assistance						\$ 5,709,049	\$ (5,809,646)					

(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, 2018

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 where certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas revenue reporting for GAAP 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 (\$25,262) to reconcile from the budgetary basis to the GAAP basis for the general fund and (\$3,643) in the Special Revenue 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, 2018

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONT'D)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$	\$ 5,482,885	\$ 5,482,885
Special Revenue Fund	1,013,640	295,921	1,309,561
Food Service Fund	110,999	1,935	112,934
Total Awards & Financial Assistance	<u>\$ 1,124,639</u>	<u>\$ 5,780,741</u>	<u>\$ 6,905,380</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, 2018. 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, 2018.

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 were no adjustments reflected on schedule A of Federal Awards or on Schedule B of the State Financial Assistance.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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 no
- 2) Significant deficiencies identified? X yes _____ none reported

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

Federal Awards

Internal control over major programs:

- 1) Material weakness (es) identified? _____ yes X no
- 2) Significant deficiencies identified? _____ 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 2 CFR section .516(a)? _____ yes X no

Identification of major programs:

CFDA Number(s)	FAIN Number(s)	Name of Federal Program or Cluster
84.002	V002A170031	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, 2018
(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>
18-495-034-5120-078	Equalization Aid
18-495-034-5120-089	Special Education Categorical Aid
18-495-034-5120-084	Security Aid
18-495-034-5120-098	PARCC Readiness Aid
18-495-034-5120-097	Per Pupil Growth Aid
18-100-034-5120-510	Adult and Post Graduate Program Aid
18-495-034-5120-085	Adjustment Aid
18-495-034-5120-101	Professional Learning Community Aid

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(continued)**

Section II - Financial Statement Findings

This section identifies the significant deficiencies, material weakness, fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, and abuse related to the financial statements for which Government Auditing Standards requires reporting 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 Treasury Circular 15-08 audit.

Finding: 2018-1

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.

Views of responsible officials and planned corrective actions:

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, 2018
(continued)**

Section II - Financial Statement Findings (Continued)

Finding: 2018-2

Criteria or specific requirement:

It is considered necessary, as well as required, to record adjusting journal entries into the General Ledger and other journals within the accounting software, prior to the year end financial close.

Condition:

Numerous adjustments to the District General Ledger were presented as part of the audit, including the June 30, 2018 accrual of the TPAF Reimbursement.

Context:

There were several adjusting journal entries required to be identified and recorded subsequent to year-end financial close out.

Effect:

As a result of the above condition, adjusting journal entries were submitted to the Board Office, as of June 30, 2018.

Cause:

A necessary step to analyze the General Ledger account balances was omitted.

Recommendation:

Prior to the year-end close out of the accounting system, various adjustments should be identified and recorded in the general ledger.

Views of responsible officials and planned corrective actions:

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, 2018
(continued)

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

This section identifies audit findings required to be reported by 2 CFR 200 section .516 of the *Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal Awards* and NJOMB Circular Letter 15-08, as applicable.

FEDERAL AWARDS – N/A

Finding:

Information on the federal program:

Criteria or specific requirement:

Condition:

Questioned Costs: None

Context:

Effect:

Cause:

Recommendation:

Views of responsible officials and planned corrective actions:

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, 2018**

This section identifies the status of prior - year findings related to the basic financial statements and Federal and State awards 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 Treasury Circular 04-04 and/or 15-08, as applicable.

STATUS OF PRIOR - YEAR FINDINGS

Finding: 2017-1

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 2018-1

Finding: 2017-2

Condition: The June 30, 2018 Board Treasurer Report was not filed with the Executive County Superintendent on or before August 1, 2018.

Current Status: Resolved

Finding: 2017-3

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

Current Status: Resolved

Finding: 2017-4

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.

Current Status: Resolved