

**Comprehensive Annual
Financial Report**

of the

Somerset County Vocational and Technical Schools

County of Somerset

Bridgewater, New Jersey

For the Fiscal Year Ended June 30, 2018

Prepared by

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

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Letter of Transmittal	1-4
Roster of Officials	5
Consultants and Advisors	6
Organizational Chart	7
FINANCIAL SECTION	
Independent Auditor's Report	8-10
REQUIRED SUPPLEMENTARY INFORMATION – Part I	11
Management's Discussion and Analysis (Unaudited)	12-22
BASIC FINANCIAL STATEMENTS	23
A. District-Wide Financial Statements:	24
A-1 Statement of Net Position	25
A-2 Statement of Activities	26
B. Major Fund Financial Statements:	27
Governmental Funds:	
B-1 Balance Sheet	28-29
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balance	30
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	31
Other Funds:	32
Propriety Funds:	
B-4 Statement of Net Position	33
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position	34
B-6 Statement of Cash Flows	35
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	36
B-8 Statement of Changes in Fiduciary Net Position	37
Notes to the Financial Statements	38-73

TABLE OF CONTENTS (Continued)

	Page
REQUIRED SUPPLEMENTARY INFORMATION – Part II	74
C. Budgetary Comparison Schedules:	75
C-1 General Fund	76-82
C-2 Special Revenue Fund	83
C-3 Budget to GAAP Reconciliation	84
REQUIRED SUPPLEMENTARY INFORMATION – Part III	85
L. Schedules Related to Accounting and Reporting for Pension (GASB 68)	86
L-1 Schedule of the District's Proportionate Share of the Net Pension Liability – Public Employees Retirement System – Last Ten Years	87
L-2 Schedule of the District's Contributions – Public Employees Retirement System – Last Ten Years	88
L-3 Schedule of the District's Proportionate Share of the Net Pension Liability Teachers Pension and Annuity Fund – Last Ten Years	89
L-4 Schedules Related to Accounting and Reporting for Pension (GASB 68) Note to RSI III for the Fiscal Year Ended June 30, 2018	90
OTHER SUPPLEMENTARY INFORMATION	91
D. School Level Schedules	N/A
E. Special Revenue Fund:	92
E-1 Combining Schedule of Revenues and Expenditures Special Revenue Fund - Budgetary Basis	93-94
E-2 Schedule of Preschool Education Aid - Budgetary Basis	N/A
F. Capital Projects Fund	95
F-1 Summary Statement of Project Expenditures – Budgetary Basis	96
F-2 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budgetary Basis	97
F-2A Schedule of Project Revenues, Expenditures, Project Balance, and Project Status – Budgetary Basis – ESIP Project 2017	98
F-2B Schedule of Project Revenues, Expenditures, Project Balance, and Project Status – Budgetary Basis – ESIP Project 2016	99
F-2C Schedule of Project Revenues, Expenditures, Project Balance, and Project Status – Budgetary Basis – Various FY 2016	100
F-2D Schedule of Project Revenues, Expenditures, Project Balance, and Project Status – Budgetary Basis – Various FY 2015	101
F-2E Schedule of Project Revenues, Expenditures, Project Balance, and Project Status – Budgetary Basis – HVAC Upgrades	102

TABLE OF CONTENTS (Continued)

	Page
G. Proprietary Funds	N/A
Enterprise Fund:	
G-1 Combining Statement of Net Position	N/A
G-2 Combining Statement of Revenues, Expenses and Changes in Fund Net Position	N/A
G-3 Combining Statement of Cash Flows	N/A
H. Fiduciary Fund	103
H-1 Combining Statement of Fiduciary Net Position	104
H-2 Combining Statement of Changes in Fiduciary Net Position	105
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	106
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	107
H-5 Other Agency Funds Schedule of Receipt and Disbursements	N/A
I. Long Term Debt	
I-1 Schedule of Serial Bonds	N/A
I-2 Schedule of Obligations Under Capital Leases	N/A
I-3 Debt Service Fund Budgetary Comparison Schedule	N/A

STATISTICAL SECTION (UNAUDITED)

J-1 Net Position by Component	108
J-2 Changes in Net Position	109-110
J-3 Fund Balances – Governmental Funds	111
J-4 Changes in Fund Balances – Governmental Funds	112
J-5 General Fund Other Local Revenue by Source	113
J-6 Assessed Value and Actual Value of Taxable Property	N/A
J-7 Direct and Overlapping Property Tax Rates	N/A
J-8 Principal Property Tax Payers – Current and Nine Years Ago	N/A
J-9 Property Tax Levies and Collections	114
J-10 Ratios of Outstanding Debt by Type	N/A
J-11 Ratio of Net Bonded Debt Outstanding	N/A
J-12 Direct and Overlapping Governmental Activities Debt	N/A
J-13 Legal Debt Margin Information	N/A
J-14 Demographic and Economic Statistics	N/A
J-15 Principal Employers - Current Year and Nine Years Ago	N/A
J-16 Full –Time Equivalent District Employees by Function/Program	115
J-17 Operating Statistics	116
J-18 School Building Information	117
J-19 Schedule of Required Maintenance	118
J-20 Insurance Schedule	119

TABLE OF CONTENTS (Continued)

	Page
SINGLE AUDIT SECTION	
K-1 Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance with Government Auditing Standards	120-121
K-2 Independent Auditor's Report on Compliance with Requirements Applicable to Each Major State Financial Assistance Program and on Internal Control Over Compliance Required by New Jersey OMB Circular 15-08	122-123
K-3 Schedule of Expenditures of Federal Awards, Schedule A	124
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	125
K-5 Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	126-127
K-6 Schedule of Findings and Questioned Costs	128-129
K-7 Schedule of Prior Audit Findings	130

INTRODUCTORY SECTION



SOMERSET COUNTY VOCATIONAL & TECHNICAL SCHOOLS

P.O. Box 6350 • 14 Vogt Drive • Bridgewater, NJ 08807-0350 • (908) 526-8900 • Fax: (908) 704-0784 • www.scvths.org

Chrys Harttraft, Ed.D.
Superintendent of Schools

Raelene M. Catterson
School Business Administrator / Board Secretary

February 4, 2019

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

Dear Mr. Hyncik and Board Members:

The comprehensive annual financial report of the Somerset County Vocational & Technical Schools (District) for the fiscal year ended June 30, 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 financial position and results of operations of the various funds of the district. All disclosures necessary to enable the reader to gain an understanding of the District’s financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical, and single audit. The introductory section includes this transmittal letter, the District’s organizational chart and a list of principal officials. The financial section includes the general-purpose financial statements and schedules, as well as the auditor’s report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the provisions of the Uniform Guidance and New Jersey OMB Circular 15-08. Information related to this single audit, including the auditor’s report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations are included in the single audit section of this report.

1. Reporting Entity and its Services: Somerset County Vocational & Technical Schools is an independent reporting entity within the criteria adopted by the Financial Accounting Standards Board (“FASB”) as established by Governmental Accounting Standard Board (“GASB”) in codification section 2100. All funds of the District are included in this report. The Somerset County Vocational Board of Education and its’ schools constitute the District’s reporting entity.

The District provides a full range of career and technical educational services appropriate to grade level 9 through 12. The District completed the 2017-18 fiscal year with an average daily enrollment of 475 which is a decrease of 13 students from the previous year’s average daily enrollment. The following details the changes in the student average daily enrollment of the District over the last three years.

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>Percent Change</u>
2015-16	512	4%
2016-17	488	(4.7%)
2017-18	475	(2.7%)

2. Economic Condition and Outlook: Somerset County is beginning to attract new large multi-billion dollar employers. Recently Daiichi, Nestle, Glaxo and Mallinckrodt have decided to locate their companies in Somerset County, this is occurring despite a perceived employer exodus experienced throughout the State. This optimistic economic trend in Somerset strengthens SCVTS’ resolve in enhancing and enriching its career and technical programs, so that Somerset’s workforce is both highly educated and prepared for high demand, high earning employment opportunities. The Somerset County Vocational & Technical School draws students from all 21 municipalities and 19 school districts throughout the County, as well as, from Hunterdon and other counties. The Vocational & Technical School is a member of the Somerset County Business Partnership and the Somerset County Smart Growth Committee and Sustainable Somerset. The district is committed to its mission of providing relevant career experiences, achieved via its ongoing connections to business and industry, while increasing its partnerships with Institutes of Higher Education.

3. **Major Initiatives:** The Academy of Health and Medical Sciences is in its twelfth year of operation. This specialized program for students interested in medical, pharmaceutical and overall health careers operates in conjunction with Raritan Valley Community College. Students access the facilities and resources of both Somerset County Vocational & Technical Schools and Raritan Valley Community College culminating in students completing their high school requirements and earning a high school diploma while earning credits for an Associate of Science degree, conferred by Raritan Valley Community College in their senior year of high school. The program accepts approximately 16% of its applicants.

SCVTS's curriculum has been enhanced for all students with the development and implementation of select academic and technical electives. This is the second year that honors classes in mathematics and language arts have enriched the school's offerings. Two Teacher/Leader positions continue to improve instruction through professional development and training throughout the school day. Teacher, counselor and principal evaluations have been modified to better assess student learning and strategically direct needed resources. All teachers have joined Professional Learning Communities to measure and improve student achievement in the academic, career and technical educational areas. New instructional strategies and best practices are being implemented as a result of student data gleaned from Genesis, as well as from standardized testing data.

SCVTS has partnered with William Patterson University (WPU) and become a member of a network of schools implementing a Professional Development School (PDS) model. Through this collaborative partnership, theory and practice are aligned in a "learning lab" type environment. Professors in Residence (PIRs) from William Paterson University (WPU) provide on-site training, innovative teaching strategies and practices in the areas of mathematics and language arts, staff are afforded professional development opportunities on-site and on the University Campus. This year SCVTS added a third "prong" to the PDS model by welcoming two student teachers from WPU. This preservice opportunity completes the model which ties together theory with practice at the High school and University curriculum levels and now in the preservice clinical realm.

The Office of Pupil Support Services implements the National Counseling model providing a broad range of services to the student body. Career-readiness skill development and college preparation programs have been enhanced using the Naviance platform to assist students in choosing a viable career path, planning and pursuing college and/or post-secondary training programs. Special education students meeting the admission criteria benefit from an in-house child study team that monitors and assesses progress and communicates and coordinates services with the sending districts.

The Technical Occupational Preparation for Success (TOPS) Alternative program provides non-traditional students with opportunities that advance their learning while pursuing a career of choice. The vocational component augments an accelerated, individualized academic completion program for these students considered to be at risk of academic failure. Last year almost half of these "at risk of failing high school" students made the honor role.

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

SCVTS is currently in its third and final grant funded year of implementation of its Mechatronics, Engineering and Advanced Manufacturing (MEAM) program, which is in partnership with RVCC. The program currently operates on both campuses. This program is expected to grow over the next few years, and efforts are underway to link students with other college programs offering dual credits. For example students interested in technical engineering and/or general engineering fields will transition directly into those programs with transferable credits.

SCVTS has been awarded a second partnership grant for a culinary expansion program that will focus on restaurant entrepreneurship and management (REM). This program is in partnership with South Bound Brook and Watchung Hills school districts. It will be launched in July of this year. The grant provides funds for a three year program.

In the spirit of shared services, Somerset County Vocational & Technical Schools and Somerset County Educational Services Commission began a career magnet program for select special needs students. The program is housed at the Somerset County Educational Services Commission's new building in Finderne. SCVTS provides one teacher in a small engines career course. The Arc of Somerset County has joined the partnership to expand the educational opportunities to young adults with disabilities.

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

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

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


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


An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 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. These funds and are explained in "Notes to the Financial Statements", Note 1.
- 7) Financial Information at Fiscal Year-End: As demonstrated by the various statements and schedules included in the financial section of this report, the District continues meeting its responsibility for sound financial management. You should review in detail the management's discussion and analysis for the fiscal year ended June 30, 2018 for financial summaries.
- 8) Cash Management: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where funds are secured in accordance with the Act.
- 9) Risk Management: The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance and contents, and fidelity bonds.
- 10) Other Information: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Suplee, Clooney and Company, CPAs was selected by the Board's committee of the whole. In addition to meeting the requirements set forth in state statutes, the audit also was designated to meet the requirements of the Single Audit Act Amendments of 1996 and the Uniform Guidance Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid.. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

- 10) Other Information: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Suplee, Clooney and Company, CPAs was selected by the Board's committee of the whole. In addition to meeting the requirements set forth in state statutes, the audit also was designated to meet the requirements of the Single Audit Act Amendments of 1996 and the Uniform Guidance Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid.. The auditor's reports related specifically to the single audit are included in the single audit section of this report.
- 11) Acknowledgment: We would like to express our appreciation to the members of the Somerset County Vocational Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of Somerset County and thereby contributing their full support to the development and maintenance of our financial operation. We would also like to thank the Board of Chosen Freeholders of Somerset County for their continued support of vocational and technical education. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,


Chrys Hartcraft, Ed.D.
Superintendent


Raelene Sipple
Business Administrator/Board Secretary

Somerset County Vocational Board Of Education
Bridgewater, New Jersey

Roster of Officials
June 30, 2018

Board of Education Members

William G. Hyncik, Jr., President
Gregory Burchette
Gregory Lalevee
Roger Jinks, County Superintendent

Term

January 2015 to October 2018
July 2017 to October 2019
April 2018 to October 2021
July 2016

Other Officials

Chrys Harttraft, Ed.D., Superintendent of Schools
Raelene Catterson, Business Administrator/Board Secretary
Michelle Fresco, Treasurer of School Moneys

Somerset County Vocational Board Of Education
Bridgewater, New Jersey

*Consultants and Advisors
June 30, 2018*

Audit Firm

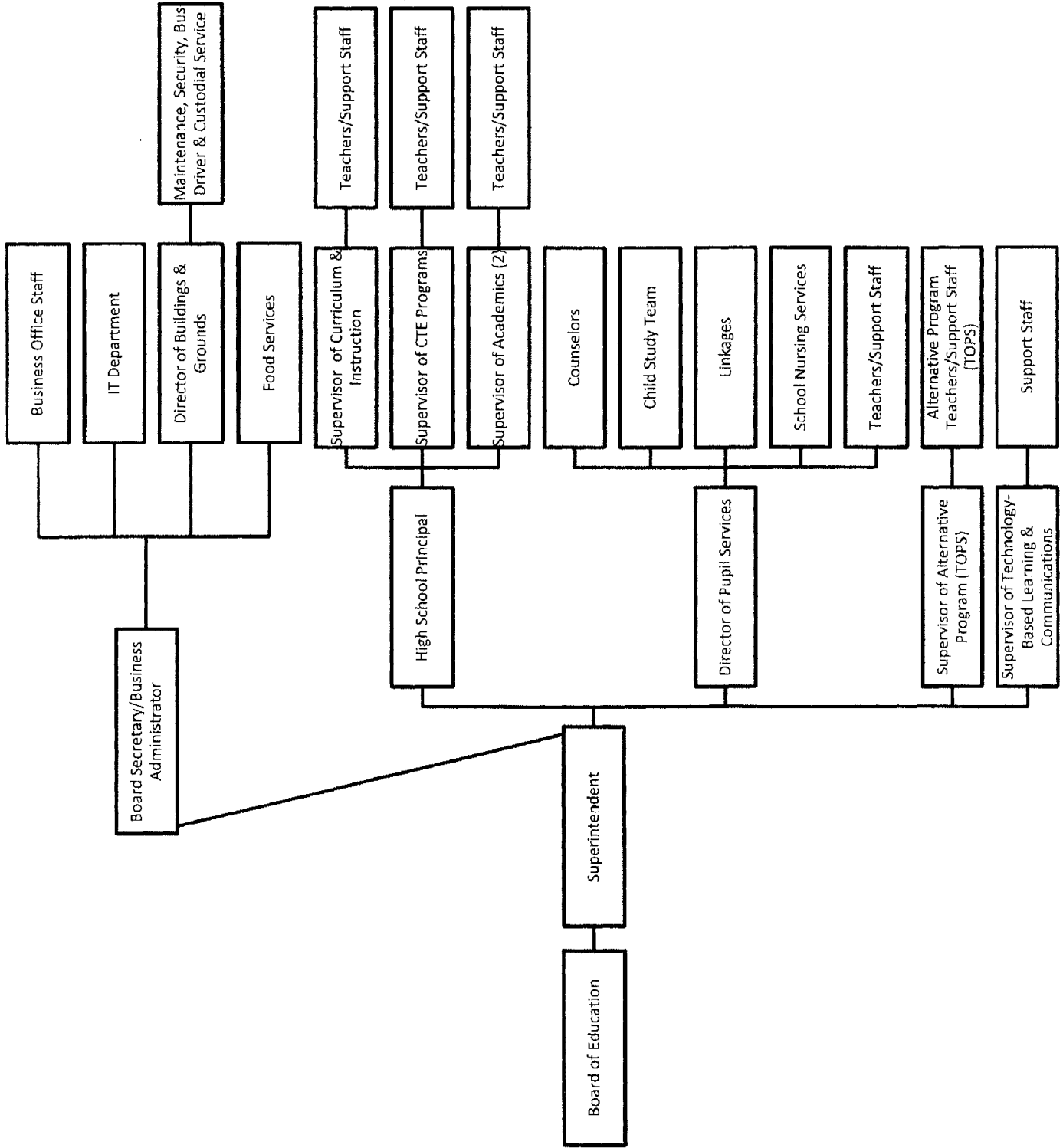
Suplee, Clooney & Company
Certified Public Accountants
308 East Broad Street
Westfield, New Jersey 07090-2122

Attorney

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

Official Depository

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



Adopted - 2/22/93; Revised - 1/25/96, 1/27/03, 4/48/03, 3/22/04, 11/02/09, 11/01/10, 11/1/11, 11/5/12, 11/3/14, 11/2/15

FINANCIAL SECTION



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

Telephone 908-789-9300 Fax 908-789-8535

E-mail info@scnco.com

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Somerset County Vocational and Technical Schools, County of Somerset, New Jersey as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey, and State of New Jersey *OMB Circular 15-08* "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

SUPLEE, CLOONEY & COMPANY

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Somerset County Vocational and Technical School District, County of Somerset, New Jersey as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 7 to the basic financial statements, during the fiscal year ended June 30, 2018, the District adopted Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*. Our opinion is not modified with respect to this matter.

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 in Exhibit C-1 through C-3, the schedules related to accounting and reporting for pensions in Exhibit L-1 through L-4 and the schedule related to accounting and reporting for postretirement benefits other than pensions (OPEB) in Exhibit M-1 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

SUPLEE, CLOONEY & COMPANY

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Somerset County Vocational and Technical School District's basic financial statements. The accompanying supplementary information schedules such as the combining and individual fund financial statements and the Schedules of Expenditures of Federal Awards and State Financial Assistance, as listed in the table of contents, as required by New Jersey's OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid," and the State of New Jersey, Department of Education, Division of Finance, are presented for purposes of additional analysis and are not a required part of the basic financial statements.


The accompanying supplementary information schedules such as the combining and individual fund financial statements and the Schedules of Expenditures of Federal Awards and State Financial Assistance, as listed in the table of contents, as required by New Jersey's OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid," and the State of New Jersey, Department of Education, Division of Finance is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual 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 other information, such as the introductory and statistical sections, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 4, 2019 on our consideration of the Somerset County Vocational and Technical School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Somerset County Vocational and Technical School District's internal control over financial reporting and compliance.

February 4, 2019



CERTIFIED PUBLIC ACCOUNTANTS


PUBLIC SCHOOL ACCOUNTANT NO. 948

REQUIRED SUPPLEMENTARY INFORMATION – Part I

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018
UNAUDITED**

This section of the Somerset County Vocational and Technical School's (SCVTS) Comprehensive Annual Financial Report presents our discussion and analysis of the District's financial performance during the fiscal year ended on June 30, 2018. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – Basic Financial Statements-Management's Discussion and Analysis-for the State and Local Governments. Certain comparative information between the current fiscal year (2017-2018) and the prior fiscal year (2016-2017) is presented in the MD&A. In fiscal year 2018 the District implemented GASB 75 "Accounting and Financial Reporting for Post-Employment Benefits other than Pensions". Information necessary to restate the financial information provided for fiscal year 2017 was not available; therefore, the information has not been restated.

Financial Highlights

- Revenue from governmental activities accounted for \$23,724,109.24 or 99.44 percent of total school district revenue. The other 0.56 percent of revenue was generated by the business type activities.
- The fund balance in the general fund increased by \$501,655.91 with more funds set aside for future maintenance and capital projects and for future budgets.

Overview of the Financial Statements

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

- District-wide Financial Statements provide both short-term and long-term information about the SCVTS's overall financial status.
- Fund Financial Statements report the SCVTS's operations in more detail than the District-wide statements on individual parts of the SCVTS, the Governmental Funds, Proprietary Funds and Fiduciary Funds.
- Governmental Funds Statements tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- Proprietary Funds Statements offer short and long-term financial information about the activities the SCVTS operates like a business, which include food services.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018
UNAUDITED**

- Fiduciary Funds Statements provide information about the financial relationships in which the SCVTS acts solely as a trustee or agent for the benefit of others.

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

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

District-wide Financial Statements

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

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

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

- Governmental activities - All of the SCVTS's programs and services are reported here including, but not limited to regular and special education instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities. Property taxes and state formula aid finance most of these activities.
- Business-type activities - These services are provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The SCVTS charges fees to help it cover the costs of certain services it provided. The food service activities are reported as business activities.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018
UNAUDITED**

Fund Financial Statements

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

The District maintains three financial funds:

- **Governmental Funds:** The SCVTS's activities reported in governmental funds focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting that measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the SCVTS's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the government-wide Statement of Net Position and Statement of Activities) and governmental funds statements is reconciled in the financial statements.
- **Proprietary Funds:** Services for which the SCVTS charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide financial statements. The SCVTS's enterprise funds (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flow.
- **Fiduciary Funds:** The SCVTS is the trustee, or fiduciary, for assets that belong to others, such as scholarship funds and the student activities funds. The SCVTS is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The SCVTS excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

Financial Analysis of the District as a Whole

Recall that the Statement of Net Position provides the perspective of the District as a whole. Table 1 on the next page reflects the District's net position as a whole. Table 2 reflects the changes in net position from operating results.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018
UNAUDITED**

**Table 1
Condensed Statement of Net Position**

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage
	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017	Change
Current and							
Other Assets	\$6,523,447.94	\$3,984,861.69	\$31,077.98	\$17,700.92	\$6,554,525.92	\$4,002,562.61	63.76%
Capital Assets	27,528,102.86	27,884,346.97	27,369.01	29,909.41	27,555,471.87	27,914,256.38	-1.29%
Total Assets	34,051,550.80	31,869,208.66	58,446.99	47,610.33	34,109,997.79	31,916,818.99	6.87%
Deferred Outflows							
Related to Pensions	2,253,846.00	3,056,258.00			2,253,846.00	3,056,258.00	-26.25%
Long-Term							
Liabilities	8,044,118.67	9,950,307.07			8,044,118.67	9,950,307.07	-19.16%
Short-Term							
Liabilities	405,398.78	455,073.00	17,910.73	15,501.03	423,309.51	470,574.03	-10.04%
Total Liabilities	8,449,517.45	10,405,380.07	17,910.73	15,501.03	8,467,428.18	10,420,881.10	-18.75%
Deferred Inflows							
Related to Pensions	1,497,836.00	19,227.00			1,497,836.00	19,227.00	7690.27%
Net Position:							
Net Investment							
in Capital							
Assets	27,528,102.86	27,884,346.97	27,369.01	29,909.41	27,555,471.87	27,914,256.38	-1.29%
Restricted	5,679,218.52	3,075,075.46			5,679,218.52	3,075,075.46	84.69%
Unrestricted (Deficit)	(6,849,278.03)	(6,458,562.84)	13,167.25	2,199.89	(6,836,110.78)	(6,456,362.95)	5.88%
Total Net	\$26,358,043.35	\$24,500,859.59	\$40,536.26	\$32,109.30	\$26,398,579.61	\$24,532,968.89	7.60%

The largest portion of the District's net position is its net investment in capital assets. Restricted net position includes those items that are subject to external restrictions (e.g. for capital projects, maintenance reserves and excess fund balance in the general fund).

Construction projects were completed and net investment in capital assets decreased. Restricted net position increased due to an increase in encumbrances in the general fund and capital projects fund as new projects were being started. Unrestricted net position is at a large deficit due to the net pension liability.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018
UNAUDITED**

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

	Governmental Activities		Business-Type Activities		Total School District	
	<u>FY 2018</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2017</u>
Revenue:						
Program Revenue:						
Charges for Services	\$1,461,421.25	\$1,404,361.25	\$86,554.22	\$65,014.85	\$1,547,975.47	\$1,469,376.10
Operating Grants and Contributions	5,810,709.31	4,912,027.07	47,988.29	49,280.83	5,858,697.60	4,961,307.90
General Revenue:						
Property Taxes	11,922,443.00	11,922,443.00			11,922,443.00	11,922,443.00
Federal and State Aid	1,443,070.00	1,428,100.00			1,443,070.00	1,428,100.00
County	2,800,000.00	803,401.00			2,800,000.00	803,401.00
Other	286,465.68	492,627.45		28.45	286,465.68	492,655.90
Total Revenue	23,724,109.24	20,962,959.77	134,542.51	114,324.13	23,858,651.75	21,077,283.90
Expenses:						
Instruction	11,200,548.18	10,644,134.14			11,200,548.18	10,644,134.14
Student & Instructional Support Services	4,333,159.76	3,364,242.37			4,333,159.76	3,364,242.37
Administrative and Business	3,642,495.31	4,128,406.84			3,642,495.31	4,128,406.84
Maintenance & Operations	2,567,533.09	2,867,236.43			2,567,533.09	2,867,236.43
Transportation	123,189.14	122,530.83			123,189.14	122,530.83
Other			126,115.55	118,701.90	126,115.55	118,701.90
Total Expenses	21,866,925.48	21,126,550.61	126,115.55	118,701.90	21,993,041.03	21,245,252.57
Transfers		(15,000.00)		15,000.00	0.00	
Disposal of capital assets				(10,700.00)	0.00	(10,700.00)
Increase/(Decrease) in Net Position	\$1,857,183.76	(\$178,590.84)	\$8,426.96	(\$77.77)	\$1,865,610.72	(\$178,668.67)

Sources of Revenue

The SCVTS's total revenue for the 2017-2018 school year was \$23,858,651.75 as reflected in Table 3 below. Property taxes accounted for 49.97 percent of the total revenue with the other 50.03 percent consisting of state and federal aid, charges for services, county support and miscellaneous sources.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018
UNAUDITED**

**Table 3
Sources of Revenue**

<u>Sources of Revenue</u>	<u>FY 2018</u>		<u>FY 2017</u>	
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Property Taxes	\$11,922,443.00	49.97%	\$11,922,443.00	56.57%
Operating Grants & Contributions	5,858,697.60	24.56%	4,961,307.90	23.54%
Federal & State aid not restricted	1,443,070.00	6.05%	1,428,100.00	6.78%
Charges for Services	1,547,975.47	6.49%	1,469,376.10	6.97%
County	2,800,000.00	11.74%	803,401.00	3.81%
Other	286,465.68	1.19%	492,655.90	2.33%
	<u>\$23,858,651.75</u>	<u>100.00%</u>	<u>\$21,077,283.90</u>	<u>100.00%</u>

Expenses

The total expenditures for the 2017-2018 fiscal year for all programs and services were \$21,993,041.03. Table 4 below summarizes these program costs. The SCVTS's expenses are predominantly related to instructing and providing services for students grades nine through twelve and post-secondary, which accounts for 71.19 percent of the total SCVTS costs. Administrative and business expenses account for the costs of the Office of the Superintendent of Schools, the Business Office, and High School Administrative Office. Maintenance and operations account for the costs of keeping the school buildings and grounds safe, clean and in good operating condition, and includes all the utility costs related to the school facilities. Other costs include transportation and the costs of the business-type activities of the proprietary funds. It is important to note that depreciation expense on capital assets is included in expenses for the year. The total depreciation for the year was \$1,327,638.27.

**Table 4
Expenses**

<u>Expense Category</u>	<u>FY 2018</u>		<u>FY 2017</u>	
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Instruction	\$11,200,548.18	50.93%	\$10,644,134.14	50.10%
Student & Instruction Services	4,333,159.76	19.70%	3,364,242.37	15.84%
Administrative and Business	3,642,495.31	16.56%	4,128,406.84	19.43%
Maintenance & Operations	2,567,533.09	11.67%	2,867,236.43	13.50%
Transportation	123,189.14	0.56%	122,530.83	0.58%
Other	126,115.55	0.58%	118,701.90	0.55%
	<u>\$21,993,041.03</u>	<u>100.00%</u>	<u>\$21,245,252.51</u>	<u>100.00%</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018
UNAUDITED**

Governmental Activities

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

**Table 5
Net Cost of Governmental Activities**

<u>Expense Category</u>	<u>FY 2018</u>		<u>FY 2017</u>	
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Instruction	\$6,139,321.87	42.09%	\$6,097,397.60	41.16%
Student & Instruction Services	2,540,081.84	17.41%	2,053,101.19	13.86%
Administrative and Business	3,224,668.98	22.11%	3,670,378.30	24.78%
Maintenance & Operations	2,567,533.09	17.60%	2,866,786.71	19.35%
Transportation	123,189.14	0.84%	122,498.49	0.83%
Other	(8,426.96)	-0.05%	4,406.22	0.02%
	<u>\$14,586,367.96</u>	<u>100.00%</u>	<u>\$14,814,568.51</u>	<u>99.98%</u>

Instruction expenses include activities directly dealing with the teaching of students and the interaction between teacher and student, including extracurricular activities.

Students and instruction related include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration, central services and administration of technology include expenses associated with administrative and financial management of the District.

Operation and maintenance of facilities involve keeping the school grounds, buildings and equipment in an effective operating condition.

Student transportation includes school activities and athletic events, as provided by state law.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018
UNAUDITED**

General Fund Budgeting Highlights

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

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

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

Capital Assets

During the fiscal year 2017-2018 the SCVTS's capital acquisitions exceeded depreciation expense, therefore capital assets net of depreciation increased. Table 6 reflects the comparative balances of capital assets net of depreciation. The detail of the changes in capital assets is reflected in Note 3 to the financial statements.

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

	Governmental Activities		Business-Type Activities		Total School District		Total
	<u>FY 2018</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2017</u>	<u>Change</u>
Construction in Progress	\$515,999.75	\$2,510,970.62			\$515,999.75		100.00%
Site Improvements	643,455.91	639,836.35			643,455.91	\$639,836.35	0.57%
Building and Building Improvements	24,096,362.45	22,893,162.26			24,096,362.45	22,893,162.26	5.26%
Machinery and Equipment	<u>2,272,284.75</u>	<u>1,840,377.74</u>	<u>\$27,369.01</u>	<u>\$29,909.41</u>	<u>2,299,653.76</u>	<u>1,870,287.15</u>	<u>22.96%</u>
Total Assets	<u>\$27,528,102.86</u>	<u>\$27,884,346.97</u>	<u>\$27,369.01</u>	<u>\$29,909.41</u>	<u>\$27,555,471.87</u>	<u>\$25,403,285.76</u>	<u>8.47%</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018
UNAUDITED**

Debt Administration

At June 30, 2018 the District had \$8,044,118.67 of outstanding long-term debt, consisting of compensated absences and pension liability. The SCVTS will continue to pay down its debt, as the obligations are due. Table 7 reflects the comparison of outstanding debt for the past two fiscal years. More information of the SCVTS's long-term debt is presented in Note 4 to the financial statements.

**Table 7
Outstanding Long-term Debt**

	Total School Debt		Total Percentage Change
	FY 2018	FY 2017	
Pension Liability	\$7,387,228.00	\$9,358,751.00	-21.07%
Compensated Absences	656,890.67	591,556.07	11.04%
	<u>\$8,044,118.67</u>	<u>\$9,950,307.07</u>	<u>-19.16%</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018
UNAUDITED**

The District's Future

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

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

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

Over the last year, significant progress has been achieved in a number of areas including updating several career and technical programs through modified curricula and facility upgrades. Capital spending includes various cost effective and efficient building upgrades and modifications designed to reduce our future energy consumption.

In addition, we continue to redesign our academic programs by expanding the breath and scope of our curriculum to attract more students geared to high need/ high skill/ and high demand career pathways. Articulation agreements with various institutions of higher education have increased the academic rigor of our programs and provided broader post-secondary options for students. The addition of English Language Arts/Literacy and Mathematics honors courses and supplemental English and Math activities infused in the career technical courses furthers our success in increasing academic rigor relative to industry standards.

Future endeavors include enhancing career development through joint programming with the Raritan Valley Community College. Collaboration with the community college allows students to fulfill their post-secondary needs and enter the workforce with the relevant employment skills businesses are looking for, in well-paying technical jobs. Often an industry credential or two year post-secondary education is all that is needed to fill jobs that are currently in demand.

Should the *Securing Our Children's Future* bond referendum be voted in this November, our school will be able to expand its curriculum to address key growing industries in our region.

SCVTS will have a direct impact on filling the "skills gap" in New Jersey and career and technical education will be viewed as a valuable economic driver for the State.

Contacting the School District's Financial Management Office

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

BASIC FINANCIAL STATEMENTS

The basic financial statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all funds as of June 30, 2018.

DISTRICT-WIDE FINANCIAL STATEMENTS

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

SOMERSET COUNTY VOCATIONAL-TECHNICAL SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2018

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	<u>TOTAL</u>
ASSETS			
Cash and cash equivalents	\$2,820,741.49	\$23,701.79	\$2,844,443.28
Receivables, net	3,070,190.27	2,732.96	3,072,923.23
Inventory		4,643.23	4,643.23
Restricted assets:			
Cash and cash equivalents	632,516.18		632,516.18
Construction in progress	515,999.75		515,999.75
Capital assets, net	27,012,103.11	27,369.01	27,039,472.12
Total Assets	<u>34,051,550.80</u>	<u>58,446.99</u>	<u>34,109,997.79</u>
DEFERRED OUTFLOWS:			
Related to pensions	2,253,846.00		2,253,846.00
Total Deferred Outflows	<u>2,253,846.00</u>		<u>2,253,846.00</u>
LIABILITIES			
Accounts payable	401,424.92	7,075.18	408,500.10
Interfund payable		7,000.00	7,000.00
Other liabilities	213.52		213.52
Unearned revenue	3,760.34	3,835.55	7,595.89
Noncurrent liabilities:			
Net pension liability	7,387,228.00		7,387,228.00
Compensated absences payable	656,890.67		656,890.67
Total liabilities	<u>8,449,517.45</u>	<u>17,910.73</u>	<u>8,467,428.18</u>
DEFERRED INFLOWS:			
Related to pensions	1,497,836.00		1,497,836.00
Total Deferred Outflows	<u>1,497,836.00</u>		<u>1,497,836.00</u>
NET POSITION			
Net investment in capital assets	27,528,102.86	27,369.01	27,555,471.87
Restricted for:			
Capital projects fund	2,725,208.44		2,725,208.44
Other purposes	2,954,010.08		2,954,010.08
Unrestricted (deficit)	<u>(6,849,278.03)</u>	<u>13,167.25</u>	<u>(6,836,110.78)</u>
Total net position	<u>\$26,358,043.35</u>	<u>\$40,536.26</u>	<u>\$26,398,579.61</u>

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

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
STATEMENT OF ACTIVITIES
JUNE 30, 2018

FUNCTIONS/PROGRAMS	EXPENSES	INDIRECT EXPENSES ALLOCATION	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION				
			CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL		
Governmental Activities:									
Instruction:									
Regular	\$2,115,938.84	\$1,838,765.17	\$344,873.25	\$1,243,162.49	(\$2,366,668.27)				(\$2,366,668.27)
Vocational	3,692,564.92	3,167,874.48	1,116,548.00	2,273,165.47	(3,470,525.93)				(3,470,525.93)
Other	239,708.47	145,896.30		83,477.10	(302,127.67)				(302,127.67)
Support services:									
Student and instruction related services	2,509,808.01	1,823,351.75		1,793,077.92	(2,540,081.84)				(2,540,081.84)
General administrative services	663,059.35	222,711.80			(885,771.15)				(885,771.15)
School administrative services	699,720.69	679,080.74			(960,975.10)				(960,975.10)
Central services	406,678.45	208,365.61		417,826.33	(615,044.06)				(615,044.06)
Administration information technology	517,649.17	245,229.50			(762,878.67)				(762,878.67)
Plant operations and maintenance	2,035,225.65	532,307.44			(2,567,533.09)				(2,567,533.09)
Student transportation services	89,972.90	33,216.24			(123,189.14)				(123,189.14)
Unallocated benefits	7,571,501.16	(7,571,501.16)							
Unallocated Depreciation	1,325,097.87	(1,325,097.87)							
Total governmental activities	21,866,925.48		1,461,421.25	5,810,709.31	(14,594,794.92)				(14,594,794.92)
Business-type activities:									
Food service	126,115.55		86,554.22	47,988.29			\$8,426.96		8,426.96
Total business-type activities	126,115.55		86,554.22	47,988.29			8,426.96		8,426.96
Total primary government	\$21,993,041.03		\$1,547,975.47	\$5,858,697.60	(\$14,594,794.92)		\$8,426.96		(\$14,586,367.96)
General Revenues:									
Taxes:									
Property taxes - general					\$11,922,443.00				\$11,922,443.00
County of Somerset - restricted					2,800,000.00				2,800,000.00
Federal and state aid not restricted					1,443,070.00				1,443,070.00
Miscellaneous income					286,465.68				286,465.68
Total general revenues					16,451,978.68				16,451,978.68
Change in net position					1,857,183.76		8,426.96		1,865,610.72
Net Position - beginning					24,500,859.59		32,109.30		24,532,968.89
Net Position- ending					\$26,358,043.35		\$40,536.26		\$26,398,579.61

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

MAJOR FUND FINANCIAL STATEMENTS

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

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

ASSETS AND OTHER DEBITS:	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS
Assets:				
Cash and cash equivalents	\$2,643,782.62		\$176,958.87	\$2,820,741.49
Cash, capital reserve account	632,516.18			632,516.18
Accounts receivable:				
Federal		\$14,234.00		14,234.00
State	168.57	92,563.06		92,731.63
Other	274,396.87			274,396.87
County			2,681,827.77	2,681,827.77
Interfund	210,343.14			210,343.14
Total assets	<u>3,761,207.38</u>	<u>106,797.06</u>	<u>2,858,786.64</u>	<u>6,726,791.08</u>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts payable	72,912.66	33,058.26		105,970.92
Intergovernmental payable - state		213.52		213.52
Interfunds payable		69,764.94	133,578.20	203,343.14
Unearned revenue		3,760.34		3,760.34
Total liabilities	<u>72,912.66</u>	<u>106,797.06</u>	<u>133,578.20</u>	<u>313,287.92</u>
Fund balances:				
Restricted for:				
Maintenance reserve	499,543.43			499,543.43
Capital projects reserve	632,516.18			632,516.18
Excess surplus designated for subsequent years expenditures	840,000.00			840,000.00
Excess surplus - current year	660,000.00			660,000.00
Capital projects fund			276,964.05	276,964.05
Committed:				
Year-end encumbrances			2,448,244.39	2,448,244.39
Assigned:				
Year-end encumbrances	321,950.47			321,950.47
Unassigned:				
General fund	734,284.64			734,284.64
Total fund balances	<u>3,688,294.72</u>		<u>2,725,208.44</u>	<u>6,413,503.16</u>
Total liabilities and fund balances	<u>\$3,761,207.38</u>	<u>\$106,797.06</u>	<u>\$2,858,786.64</u>	<u>\$6,726,791.08</u>

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

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

Total Fund Balances (Brought Forward)		\$6,413,503.16
<p>Amounts Reported for Governmental Activities in the Statement of Net Position (A-1) are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.</p>		
Cost of Assets	\$45,141,295.28	
Accumulated Depreciation	<u>(17,613,192.42)</u>	27,528,102.86
<p>Long term liabilities, including bonds payable, and other related amounts that are not due and payable in the current period and therefore are not reported as liabilities in the funds.</p>		
Net pension liability	(7,387,228.00)	
Compensated absences payable	<u>(656,890.67)</u>	(8,044,118.67)
<p>Deferred Outflows and Inflows of resources are applicable to future periods and therefore are not reported in the funds.</p>		
Pensions:		
Deferred Outflows:		
Pension related		2,253,846.00
Deferred Inflows:		
Pension related		(1,497,836.00)
<p>Certain liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.</p>		
Accounts Payable - Pension Related		<u>(295,454.00)</u>
Net Position of Governmental Activities		<u><u>\$26,358,043.35</u></u>

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

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	MAJOR FUNDS			TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	
REVENUES:				
Local sources:				
County tax levy	\$11,922,443.00			\$11,922,443.00
County of Somerset			\$2,800,000.00	2,800,000.00
Tuition from lea's	1,461,421.25			1,461,421.25
Miscellaneous	286,465.68	\$101,391.86		387,857.54
Total revenues-local sources	13,670,329.93	101,391.86	2,800,000.00	16,571,721.79
State sources	3,166,574.95	563,201.92		3,729,776.87
Federal sources		531,278.58		531,278.58
Total revenues	16,836,904.88	1,195,872.36	2,800,000.00	20,832,777.24
EXPENDITURES:				
Current expense:				
Instruction:				
Regular	1,882,050.57	233,888.27		2,115,938.84
Vocational	3,592,148.65	100,416.27		3,692,564.92
Other instruction	239,708.47			239,708.47
Support services:				
Student and instruction related services	1,773,561.16	715,858.85		2,489,420.01
General administrative services	663,059.35			663,059.35
School administrative services	699,720.69			699,720.69
Central services	406,678.45			406,678.45
Administration information technology	517,649.17			517,649.17
Plant operations and maintenance	2,035,225.65			2,035,225.65
Student transportation services	89,972.90			89,972.90
Employee benefits	4,292,008.56			4,292,008.56
Capital outlay	143,465.35	145,708.97	700,067.44	989,241.76
Total expenditures	16,335,248.97	1,195,872.36	700,067.44	18,231,188.77
Excess (deficiency) of revenues over (under) expenditures	501,655.91		2,099,932.56	2,601,588.47
Fund balances, July 1, 2017	3,186,638.81		625,275.88	3,811,914.69
Fund balances, June 30, 2018	\$3,688,294.72	\$-0-	\$2,725,208.44	\$6,413,503.16

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

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Total net change in fund balances - governmental funds (from B-2)		\$2,601,588.47
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 depreciation exceeded capital outlays in the period.</p>		
Depreciation expense	(\$1,325,097.87)	
Capital outlays	989,241.76	
Capital outlays not capitalized	<u>(20,388.00)</u>	(356,244.11)
<p>District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.</p>		
District pension contributions	299,059.00	
Less: Pension expense	<u>(621,885.00)</u>	(322,826.00)
<p>In the statement of activities, certain expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).</p>		
		<u>(65,334.60)</u>
Change in net position of governmental activities		<u><u>\$1,857,183.76</u></u>

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

OTHER FUNDS

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
PROPRIETARY FUND
STATEMENT OF NET POSITION
AS OF JUNE 30, 2018

	<u>BUSINESS-TYPE</u> <u>ACTIVITIES -</u> <u>ENTERPRISE FUND</u> <u>FOOD</u> <u>SERVICE</u> <u>FUND</u> <u>(NON-MAJOR FUND)</u>
ASSETS:	
Current assets:	
Cash and cash equivalents	\$23,701.79
Accounts receivable:	
State	60.56
Federal	2,653.85
Other	18.55
Inventories	4,643.23
	31,077.98
Total current assets	31,077.98
Noncurrent assets	
Furniture, machinery and equipment	71,575.17
Less: Accumulated depreciation	(44,206.16)
	27,369.01
Total noncurrent assets	27,369.01
Total assets	58,446.99
LIABILITIES:	
Current liabilities:	
Interfunds Payable	7,000.00
Unearned revenue	3,835.55
Accounts Payable	7,075.18
	17,910.73
Total current liabilities	17,910.73
NET POSITION:	
Net investment in capital assets	27,369.01
Unrestricted	13,167.25
	40,536.26
Total net position	\$40,536.26

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

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND FOOD SERVICE FUND (NON-MAJOR FUND)</u>
OPERATING REVENUES:	
Local sources:	
Daily sales-reimbursable programs:	
School lunch program	\$45,990.84
Daily sales non-reimbursable programs	38,121.70
Other	2,441.68
	86,554.22
Total operating revenue	86,554.22
OPERATING EXPENSES:	
Salaries	33,602.33
Employee benefits and taxes	8,470.50
Management fee/ purchased services	12,190.00
Other	7,921.05
Depreciation	2,540.40
Cost of sales - reimbursable programs	47,295.38
Cost of sales - non-reimbursable programs	14,095.89
	126,115.55
Total operating expenses	126,115.55
Operating Income/(loss)	(39,561.33)
Nonoperating revenues:	
State sources:	
State school lunch program	1,040.88
Federal sources:	
National school lunch program	28,454.12
National school breakfast program	8,976.62
National food distribution commodities	9,516.67
	47,988.29
Total nonoperating revenues	47,988.29
Net income	8,426.96
Net position - July 1	32,109.30
Net position - June 30	\$40,536.26

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

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
PROPRIETARY FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND</u> FOOD SERVICE FUND (MAJOR FUND)
Cash flows from operating activities:	
Receipts from customers	\$87,186.68
Payments to employees	(31,256.98)
Payments for employee benefits/other	(7,922.04)
Payments to suppliers	(83,340.48)
	(35,332.82)
Cash flows from noncapital financing activities:	
State sources	1,036.22
Federal sources	46,797.81
	47,834.03
Net cash provided (used) by operating activities	(35,332.82)
Net cash provided (used) by noncapital financing activities	47,834.03
Net increase(decrease) in cash and cash equivalents	12,501.21
Cash and cash equivalents, July 1	11,200.58
Cash and cash equivalents, June 30	\$23,701.79
Operating Income/(loss)	(\$39,561.33)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:	
Depreciation and net amortization	2,540.40
Change in assets and liabilities:	
(Increase) Decrease in inventory	(834.71)
Increase (Decrease) in unearned revenue	910.55
(Increase) Decrease in accounts receivable	113.12
Increase (Decrease) in accounts payable	1,499.15
	1,499.15
Net cash provided (used) by operating activities	(\$35,332.82)

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

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018

	PRIVATE PURPOSE SCHOLARSHIP FUNDS	AGENCY FUNDS	
		STUDENT ACTIVITIES	PAYROLL
ASSETS:			
Cash and cash equivalents	\$26,387.39	\$185,157.30	\$148,606.96
Total assets	<u>26,387.39</u>	<u>185,157.30</u>	<u>148,606.96</u>
LIABILITIES:			
Liabilities:			
Payroll deductions & withholdings			148,606.96
Due to student groups		185,157.30	
Total liabilities		<u>185,157.30</u>	<u>148,606.96</u>
NET POSITION:			
Held in trust for scholarships	26,387.39		
	<u>\$26,387.39</u>	<u>\$-0-</u>	<u>\$-0-</u>

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

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>PRIVATE PURPOSE SCHOLARSHIP FUNDS</u>
ADDITIONS:	
Contributions:	
Donations	\$10,000.00
Interest earned	73.54
	<hr/>
Total additions	10,073.54
	<hr/>
DEDUCTIONS:	
Scholarships awarded	725.00
	<hr/>
Total additions	725.00
	<hr/>
Change in net position	9,348.54
Net position - July 1	17,038.85
	<hr/>
Net position - June 30	\$26,387.39
	<hr/> <hr/>

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

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

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

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

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include elementary, middle and high schools located in the Township of Bridgewater. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

Basis of Presentation

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

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

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

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

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

Governmental Fund Types

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

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

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

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Types (Continued)

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are specifically authorized by the Somerset County Board of Freeholders.

Proprietary Fund

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

Fiduciary Fund Types

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

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

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

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting – Measurement Focus

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

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. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures. Ad Val Orem (Property) Taxes are susceptible to accrual as under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an “accounts receivable”. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

All governmental and business type activities and enterprise funds of the District follow FASB Statements and Interpretations issued on or before November 30, 1989, Account Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval. In accordance with P.L. 2011, c. 202, which became effective January 17, 2012, the District elected to move the April 2013 school Board election to the date of the November general election thereby eliminating the vote on the annual base budget. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23. All budget amendments and transfers must be approved by School Board resolution. The over-expenditures related to on-behalf payments in the general fund are due to the inclusion of the non-budgeted on-behalf payments made by the State of New Jersey as District expenditures. These amounts are offset by related revenues and as such do not represent budgetary over-expenditures.

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

Appropriations, except remaining project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year. The capital projects fund presents the remaining project appropriations compared to current year expenditures. Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Encumbrance Accounting

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

Open encumbrances in the special revenue fund and capital projects fund for which the District has received advances are reflected in the balance sheet as unearned revenues at fiscal year end.

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

Interfunds

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

Inventories and Prepaid Expenses

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

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

Capital Assets

The District has an established formal system of accounting for its capital assets. Capital Assets used for governmental purposes, which include land, buildings and improvements and furniture and equipment, are only reported in the district-wide financial statements. The District generally defines capital assets as assets with an initial cost of \$2,000.00 or more and an estimated useful life in excess of one year. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their acquisition value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

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

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

Compensated Absences

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

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

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

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences (Continued)

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

Fund Equity

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

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

Unearned Revenue

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

Accrued Liabilities and Long-Term Obligations

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

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

Net Position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

Fund Balance

Under GASB 54, in the fund financial statements, governmental funds report the following classifications of fund balance:

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

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

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

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

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (Continued)

Unassigned -is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

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

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 the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from property taxes is recognized in the period in which the revenue is earned. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating Revenues and Expenses

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

Allocation of Indirect Expenses

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

Extraordinary and Special Items

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

Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting and Financial Reporting for Pensions

In the District-Wide financial statements 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 District's proportionate share of the New Jersey Public Employees Retirement System ("PERS") and the Teachers' Pension and Annuity Fund ("TPAF") and the additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they were reported by PERS and TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

In the Governmental Fund financial statements the year end net pension liability is not required to be reflected. Pension related revenues and expenditures are reflected based on amounts that are normally expected to be liquidated with available financial resources for required pension contributions. Expenditures for PERS are recognized based upon billings made by the State of New Jersey due April 1st of each fiscal year. TPAF contributions are paid on the District's behalf by the State of New Jersey. The governmental fund financial statements reflect both a revenue and expense for this pension contribution.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has one item that qualifies for reporting in this category, deferred amounts related to pensions.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the District has only one item that qualifies for reporting in this category, deferred amounts related to pensions.

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2018

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

Deposits

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

The Somerset County Vocational and Technical School District had the following cash and cash equivalents at June 30, 2018.

	<u>Cash in</u> <u>Bank</u>	<u>Deletions</u>	<u>Reconciled</u> <u>Balance</u>
Governmental Funds	\$3,847,030.89	\$393,329.74	\$3,453,701.15
Proprietary Fund	23,801.79	100.00	23,701.79
Fiduciary Fund	448,120.64	87,968.99	360,151.65
	<u>\$4,318,953.32</u>	<u>\$481,398.73</u>	<u>\$3,837,554.59</u>

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The District does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of June 30, 2018, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank, \$266,762.04 was covered by Federal Depository Insurance and \$4,052,191.28 was covered by NJGUDPA.

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2018

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

Investments

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

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:20-37. These funds are also required to be rated by a nationally recognized statistical rating organization.
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.
4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.
5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Investment of the Department of Treasury for investment by School Districts.
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:20-37. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C. 52:18A-90.4); or

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2018

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

Investments (Continued)

8. Agreements for the repurchase of fully collateralized securities if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is not more than 30 days;
 - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C. 17:19-41); and;
 - e. a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2018, the District had \$16,762.04 in short term certificates of deposit. Based upon the limitations set forth by New Jersey Statutes 40A:5-15.1 and existing investment practices, the District is generally not exposed to credit risks and interest rate risks for its investment nor is it exposed to foreign currency risk for its deposits and investments.

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2018

NOTE 3: CHANGE IN CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions/ Transfers</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets that are not depreciated:				
Construction in progress	\$2,510,970.62	(\$1,994,970.87)		\$515,999.75
Total capital assets that are not depreciated	<u>2,510,970.62</u>	<u>(1,994,970.87)</u>		<u>515,999.75</u>
Capital assets being depreciated:				
Land Improvements	\$1,377,681.96	51,549.91		1,429,231.87
Building and building improvements	35,618,103.14	2,212,580.72		37,830,683.86
Machinery and equipment	4,681,653.63	699,694.00	\$15,967.83	5,365,379.80
Total capital assets being depreciated	<u>41,677,438.73</u>	<u>2,963,824.63</u>	<u>15,967.83</u>	<u>44,625,295.53</u>
Total gross assets	44,188,409.35	968,853.76	15,967.83	45,141,295.28
Less: accumulated depreciation for:				
Land Improvements	(737,845.61)	(47,930.35)		(785,775.96)
Building and building improvements	(12,724,940.88)	(1,009,380.53)		(13,734,321.41)
Machinery and equipment	(2,841,275.89)	(267,786.99)	(15,967.83)	(3,093,095.05)
	<u>(16,304,062.38)</u>	<u>(1,325,097.87)</u>	<u>(15,967.83)</u>	<u>(17,613,192.42)</u>
Governmental activities capital assets, net	<u>\$27,884,346.97</u>	<u>(\$356,244.11)</u>		<u>\$27,528,102.86</u>
Business type activities:				
Machinery and equipment	\$75,875.17		\$4,300.00	\$71,575.17
Less: accumulated depreciation	(45,965.76)	(\$2,540.40)	(4,300.00)	(44,206.16)
Business type activities capital assets, net	<u>\$29,909.41</u>	<u>(\$2,540.40)</u>		<u>\$27,369.01</u>

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2018

NOTE 3: CHANGE IN CAPITAL ASSETS (CONTINUED)

Depreciation Expense was charged to governmental expenses as follows:

Instruction:	
Regular	(\$216,512.69)
Vocational	(377,840.40)
Other	(24,528.08)
Support Services:	
Support student services	(254,729.02)
General administrative services	(67,847.31)
School administrative services	(71,598.67)
Central services	(41,613.23)
Administrative technology	(52,968.27)
Plant operations and maintenance	(208,253.74)
Transportation	(9,206.46)
	<u>(\$1,325,097.87)</u>

NOTE 4: LONG-TERM DEBT

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

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

At June 30, 2018, the District had no bonded debt or bonds or notes authorized but not issued.

The following is a summary of changes in liabilities that effect other long-term obligations for the year ended June 30, 2018.

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2018

NOTE 4: LONG-TERM DEBT (CONTINUED)

	Net Pension <u>Liability</u>	Compensated <u>Absences Payable</u>	<u>Total</u>
Balance, July 1, 2017	\$9,358,751.00	\$591,556.07	\$9,950,307.07
Net Change	<u>(1,971,523.00)</u>	<u>65,334.60</u>	<u>(1,906,188.40)</u>
Balance, June 30, 2018	<u>\$7,387,228.00</u>	<u>\$656,890.67</u>	<u>\$8,044,118.67</u>

NOTE 5: PENSION PLANS

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

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

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

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2018

NOTE 5: PENSION PLANS (CONTINUED)

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

Significant Legislation

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

Pension Plan Design Changes

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

Funding Changes

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

COLA Suspension

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

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

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

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2018

NOTE 5: PENSION PLANS (CONTINUED)

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

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

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

<u>Year</u> <u>June 30,</u>	<u>Three-Year Trend Information for PERS</u>		<u>Net Pension</u> <u>Obligation</u>
	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of</u> <u>APC Contributed</u>	
2018	\$293,984.00	100.00%	\$293,984.00
2017	280,722.00	100.00%	280,722.00
2016	272,682.00	100.00%	272,682.00

During the fiscal years ended June 30, 2018, 2017 and 2016, the State of New Jersey contributed \$766,346.00, \$578,369.00 and \$363,743.00, respectively to the TPAF pension system on behalf of the District.

Also, during the fiscal year ended June 30, 2018 and 2017 the State of New Jersey contributed \$900.00 and \$1,181.00, respectively to the TPAF long term disability insurance fund on behalf of the District.

Also, in accordance with N.J.S.A. 18A:66-66, during the years ended June 30, 2018, 2017 and 2016, the State of New Jersey reimbursed the District \$430,683.95, \$423,284.96 and \$385,521.94, respectively for the employer's share of social security contributions for TPAF members, as calculated on their base salaries.

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2018

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68

Public Employees Retirement System (PERS)

At June 30, 2018, the District reported a liability of \$7,387,228.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2017, the District's proportion was 0.0317342571 percent, which was an increase of 0.0001351448 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$280,722.00 in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2017 measurement date.

At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following source:

	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>
Differences between expected and actual experience		\$173,944.00
Changes of assumptions	\$1,482,816.00	1,488,272.00
Net difference between projected and actual earnings on pension plan investments		50,302.00
Changes in proportion and differences between District contributions and proportionate share of contributions	\$15,020.00	245,874.00
District contributions subsequent to the measurement date		<u>295,454.00</u>
	<u>\$1,497,836.00</u>	<u>\$2,253,846.00</u>

The \$295,454.00 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2018, the plan measurement date is June 30, 2017) will be recognized as a reduction of the net pension liability in the year ended June 30, 2019.

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2018

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Public Employees Retirement System (PERS) (Continued)

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

Year Ended <u>June 30</u>	<u>Amount</u>
2019	\$257,884.00
2020	346,404.00
2021	216,347.00
2022	(208,511.00)
2023	(151,567.00)
	<u>\$460,557.00</u>

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 rolled forward to June 30, 2017. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	2.25 Percent
Salary Increases	
Through 2026	1.65-4.15 Percent (based on age)
Thereafter	2.65-5.15 Percent (based on age)
Investment Rate of Return	7.00 Percent

Mortality Rate

Preretirement 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. Postretirement 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.

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2018

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

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 Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017 and 7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2018

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

Long-Term Rate of Return (Continued)

Best estimates of arithmetic 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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%
Credit 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 estate	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed market equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts venture capital	8.25%	13.08%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 5.00% and 3.98% as of June 30, 2017 and 2016, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and 7.65%, and a municipal bond rate of 3.58% and 2.85% as of June 30, 2017 and 2016, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2018

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

Discount Rate (Continued)

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 employer 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. 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 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension 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:

	1% Decrease <u>4.00%</u>	At Current Discount Rate <u>5.00%</u>	1% Increase <u>6.00%</u>
District's proportionate share of the pension liability	\$9,164,357.00	\$7,387,228.00	\$5,906,659.00

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>.

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2018

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Teachers Pensions and Annuity Fund (TPAF)

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

The portion of the TPAF Net Pension Liability that was associated with the District recognized at June 30, 2018 was as follows:

Net Pension Liability:	
Districts proportionate share	-0-
State's proportionate share associated with the District	<u>\$35,925,050</u>
	<u><u>\$35,925,050</u></u>

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The net pension liability associated with the District was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2017, the proportion of the TPAF net pension liability associated with the District was .0532826004% which was an increase of .0055881326 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized on-behalf pension expense and revenue of \$2,488,706.00 in the government-wide financial statements for contributions provided by the State. This pension expense and revenue was based on the pension plans June 30, 2017 measurement date.

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2018

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Teachers Pensions and Annuity Fund (TPAF) (Continued)

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:

Inflation rate	2.25%
Salary increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment rate of return	7.00%

Mortality Rate

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

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% and 7.65% at June 30, 2017 and June 30, 2016 respectively) 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. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2018

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Teachers Pensions and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions (Continued)

Long-Term Expected Rate of Return (Continued)

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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%
Credit 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 estate	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed market equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts venture capital	8.25%	13.08%
	<u>100.00%</u>	

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2018

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Teachers Pensions and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 4.25% and 3.22% as of June 30, 2017 and 2016, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and 7.65, and a municipal bond rate of 3.58% and 2.85% as of June 30, 2017 and 2016, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount 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 Net Pension Liability to Changes in the Discount Rate

Because the District's proportionate share of the net pension liability is zero, consideration of potential changes in the discount rate is not applicable to the District.

Pension Plan Fiduciary Net Position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Teachers Public and Annuity Fund (TPAF). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>.

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2018

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS – GASB 75

Plan Description and Benefits Provided

The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan, with 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 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. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. 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.

Employees Covered by Benefit Terms

The State Health Benefit Local Education Retired Employees Plan Membership covered by the benefit terms consisted of the following:

Active Plan Members	223,747
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	142,331
Inactive Plan Members or Beneficiaries Not Yet Receiving Benefits	<u>- 0 -</u>
Total Plan Members	<u>366,078</u>

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2018

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

Total Nonemployer OPEB Liability

The portion of the Total Nonemployer OPEB Liability that was associated with the District at June 30, 2018 was as follows:

Nonemployer OPEB Liability:	
Districts proportionate share	-0-
State's proportionate share associated with the District	<u>\$31,745,476.00</u>
	<u><u>\$31,745,476.00</u></u>

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.

For the year ended June 30, 2018, the District recognized on-behalf post-employment expense and revenue of \$1,694,547.00 in the government-wide financial statements for contributions provided by the State. This expense and revenue was based on the plans June 30, 2017 measurement date.

At June 30, 2017, the District's proportion was 0.0591826428 percent, which was a decrease of .0003103134 percent from its proportion measured as of June 30, 2016.

The State, a Nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS, TPAF/ABP and PFRS participants. The District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Consequently, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position.

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2018

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

Actuarial Assumptions and Other Imputes

The total OPEB liability in the June 30, 2017 actuarial valuation reported by the State in the State's most recently issued CAFR was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation 2.5 percent

	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary Increases			
Through 2026	1.55-4.55% Based on years Of Service	2.15-4.15% Based on Age	2.10-8.98% Based of Age
Thereafter	2.00-5.45% Based on years Of Service	3.15-5.15% Based on Age	3.10-9.98 Based of Age

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. Post-Retirement 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, PFRS and PERS, respectively.

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2018

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

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-term 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 Pan 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 and 2016 was 3.58% and 2.85%, respectively. 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 Nonemployer OPEB Liability

Shown below are details regarding the Total Nonemployer OPEB Liability for the Measurement Period from June 30, 2016 to June 30, 2017.

Balance at 6/30/16		\$34,405,838
Changes for the year:		
Service cost	\$1,145,004	
Interest	1,003,178	
Changes in assumptions or other inputs	(4,100,326)	
Benefit payments	(735,293)	
Contributions from Members	27,075	
Net change in OPEB Liability	(2,660,362)	(2,660,362)
Balance at 6/30/17		\$31,745,476

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2018

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

Sensitivity of the Total Nonemployer OPEB Liability to Changes in the Discount Rate

The following presents the total nonemployer OPEB liability associated with the District as of June 30, 2017 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:

	June 30, 2017		
	<u>1.00% Decrease (2.58%)</u>	<u>At Discount Rate (3.58%)</u>	<u>1.00% Increase (4.58%)</u>
State of New Jersey's Share of Nonemployer OPEB Liability Associated with the District	\$37,684,170	\$31,745,476	\$27,034,847

Sensitivity of the Total Nonemployer OPEB Liability to Changes in Healthcare Trends

The following presents the total nonemployer OPEB liability associated with the District as of June 30, 2017 respectively, 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		
	<u>1.00% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1.00% Increase</u>
State of New Jersey's Share of Nonemployer OPEB Liability Associated with the District	\$26,107,585	\$31,745,476	\$39,232,529

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2018

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

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

At June 30, 2017, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB associated with the District from the following sources:

	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>
Changes of assumptions	\$3,754,410.00	-
Changes in proportion	145,805.00	\$0.00
	\$3,900,215.00	\$0.00

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB associated with the District will be recognized in OPEB expense as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2019	(\$468,787)
2020	(\$468,787)
2021	(\$468,787)
2022	(\$468,787)
2023	(\$468,787)
Total Thereafter	(\$1,556,278)
	(\$3,900,215)

In accordance with GASBS No. 75, the District's proportionate share of school retirees OPEB is zero. There is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources in the financial statements.

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2018

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

State Health Benefit Local Education Retired Employee Plan Information

The New Jersey Division of Pension and Benefits issues publicly available reports on the OPEB plan. Those reports may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295 or on their website at <http://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>

NOTE 8: LITIGATION

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

NOTE 9: CONTINGENCIES

The District receives financial assistance from the State of New Jersey and the U.S. Government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. The State and Federal grants received and expended in the 2017-2018 fiscal year were subject to the Uniform Guidance and New Jersey OMB Circular 15-08 which mandates that grant revenues and expenditures be audited in conjunction with the District's annual audit if expenditures for federal or state programs exceed \$750,000. Findings and questioned costs, if any, relative to federal and state financial assistance programs are discussed in the Single Audit Section, Schedule of Findings and Questioned Costs. In addition, all grants and cost reimbursements are subject to financial and compliance audits by the grantors. The District's management does not believe any such audit would result in material amounts of disallowed costs.

NOTE 10: RISK MANAGEMENT

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

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

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2018

NOTE 11: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2018. All balances resulted from the time lag between the dates that short-term loans were disbursed and payments between funds were made.

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$210,343.14	
Special Revenue Fund		\$69,764.94
Capital Projects Fund		133,578.20
Enterprise Fund		7,000.00
	<u>\$210,343.14</u>	<u>\$210,343.14</u>

NOTE 12: DEFERRED COMPENSATION

The District offers its employees a choice of the deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death, or unforeseeable emergency. Since the District does not have any property or rights to the plan assets and no fiduciary relationship exists between the District and the deferred compensation plan, the plan assets are not included in the District's financial statements as of June 30, 2018.

NOTE 13: FUND BALANCE APPROPRIATED

General Fund – Of the \$3,688,294.72 General Fund fund balance at June 30, 2018, \$499,543.43 has been restricted in the Maintenance Reserve; \$632,516.18 is restricted in the Capital Reserve; \$1,500,00.00 is restricted as excess surplus in accordance with N.J.S.A. 18A:7F-7 (\$840,000.00 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2019); There also was an additional \$321,950.47 assigned for year-end encumbrances; and \$734,284.64 is unreserved and undesignated.

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2018

NOTE 14: CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A.18A:7F-7, as amended by P.L. 2004,c.73 (S1701), the designation for Restricted Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. Based on this calculation, the Somerset County Vocational and Technical School District has \$660,000.00 excess fund balance resulting from the year ended June 30, 2018.

General Fund Expenditures	
Fiscal Year Ended June 30, 2018	\$16,335,248.97
Less:	
On-behalf TPAF Pension and Social Security Reimbursement	1,723,504.95
Adjusted General Fund Expenditures	14,611,744.02
Excess Surplus Percentage	6.00%
6% of Adjusted 2016-17 General Fund Expenditures	876,704.64
Add: Allowable Adjustments	
Maximum Unreserved/Undesignated Fund Balance	876,704.64
Actual Unreserved/Undesignated Fund Balance	1,536,704.64
Excess Surplus	\$660,000.00

NOTE 15: INVENTORY

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

Food and Supplies	<u>\$4,643.23</u>
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The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1984) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements.

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2018

NOTE 16: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Somerset County Vocational and Technical Schools 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 district's approved Long-Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve as per N.J.S.A. 18A:7G-31(c), 18A:7G-13 and N.J.A.C. 6A23A-14.1, by appropriating funds in the annual general fund budget certified for taxes. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by 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. N.J.S.A. 18A:7F-41(a), 18A:7F-41(b) and N.J.A.C.6A:23A-14.3 permit a district board of education to transfer by board resolution (prior to June 30) any unanticipated revenue or unexpended line-item appropriation amounts to the capital reserve for withdrawal in subsequent school years. Pursuant to N.J.A.C. 6:23A-5.1(d) 7, the balance in the account cannot at any time exceed the local costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the year ending June 30, 2018 year is as follows:

Add: Board resolution/ Adopted budget	<u>\$632,516.18</u>
Balance, June 30, 2018	<u><u>\$632,516.18</u></u>

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2018

NOTE 17: MAINTENANCE RESERVE

A maintenance reserve was established through a board resolution by the Somerset County Vocational and Technical Schools in the amount of \$250,000.00 in the 2015-2016 school year for the accumulation of funds for the required maintenance of a facility in accordance with N.J.S.A. 18A:7G-9 as amended by P.L. 2004, c. 73 (S1701). N.J.S.A. 18A:7G-31(c), 18A:7G-13 and N.J.A.C. 6A:23A-14.2 permits districts, by board resolution, to transfer undesignated general fund balance to the maintenance reserve account if approved in the district's original budget certified for taxes or if the district received voter approval by a separate proposal at budget time or by special question at one of the four special elections authorized pursuant to N.J.S.A.19:60-2. N.J.S.A. 18A:7F-41(a), 18A:7F-41(b) and N.J.A.C.6A:23A-14.3 permit a district board of education to transfer by board resolution (prior to June 30) any unanticipated revenue or unexpended line-item appropriation amounts to the maintenance reserve for withdrawal in subsequent school years.

The activity of the maintenance reserve for the year ending June 30, 2018 year is as follows:

Balance, July 1, 2017	
and June 30, 2018	<u>\$499,543.43</u>

NOTE 18: SUBSEQUENT EVENTS

The Board of Education has evaluated subsequent events occurring after the financial statement date through February 4, 2019 which is the date the financial statements were available to be issued. No items were noted for disclosure or adjustment.

REQUIRED SUPPLEMENTARY INFORMATION – Part II

BUDGETARY COMPARISON SCHEDULES

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEARS ENDED JUNE 30, 2018

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
REVENUES					
Local sources:					
County tax levy	\$11,922,443.00		\$11,922,443.00	\$11,922,443.00	
Tuition from LEAs	1,403,777.00		1,403,777.00	1,461,421.25	\$57,644.25
Unrestricted miscellaneous	1,000.00		1,000.00	286,465.68	285,465.68
Total revenues-local sources	13,327,220.00		13,327,220.00	13,670,329.93	343,109.93
State sources:					
Categorical Special education aid	293,914.00		293,914.00	293,914.00	
Equalization aid	580,221.00		580,221.00	580,221.00	
Categorical Security aid	64,725.00		64,725.00	64,725.00	
Adjustment aid	475,042.00		475,042.00	475,042.00	
PARCC readiness aid	5,020.00		5,020.00	5,020.00	
Per pupil growth aid	5,020.00		5,020.00	5,020.00	
Professional learning community aid	4,620.00		4,620.00	4,620.00	
Aid for Adult and Post-Graduate Programs		\$16,116.00	16,116.00	16,116.00	
On-behalf TPAF pension contributions (non-budgeted)				766,346.00	766,346.00
On-behalf TPAF post-retirement medical (non-budgeted)				506,978.00	506,978.00
On-behalf TPAF non contributory insurance (non-budgeted)				18,597.00	18,597.00
On-behalf TPAF long term disability insurance (non-budgeted)				900.00	900.00
Reimbursed TPAF social security contributions (non-budgeted)				430,683.95	430,683.95
Total - state sources	1,428,582.00	16,116.00	1,444,678.00	3,168,182.95	1,723,504.95
Total revenues	14,755,782.00	16,116.00	14,771,898.00	16,838,512.88	2,066,614.88
EXPENDITURES					
Instruction - regular programs:					
Salaries of teachers:					
Grades 9-12	1,515,626.00	\$91,846.04	1,607,472.04	1,605,680.19	1,781.85
Other Salaries	83,770.00	(0.20)	83,769.80	83,769.80	
Regular programs - undistributed instruction:					
Purchased professional - educational services	23,100.00	(6,000.00)	17,100.00	2,879.00	14,221.00
Other purchased services	65,584.00	(39,387.92)	26,176.08	21,339.08	4,837.00
General supplies	101,527.00	45,910.08	147,437.08	131,796.10	15,640.98
Textbooks	31,000.00		31,000.00	28,897.51	2,102.49
Other Objects	8,144.00	474.00	8,618.00	4,808.89	3,809.11
Regular programs - home instruction:					
Salaries of teachers	5,000.00		5,000.00	820.00	4,180.00
Purchased professional - educational services	8,000.00		8,000.00	2,050.00	5,950.00
Other purchased services	150.00		150.00		150.00
Total regular programs	1,841,881.00	92,842.00	1,934,723.00	1,882,050.57	52,672.43
Vocational programs - instruction:					
Salaries of teachers	2,931,257.00	(49,579.80)	2,881,677.20	2,853,661.77	28,015.43
Other Salaries	63,000.00	10,926.13	73,926.13	51,751.00	22,175.13
Purchased professional - educational services	416,146.00	(29,970.00)	386,176.00	382,587.27	3,588.73
Other purchased services	38,925.00	4,698.96	43,623.96	20,835.90	22,788.06
General supplies	365,501.00	16,564.74	382,065.74	272,715.77	109,349.97
Textbooks	26,250.00	(8,051.00)	18,199.00	3,831.25	14,367.75
Other objects	8,710.00	639.00	9,349.00	6,765.69	2,583.31
Total regular vocational programs-instruction	\$3,849,789.00	(\$54,771.97)	\$3,795,017.03	\$3,592,148.65	\$202,868.38

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEARS ENDED JUNE 30, 2018

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
School sponsored curricular activities-instruction:					
Salaries	\$46,525.00	\$3,305.32	\$49,830.32	\$49,830.32	
Other purchased services	2,725.00	\$16,704.00	19,429.00	19,404.00	\$25.00
Supplies and materials	22,875.00	(5,300.76)	17,574.24	16,194.69	1,379.55
Other objects	3,500.00	2,086.05	5,586.05	5,586.05	
Total school sponsored cocurricular activities-instruction	75,625.00	16,794.61	92,419.61	91,015.06	1,404.55
Other instructional programs:					
School sponsored athletics:					
Salaries	67,805.00	9,911.39	77,716.39	76,566.00	1,150.39
Purchased services	5,750.00	34,728.93	40,478.93	40,478.93	
Supplies and materials	7,600.00	9,319.85	16,919.85	16,850.98	68.87
Other objects	21,850.00	100.00	21,950.00	14,797.50	7,152.50
Total school sponsored athletics	103,005.00	54,060.17	157,065.17	148,693.41	8,371.76
Total other instructional programs	178,630.00	70,854.78	249,484.78	239,708.47	9,776.31
Total instruction	5,870,300.00	108,924.81	5,979,224.81	5,713,907.69	265,317.12
Undistributed Expenditures:					
Attendance services:					
Salaries	26,060.00	0.16	26,060.16	26,060.16	0.25
Purchased Professional Services	7,547.00		7,547.00	7,546.75	161.00
Other Purchased Services	500.00	(339.00)	161.00		500.00
Supplies and Materials	500.00		500.00		
Total attendance services	34,607.00	(338.84)	34,268.16	33,606.91	661.25
Health services:					
Salaries	\$170,090.00	1,340.65	171,430.65	171,430.62	0.03
Purchased professional and technical services	27,975.37		27,975.37	7,943.52	20,031.85
Other purchased services	1,225.00	(100.00)	1,125.00		1,125.00
Supplies and materials	12,400.00		12,400.00	10,822.25	1,577.75
Other objects	975.00		975.00	325.00	650.00
Total health services	212,665.37	1,240.65	213,906.02	190,521.39	23,384.63
Undistrib. expenditures - speech, ot, pt and related services:					
Purchased professional - educational services	\$11,250.00	\$3,000.00	\$14,250.00	\$3,630.00	\$10,620.00

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEARS ENDED JUNE 30, 2018

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Other support services - students - regular:					
Salaries of other professional staff	\$349,786.00	(\$9,434.47)	\$341,351.53	\$341,351.53	\$1,241.66
Salaries of secretarial and clerical assistants	108,380.00	4,000.00	112,380.00	111,138.34	0.12
Other Salaries	306,356.00	672.79	307,028.79	307,028.67	848.13
Purchased professional - educational services	39,711.00	(12,494.82)	27,216.18	26,368.05	1,116.00
Salaries of secretarial and clerical assistants	12,500.00	6,314.70	18,814.70	17,698.70	408.31
Supplies and materials	5,000.00	4,687.66	9,687.66	9,279.35	5.00
Other objects	125.00	50.00	175.00	170.00	
Total other support services - students - regular	821,858.00	(5,204.14)	816,653.86	813,034.64	3,619.22
Other support services - students - special services:					
Salaries of other professional staff	141,451.00	5,405.83	146,856.83	146,744.83	112.00
Salaries of secretarial and clerical assistants	86,550.00	(6,982.85)	79,567.15	78,650.55	916.60
Purchased professional - educational services	2,000.00	(2,000.00)			
Other purchased prof. and tech. services	7,400.00	(1,000.00)	6,400.00	6,121.32	278.68
Other purchased services (400-500 series)	2,500.00	(2,500.00)			
Supplies and materials	2,700.00	5,980.29	8,680.29	8,680.29	
Other objects	1,500.00		1,500.00	790.00	710.00
Total other support services - students - special services	244,101.00	(1,056.73)	243,004.27	240,986.99	2,017.28
Improvement of instruction services:					
Salaries of supervisors		202,626.84	202,626.84	202,626.72	0.12
Salaries of other professional staff	112,419.00	1,094.53	113,513.53	113,513.48	0.05
Salaries of secr. and clerical assistants	56,275.00	730.49	57,005.49	57,005.45	0.04
Other purchased services	3,000.00		3,000.00	1,924.44	1,075.56
Supplies and materials	1,500.00		1,500.00	279.30	1,220.70
Other objects	1,000.00		1,000.00	130.00	870.00
Total improvement of instructional services	174,194.00	204,451.86	378,645.86	375,479.39	3,166.47
Educational media/library:					
Salaries	32,148.00	72.00	32,220.00	32,219.90	0.10
Purchased professional technical services	3,500.00	(2,500.00)	1,000.00	885.00	115.00
Other purchased services	4,550.00	810.00	5,360.00	5,052.27	307.73
Supplies and materials	15,000.00	(7,000.00)	8,000.00	7,614.27	385.73
Other objects	50.00	275.00	325.00	325.00	
Total educational media/library	\$55,248.00	(\$8,343.00)	\$46,905.00	\$46,096.44	\$808.56

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEARS ENDED JUNE 30, 2018

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Instructional staff training services:					
Salaries of other professional staff	\$46,170.00		\$46,170.00	\$45,838.20	\$331.80
Other purchased prof. and tech. services	7,900.00	\$2,273.00	10,173.00	10,145.00	28.00
Other purchased services	15,370.00	320.70	15,690.70	14,222.20	1,468.50
Supplies and materials	1,000.00	(1,000.00)			
Total instructional staff training services	70,440.00	1,593.70	72,033.70	70,205.40	1,828.30
Support services general administration:					
Salaries	324,754.00	(0.15)	324,753.85	323,111.83	\$1,642.02
Legal services	105,000.00	100.00	105,100.00	50,405.89	54,694.11
Audit fees	36,000.00		36,000.00	36,000.00	
Architectural/Engineering services	18,080.00	12,959.59	31,039.59	11,903.78	19,135.81
Other professional services	18,380.00	(9,000.00)	9,380.00	7,801.44	1,578.56
Purchased Technical Services	8,700.00	(8,000.00)	700.00		700.00
Communications/telephone	93,638.26	(2,350.00)	91,288.26	66,983.79	24,304.47
BOE - Other purchase services	3,000.00	325.00	3,325.00	3,299.25	25.75
Other purch. services (400-500 series)	134,900.00	375.00	135,275.00	134,101.90	1,173.10
General supplies	10,000.00	(3,325.00)	6,675.00	6,285.44	389.56
In house training/meeting supplies	1,000.00	(1,000.00)			
Miscellaneous expenditures	28,000.00	(10,685.30)	17,314.70	16,416.28	898.42
Membership dues	7,000.00		7,000.00	6,749.75	250.25
Total support services general administration	788,452.25	(20,600.85)	767,851.40	663,059.35	104,792.05
Support services - school administration:					
Salaries of principals/asst. principals	649,291.00	(511,157.65)	138,133.35	138,133.20	0.15
Salaries of supervisors		309,417.96	309,417.96	309,417.96	
Salaries of secretarial and clerical assistants	184,480.00	618.15	185,098.15	185,097.99	0.16
Other salaries	5,000.00	(5,000.00)			
Other purchased services	29,800.00	(1,880.18)	27,919.82	26,192.98	1,726.84
Supplies and materials	20,613.52	14,797.25	35,410.77	35,038.56	372.21
Other objects	6,000.00		6,000.00	5,840.00	160.00
Total support services - school administration	895,184.52	(193,204.47)	701,980.05	699,720.69	2,259.36
Support services - central services:					
Salaries	346,374.00	1,540.92	347,914.92	347,914.92	
Purchased professional services	11,003.00	(3,500.00)	7,503.00	6,975.97	527.03
Purchased technical services	29,000.00	(4,000.00)	25,000.00	24,290.00	710.00
Other purchased services	3,000.00		3,000.00	2,326.03	673.97
Supplies and materials	10,000.00	(2,853.20)	7,146.80	6,505.90	640.90
Miscellaneous expenditures	5,000.00	16,116.00	21,116.00	18,665.63	2,450.37
Total support services - central services	\$404,377.00	\$7,303.72	\$411,680.72	\$406,678.45	\$5,002.27

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEARS ENDED JUNE 30, 2018

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Administration information technology:					
Salaries	\$399,964.00	\$1,173.00	\$401,137.00	\$401,137.00	
Other purchased services	33,161.00	277.90	33,438.90	33,038.65	\$400.25
Supplies and materials	46,500.00	38,053.70	84,553.70	83,473.52	1,080.18
Total administration information technology	479,625.00	39,504.60	519,129.60	517,649.17	1,480.43
Required maintenance for school facilities:					
Salaries	645,489.00	(65,021.78)	590,467.22	578,371.79	12,095.43
Unused Vac Payment		5,021.94	5,021.94	5,021.94	
Cleaning, repair and maint. services	482,815.00	54,446.97	537,261.97	378,520.92	158,741.05
General supplies	88,500.00	(10,018.56)	78,481.44	43,691.58	34,789.86
Other objects	15,000.00		15,000.00	12,109.07	2,890.93
Total required maintenance for school facilities	1,231,804.00	(5,571.43)	1,226,232.57	1,017,715.30	208,517.27
Custodial Services:					
Salaries of non-instructional aides	7,000.00		7,000.00	610.16	6,389.84
Cleaning, repair and maint. services	416,780.00		416,780.00	405,868.30	10,921.70
Other purchased property services	60,000.00	2,684.77	62,684.77	62,645.49	39.28
Insurance	128,608.00	(27,183.00)	101,425.00	101,425.00	
Energy (Natural Gas)	85,000.00	40,609.42	125,609.42	125,609.42	
Energy (Electricity)	430,000.00	(205,067.46)	224,932.54	224,232.94	699.60
Total custodial services	1,127,388.00	(185,956.27)	938,431.73	920,381.31	18,050.42
Care and Upkeep of Grounds:					
Cleaning, repair and maint. services	22,150.00	(1,000.00)	21,150.00	16,788.32	4,361.68
General supplies	4,000.00	1,000.00	5,000.00	5,000.00	
Total care and upkeep of grounds	26,150.00		26,150.00	16,788.32	9,361.68
Security:					
Salaries	78,660.00	4,342.20	83,002.20	80,340.72	2,661.48
Total security	78,660.00	4,342.20	83,002.20	80,340.72	2,661.48
Total Operations and Maintenance of Plant	2,484,002.00	(190,185.50)	2,273,816.50	2,035,225.65	238,590.85
Student transportation services:					
Salaries for pupil transportation (other than between home and school)	47,280.00	2,814.42	50,094.42	50,094.42	
Cleaning, repair and maint. services	2,500.00		2,500.00		2,500.00
Contracted services (other than bet. home & school)- vendors	30,600.00		30,600.00	20,465.62	10,134.38
Contracted services (regular students)-vendors	21,000.00	3,000.00	24,000.00	19,372.38	4,627.62
Miscellaneous purchased services - transportation	5,000.00	(2,000.00)	3,000.00	10.48	2,989.52
General Supplies	2,000.00		2,000.00		2,000.00
Other Objects	1,000.00		1,000.00	30.00	970.00
Total student transportation services	\$1,093,380.00	\$3,814.42	\$1,113,194.42	\$89,972.90	\$23,221.52

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FISCAL YEARS ENDED JUNE 30, 2018

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Unallocated benefits-employee benefits					
Group insurance	\$12,000.00	\$1,566.48	\$13,566.48	\$13,453.42	\$113.06
Social security	282,200.00	(12,105.06)	270,094.94	269,415.16	679.78
Other retirement contributions-pers	313,930.00	(7,030.68)	306,899.32	304,839.07	2,060.25
Unemployment compensation	40,175.00	(7,994.71)	32,180.29	32,180.29	
Worker's compensation	188,909.00		188,909.00	188,909.00	
Health benefits	1,623,356.00	(3,327.82)	1,620,028.18	1,568,331.42	51,696.76
Tuition reimbursement	105,996.00	17,450.04	123,446.04	123,446.04	
Other employee benefits	78,900.00	(4,144.03)	74,755.97	64,744.21	10,011.76
Unused sick pay to terminated/retired staff	5,000.00		5,000.00	3,185.00	1,815.00
Total unallocated benefits-employee benefits	2,650,466.00	(15,585.78)	2,634,880.22	2,568,503.61	66,376.61
On-behalf TPAF pension contributions (non-budgeted)				766,346.00	(766,346.00)
On-behalf TPAF post retirement medical (non-budgeted)				506,978.00	(506,978.00)
On-behalf TPAF non contributory insurance (non-budgeted)				18,597.00	(18,597.00)
On-behalf TPAF long term disability insurance (non-budgeted)				900.00	(900.00)
Reimbursed TPAF social security contributions (non-budgeted)				430,683.95	(430,683.95)
				1,723,504.95	(1,723,504.95)
Total undistributed expenses	9,415,850.15	(173,650.37)	9,242,199.78	10,477,875.93	(1,235,676.15)
TOTAL EXPENDITURES - CURRENT EXPENSE	15,286,150.15	(64,725.56)	15,221,424.59	16,191,783.62	(970,359.03)
CAPITAL OUTLAY:					
Equipment:					
Undistributed expenditures- instruction		17,399.72	17,399.72	17,399.72	
Undistributed expenditures- administrative technology	49,500.00	(33,243.72)	16,256.28	16,256.28	
Undistributed expenditures- required maintenance		96,445.56	96,445.56	13,768.56	82,677.00
Vocational programs - regular	10,000.00	240.00	10,240.00	238.89	10,001.11
Total equipment	59,500.00	80,841.56	140,341.56	47,663.45	92,678.11
Facilities acquisition and construction services:					
Architectural / engineering services	50,000.00		50,000.00		50,000.00
Construction services	450,000.00		450,000.00	75,413.90	374,586.10
Assessment for debt service on SDA funding				20,388.00	
Total facilities acquisition and construction services	520,388.00		520,388.00	95,801.90	424,586.10
TOTAL CAPITAL OUTLAY	\$579,888.00	\$80,841.56	\$660,729.56	\$143,465.35	\$517,264.21

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEARS ENDED JUNE 30, 2018

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
TOTAL EXPENDITURES	\$15,866,038.15	\$16,116.00	\$15,882,154.15	\$16,335,248.97	(\$453,094.82)
Excess (deficiency) of revenues over (under) expenditures	(1,110,256.15)		(1,110,256.15)	503,263.91	1,613,520.06
Fund balances, July 1	3,327,450.81		3,327,450.81	3,327,450.81	
Fund balances, June 30	\$2,217,194.66		\$2,217,194.66	\$3,830,714.72	\$1,613,520.06
Recapitulation				\$940,000.00	
Restricted - excess surplus designated for subsequent year expenditures				660,000.00	
Restricted - excess surplus - current year				321,950.47	
Assigned - year end encumbrances				499,543.43	
Restricted - maintenance reserve				632,516.18	
Restricted - capital reserve				876,704.64	
Unassigned fund balance				\$3,830,714.72	
Reconciliation to governmental fund statements (GAAP):				(142,420.00)	
Last state aid payment not recognized on GAAP basis				\$3,688,294.72	
Fund balance per governmental funds GAAP					

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
BUDGETARY COMPARISON SCHEDULE
 SPECIAL REVENUE FUND
 FOR FISCAL YEARS ENDED JUNE 30, 2018

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
REVENUES:					
State sources	\$647,851.00	\$108,673.85	\$756,524.85	\$563,201.92	(\$193,322.93)
Federal sources	469,586.00	63,883.00	533,469.00	533,196.24	(272.76)
Other sources	100,776.00	2,029.03	102,805.03	102,805.03	
Total revenues	\$1,218,213.00	\$174,585.88	\$1,392,798.88	\$1,199,203.19	(\$193,595.69)
EXPENDITURES:					
Instruction:					
Salaries of teachers	\$128,000.00	\$46,146.00	\$174,146.00	\$128,713.00	\$45,433.00
Other salaries for instruction	17,000.00		17,000.00	17,000.00	
Purchased professional & technical services	70,000.00	(7,682.00)	62,318.00	62,318.00	
Other purchased services	25,000.00	91.48	25,091.48	25,085.54	\$5.94
General supplies	74,500.00	8,592.74	83,092.74	73,297.27	9,795.47
Other objects	30,000.00	(429.19)	29,570.81	29,570.81	
Total instruction	344,500.00	46,719.03	391,219.03	335,984.62	55,234.41
Support services:					
Salaries - program directors	2,250.00	368.00	2,618.00	2,618.00	
Salaries - other professional staff	241,899.00	(26,934.11)	214,964.89	214,963.90	0.99
Other salaries	138,226.00	10,970.98	149,196.98	146,702.98	2,494.00
Personal services - employee benefits	118,201.00	32,852.31	151,053.31	115,532.31	35,521.00
Other purchased professional services	182,000.00	59,610.00	241,610.00	181,583.16	60,026.84
Other purchased services	25,486.00	12,138.00	37,624.00	37,624.00	
Travel	20,651.00	(8,484.42)	12,166.58	11,325.55	841.03
Supplies and materials		7,985.59	7,985.59	7,159.70	825.89
Total support services	728,713.00	88,506.35	817,219.35	717,509.60	99,709.75
Equipment:					
Instructional equipment	145,000.00	39,360.50	184,360.50	145,708.97	38,651.53
Total expenditures	\$1,218,213.00	\$174,585.88	\$1,392,798.88	\$1,199,203.19	\$193,595.69

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
BUDGETARY COMPARISON SCHEDULE
BUDGET TO GAAP RECONCILIATION
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	GENERAL FUND	SPECIAL REVENUE FUND
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenues and sources"	\$16,838,512.88	\$1,199,203.19
Difference - budget to GAAP Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and related revenue is recognized.		(3,330.83)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	140,812.00	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(142,420.00)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	\$16,836,904.88	\$1,195,872.36
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures"	\$16,335,248.97	\$1,199,203.19
Difference - budget to GAAP Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial purposes		(3,330.83)
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes. Net transfers (outflows) to general fund.		
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	\$16,335,248.97	\$1,195,872.36

REQUIRED SUPPLEMENTARY INFORMATION - PART III

SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSION (GASB 68)

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN YEARS

Measurement Date Ending June 30.	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Covered-Employee Payroll	District's Proportion of the Net Pension Liability (Asset) as a percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a percentage of the total Pension Liability
2013	0.0292071620%	\$5,582,069.00	\$2,065,723.00	270.22%	48.72%
2014	0.0296237594%	5,546,378.00	2,048,633.00	270.74%	52.08%
2015	0.0317171005%	7,119,853.00	2,098,575.00	339.27%	47.92%
2016	0.0315991123%	9,358,751.00	2,188,134.00	427.70%	40.14%
2017	0.0317342571%	7,387,228.00	2,194,687.00	336.60%	48.10%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN YEARS

Fiscal Year Ending June 30,	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2014	244,214	244,214	-0-	2,048,633.00	11.92%
2015	272,682	272,682	-0-	2,098,575.00	12.99%
2016	280,722	280,722	-0-	2,188,134.00	12.83%
2017	282,126	282,126	-0-	2,194,687.00	12.85%
2018	293,984	293,984	-0-	2,233,264.00	13.16%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS PENSION AND ANNUITY FUND
LAST TEN YEARS

Measurement Date Ending June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Covered-Employee Payroll	District's Proportion of the Net Pension Liability (Asset) as a percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a percentage of the total Pension Liability
2013	0.0531557561%	-0-	\$4,913,221.00	-0-	33.76%
2014	0.0534531690%	-0-	5,241,855.00	-0-	33.64%
2015	0.0488805234%	-0-	5,385,824.00	-0-	28.71%
2016	0.0476944678%	-0-	5,476,785.00	-0-	22.33%
2017	0.0532826004%	-0-	5,658,564.00	-0-	25.41%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSION (GASB 68)

NOTE TO RSI III
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms

None

Change in assumptions

The discount rate changed from 3.98% to 5.00% as of
June 30, 2017.

TEACHERS PENSION AND ANNUITY FUND (TPAF)

Change in benefit terms

None

Change in assumptions

The discount rate changed from 3.22% to 4.25% as of
June 30, 2017.

SCHEDULE RELATED TO ACCOUNTING AND REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (GASB 75)

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE TOTAL
OPEB LIABILITY AND RELATED RATIOS
LAST TEN YEARS

	Fiscal Year Ended June <u>30, 2018</u>
Changes for the year:	
Service cost	\$1,145,004
Interest	1,003,178
Changes in assumptions or other inputs	(4,100,326)
Benefit payments	(735,293)
Contributions from Members	27,075
Net changes	(2,660,362)
Beginning Balance	\$34,405,838
Ending Balance	\$31,745,476
Covered Employee Payroll	13,045,792
Total OPEB Liability as a percentage of Covered Employee Payroll	-0-

Change of Benefit Terms:

No Change in Benefits terms between the June 30, 2016 actuarial valuation and the June 30, 2017 actuarial valuation.

Change of Assumptions:

The Discount Rate Changed from 2.85% at the June 30, 2016 measurement date to 3.58% at the 6/30/2017 measurement date.

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND DETAIL STATEMENTS

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

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	TITLE I	TITLE II PART A	TITLE IV	IDEA PART B BASIC	CARL PERKINS SECONDARY	CARL PERKINS SECONDARY RESERVE
REVENUES:						
State sources	\$63,695.00	\$9,006.00	\$6,170.00	\$85,456.00	\$259,909.25	\$16,803.99
Federal sources						
Other sources						
Total revenues	\$63,695.00	\$9,006.00	\$6,170.00	\$85,456.00	\$259,909.25	\$16,803.99
EXPENDITURES:						
Instruction:						
Salaries of teachers	27,558.00					
Salaries of aides	17,000.00					
Purchased professional & technical services	2,000.00				60,318.00	
Other purchased services						
General supplies	4,001.00		3,000.00		39,653.25	445.02
Other objects						
Total instruction	50,559.00		3,000.00		99,971.25	445.02
Support services:						
Salaries - program directors						
Salaries - other professional staff				66,787.00	6,250.00	
Other salaries					478.00	
Personal services - employee benefits	3,136.00			18,669.00	10,000.00	
Purchased professional services	10,000.00				13,272.00	588.00
Other purchased services		9,006.00	3,170.00			
Travel						
Supplies and materials						
Total support services	13,136.00	9,006.00	3,170.00	85,456.00	30,000.00	588.00
Equipment:						
Instructional equipment					129,938.00	15,770.97
Total equipment					129,938.00	15,770.97
Total expenditures	\$63,695.00	\$9,006.00	\$6,170.00	\$85,456.00	\$259,909.25	\$16,803.99

(Continued on next page)

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	SCHOOL BASED LINKAGES	COUNTY VOCATIONAL COMPETITIVE GRANT	CTSO SKILLS CONTINUATION	HUMAN SERVICES	SKILLS- LOWES	TOTAL 2018
REVENUES:						
State sources	\$258,320.01	\$154,691.73	\$150,190.18			\$563,201.92
Federal sources	\$92,156.00			\$102,792.00	\$13.03	533,196.24
Other sources						102,805.03
Total revenues	\$350,476.01	\$154,691.73	\$150,190.18	\$102,792.00	\$13.03	\$1,199,203.19
EXPENDITURES:						
Instruction:						
Salaries of teachers		77,565.00		23,590.00		128,713.00
Salaries of aides						17,000.00
Purchased professional & technical services		25,085.54				62,318.00
Other purchased services		5,541.03		20,656.97		25,085.54
General supplies				29,570.81		73,297.27
Other objects						29,570.81
Total instruction		108,191.57		73,817.78		335,984.62
Support services:						
Salaries - program directors				2,618.00		2,618.00
Salaries - other professional staff	148,176.90					214,963.90
Other salaries		2,494.00	124,200.00	13,758.98		146,702.98
Personal services - employee benefits	66,189.11	14,162.00	9,499.00	3,399.20		115,532.31
Purchased professional services	131,739.00	29,844.16				181,583.16
Other purchased services			3,788.00	7,800.00		37,624.00
Travel			11,325.55			11,325.55
Supplies and materials	4,371.00		1,377.63	1,398.04	13.03	7,159.70
Total support services	350,476.01	46,500.16	150,190.18	28,974.22	13.03	717,509.60
Facilities acquisition & construction services:						
Instructional equipment						145,708.97
Total expenditures	\$350,476.01	\$154,691.73	\$150,190.18	\$102,792.00	\$13.03	\$1,199,203.19

CAPITAL PROJECTS FUND DETAIL STATEMENTS

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

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
CAPITAL PROJECTS FUND
SUMMARY STATEMENT OF PROJECT EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

<u>ISSUE / PROJECT TITLE</u>	<u>ORIGINAL DATE</u>	<u>NET APPROPRIATION</u>	<u>PRIOR YEARS</u>	<u>EXPENDITURES TO DATE CURRENT YEAR</u>	<u>UNEXPENDED BALANCE JUNE 30, 2018</u>
HVAC Upgrades	various	\$1,723,034.51	\$1,723,034.51	(\$4,727.07)	\$4,727.07
Various Projects - fy 2015	various	700,000.00	700,000.00		
ESIP Project - fy 2016	various	2,116,920.00	2,116,920.00	(3,166.00)	3,166.00
Various Projects - fy 2016	various	750,000.00	518,924.69	231,075.31	
Various Projects - fy 2017	various	2,800,000.00		2,530,929.02	269,070.98
		<u>\$8,089,954.51</u>	<u>\$5,058,879.20</u>	<u>\$2,754,111.26</u>	<u>\$276,964.05</u>

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE-BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

REVENUES AND OTHER FINANCING SOURCES:	
County of Somerset	<u>\$2,800,000.00</u>
Total revenues and other financing sources	<u>2,800,000.00</u>
EXPENDITURES AND OTHER FINANCING USES:	
Purchased professional and technical services	162,172.89
Construction services	<u>2,591,938.37</u>
Total expenditures and other financing uses	<u>2,754,111.26</u>
Excess (deficiency) of revenues over (under) expenditures	45,888.74
Fund balance - July 1	<u>231,075.31</u>
Fund balance - June 30	<u><u>\$276,964.05</u></u>
 <u>Reconciliation to GAAP Basis:</u>	
Fund Balance June 30 - Budgetary Basis (Exhibit F-2)	\$276,964.05
Add: Encumbrances - current year	<u>2,448,244.39</u>
Fund Balance June 30 - GAAP Basis (Exhibit B-2)	<u><u>\$2,725,208.44</u></u>

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS
BUDGETARY BASIS - ESIP PROJECT - FY 2017
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
REVENUES AND OTHER FINANCING SOURCES:				
County of Somerset	_____	\$2,800,000.00	\$2,800,000.00	\$2,800,000.00
Total revenues and other financing sources	_____	2,800,000.00	2,800,000.00	2,800,000.00
EXPENDITURES AND OTHER FINANCING USES:				
Purchased professional and technical services	_____	162,172.89	162,172.89	200,000.00
Construction services	_____	2,368,756.13	2,368,756.13	2,600,000.00
Total expenditures and other financing uses	_____	2,530,929.02	2,530,929.02	2,800,000.00
Excess (deficiency) of revenues over (under) expenditures	_____	\$269,070.98	\$269,070.98	
	<u>\$-0-</u>	<u>\$269,070.98</u>	<u>\$269,070.98</u>	
ADDITIONAL PROJECT INFORMATION:				
Project number		Various		
Grant date		Various		
Bond authorization date		N/A		
Bonds authorized		N/A		
Bonds issued		N/A		
Original authorized cost	\$2,800,000.00			
Additional authorized cost				
Revised authorized cost	\$2,800,000.00			
Percentage increase over original authorized cost		N/A		
Percentage completion		5.00%		
Original target completion date		Various		
Revised target completion date		Various		

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS
BUDGETARY BASIS - ESIP PROJECT - FY 2016
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
REVENUES AND OTHER FINANCING SOURCES:				
County of Somerset	<u>\$2,116,920.00</u>	<u>(\$133,578.20)</u>	<u>\$1,983,341.80</u>	<u>\$2,116,920.00</u>
Total revenues and other financing sources	<u>2,116,920.00</u>	<u>(133,578.20)</u>	<u>1,983,341.80</u>	<u>2,116,920.00</u>
EXPENDITURES AND OTHER FINANCING USES:				
Construction services	<u>2,116,920.00</u>	<u>(\$136,744.20)</u>	<u>1,980,175.80</u>	<u>2,116,920.00</u>
Total expenditures and other financing uses	<u>2,116,920.00</u>	<u>(136,744.20)</u>	<u>1,980,175.80</u>	<u>2,116,920.00</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$-0-</u>	<u>\$3,166.00</u>	<u>\$3,166.00</u>	
ADDITIONAL PROJECT INFORMATION:				
Project number		Various		
Grant date		Various		
Bond authorization date		N/A		
Bonds authorized		N/A		
Bonds issued		N/A		
Original authorized cost	\$2,063,519.00			
Additional authorized cost	(80,177.20)			
Revised authorized cost	\$1,983,341.80			
Percentage increase over original authorized cost		N/A		
Percentage completion		95.00%		
Original target completion date		Various		
Revised target completion date		Various		

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS
BUDGETARY BASIS - VARIOUS IMPROVEMENTS - FY 2016
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
REVENUES AND OTHER FINANCING SOURCES:				
County of Somerset	\$750,000.00		\$750,000.00	\$750,000.00
Total revenues and other financing sources	750,000.00		750,000.00	750,000.00
EXPENDITURES AND OTHER FINANCING USES:				
Purchased professional and technical services	55,894.47		55,894.47	55,985.04
Construction services	463,030.22	\$231,075.31	694,105.53	694,014.96
Total expenditures and other financing uses	518,924.69	231,075.31	750,000.00	750,000.00
Excess (deficiency) of revenues over (under) expenditures	\$231,075.31	(\$231,075.31)	\$-0-	
ADDITIONAL PROJECT INFORMATION:				
Project number	Various			
Grant date	Various			
Bond authorization date	N/A			
Bonds authorized	N/A			
Bonds issued	N/A			
Original authorized cost	\$750,000.00			
Additional authorized cost				
Revised authorized cost	\$750,000.00			
Percentage increase over original authorized cost	N/A			
Percentage completion	95.00%			
Original target completion date	Various			
Revised target completion date	9/30/18			

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS
BUDGETARY BASIS - VARIOUS IMPROVEMENTS - FY 2015
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
REVENUES AND OTHER FINANCING SOURCES:				
State sources - SDA grant				
County of Somerset	\$700,000.00		\$700,000.00	\$700,000.00
Total revenues and other financing sources	700,000.00		700,000.00	700,000.00
EXPENDITURES AND OTHER FINANCING USES:				
Purchased professional and technical services	51,885.22		51,885.22	51,885.22
Construction services	648,114.78		648,114.78	648,114.78
Total expenditures and other financing uses	700,000.00		700,000.00	700,000.00
Excess (deficiency) of revenues over (under) expenditures	\$-0-	\$-0-	\$-0-	
ADDITIONAL PROJECT INFORMATION:				
Project number		Various		
Grant date		Various		
Bond authorization date		N/A		
Bonds authorized		N/A		
Bonds issued		N/A		
Original authorized cost	\$700,000.00			
Additional authorized cost				
Revised authorized cost	\$700,000.00			
Percentage increase over original authorized cost		N/A		
Percentage completion		95.00%		
Original target completion date		Various		
Revised target completion date		9/30/18		

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS
 BUDGETARY BASIS - HVAC UPGRADES
 FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
REVENUES AND OTHER FINANCING SOURCES:				
State sources - SDA grant	\$689,213.80		\$689,213.80	\$689,213.80
County of Somerset	1,033,820.71		1,033,820.71	1,033,820.71
Total revenues and other financing sources	<u>1,723,034.51</u>		<u>1,723,034.51</u>	<u>1,723,034.51</u>
EXPENDITURES AND OTHER FINANCING USES:				
Purchased professional and technical services	129,467.51		129,467.51	129,467.51
Construction services	1,593,567.00	(4,727.07)	1,588,839.93	1,593,567.00
Total expenditures and other financing uses	<u>1,723,034.51</u>	<u>(4,727.07)</u>	<u>1,718,307.44</u>	<u>1,723,034.51</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$-0-</u>	<u>\$4,727.07</u>	<u>\$4,727.07</u>	
ADDITIONAL PROJECT INFORMATION:				
Project number	4810-070-14-3001			
Grant date	7/16/14			
Bond authorization date	N/A			
Bonds authorized	N/A			
Bonds issued	N/A			
Original authorized cost	\$1,810,000.00			
Additional authorized cost	(86,965.49)			
Revised authorized cost	\$1,723,034.51			
Percentage increase over original authorized cost	N/A			
Percentage completion	100.00%			
Original target completion date	9/1/15			
Revised target completion date	9/1/18			

FIDUCIARY FUND DETAIL STATEMENTS

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

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

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
 FIDUCIARY FUND
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	TRUST PRIVATE PURPOSE SCHOLARSHIP FUNDS	TOTAL TRUST FUND	AGENCY		TOTAL AGENCY FUND
			STUDENT ACTIVITIES	PAYROLL	
ASSETS:					
Cash and cash equivalents	\$26,387.39	\$26,387.39	\$185,157.30	\$148,606.96	\$333,764.26
Total assets	26,387.39	26,387.39	185,157.30	148,606.96	333,764.26
LIABILITIES:					
Liabilities:					
Payroll deductions & withholdings				148,606.96	148,606.96
Due to student groups			185,157.30		185,157.30
Total liabilities			185,157.30	148,606.96	333,764.26
NET POSITION:					
Reserve for Scholarships	26,387.39	26,387.39			
Total net position	\$26,387.39	\$26,387.39	\$-0-	\$-0-	\$-0-

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
FIDUCIARY FUND
STUDENT ACTIVITY FUND SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>BALANCE</u> <u>JULY 1, 2017</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2018</u>
ASSETS:				
Cash and cash equivalents	<u>\$168,246.75</u>	<u>\$349,380.36</u>	<u>\$332,469.81</u>	<u>\$185,157.30</u>
Total assets	<u>\$168,246.75</u>	<u>\$349,380.36</u>	<u>\$332,469.81</u>	<u>\$185,157.30</u>
LIABILITIES:				
Due student groups:				
High School	<u>\$168,246.75</u>	<u>\$349,380.36</u>	<u>\$332,469.81</u>	<u>\$185,157.30</u>
Total liabilities	<u>\$168,246.75</u>	<u>\$349,380.36</u>	<u>\$332,469.81</u>	<u>\$185,157.30</u>

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
FIDUCIARY FUND
PAYROLL AGENCY FUND SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>BALANCE</u> <u>JULY 1, 2017</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2018</u>
ASSETS:				
Cash and cash equivalents	<u>\$155,014.25</u>	<u>\$5,003,544.99</u>	<u>\$5,009,952.28</u>	<u>\$148,606.96</u>
Total assets	<u>155,014.25</u>	<u>5,003,544.99</u>	<u>5,009,952.28</u>	<u>148,606.96</u>
LIABILITIES:				
Deductions payable	<u>155,014.25</u>	<u>5,003,544.99</u>	<u>5,009,952.28</u>	<u>148,606.96</u>
Total liabilities	<u>\$155,014.25</u>	<u>\$5,003,544.99</u>	<u>\$5,009,952.28</u>	<u>\$148,606.96</u>

STATISTICAL SECTION
(UNAUDITED)

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
STATISTICAL SECTION

Contents

Page

Financial Trends:

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

J-1 to J-4

Revenue Capacity:

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

J-5 to J-9

Debt Capacity:

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

J-10 to J-13

Demographic and Economic Information:

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

J-14 to J-15

Operating Information:

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

J-16 to J-20

Sources

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year.

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
NET POSITION BY COMPONENT

UNAUDITED

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental activities										
Net investment in capital assets	\$27,528,102.86	\$27,884,346.97	\$26,007,387.67	\$24,242,815.54	\$22,990,034.07	\$22,104,588.61	\$21,637,262.31	\$19,488,368.66	\$19,483,918.19	\$19,076,442.93
Restricted	5,679,218.52	3,075,075.46	4,464,515.12	3,413,249.25	2,238,424.32	383,831.12	325,808.80	1,865,938.37	1,116,579.20	2,545,425.60
Unrestricted (Deficit)	(6,849,278.03)	(6,458,652.84)	(5,792,452.36)	(5,447,072.68)	93,364.20	557,344.93	87,813.32	(506,214.47)	(1,075,990.83)	(771,110.75)
Total governmental activities net position	\$26,358,043.35	\$24,500,859.59	\$24,679,450.43	\$22,208,992.11	\$25,321,822.59	\$23,045,764.66	\$22,050,884.43	\$20,848,092.56	\$19,524,506.56	\$20,850,757.78
Business-type activities										
Net investment in capital assets	\$27,369.01	\$29,909.41	\$44,747.41	\$48,811.47	\$21,305.52	\$3,181.69	\$3,759.86	\$38,210.39	\$4,916.26	\$5,709.44
Unrestricted	13,167.25	2,199.89	(12,660.34)	(8,840.52)	23,361.74	23,471.23	65,341.25	131,520.87	156,865.78	140,293.28
Total business-type activities net position	\$40,536.26	\$32,109.30	\$32,187.07	\$39,970.95	\$44,667.26	\$26,652.92	\$69,101.11	\$169,731.26	\$163,802.04	\$146,002.72
District-wide										
Net investment in capital assets	\$27,555,471.87	\$27,914,256.38	\$26,052,135.08	\$24,291,627.01	\$23,011,339.59	\$22,107,770.30	\$21,641,022.17	\$19,526,579.05	\$19,488,834.45	\$19,082,152.37
Restricted	5,679,218.52	3,075,075.46	4,464,515.12	3,413,249.25	2,238,424.32	383,831.12	325,808.80	1,865,938.37	1,116,579.20	2,545,425.60
Unrestricted (Deficit)	(6,836,110.78)	(6,456,362.95)	(5,805,012.70)	(5,455,913.20)	116,725.94	580,816.16	153,154.57	(374,693.60)	(917,105.09)	(630,817.47)
Total district net position	\$26,398,579.61	\$24,532,968.89	\$24,711,637.50	\$22,248,963.06	\$25,366,489.85	\$23,072,417.58	\$22,119,985.54	\$21,017,823.82	\$19,688,308.60	\$20,995,760.50

Source: CAFR Schedule A-1

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
CHANGES IN NET POSITION
UNAUDITED

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
EXPENSES										
Governmental activities										
Instruction:										
Regular	\$3,954,704.01	\$3,643,086.88	\$3,130,566.07	\$3,051,451.04	\$2,287,814.88	\$2,274,781.21	\$1,949,260.96	\$1,948,446.51	\$2,553,196.86	\$2,171,175.48
Special		25,100.63	13,866.21	348,683.53	12,230.00	132,876.59	20,467.23	137,006.05	422,645.19	284,431.50
Vocational	6,860,239.40	6,675,509.33	6,055,084.99	5,427,824.98	4,901,297.93	4,623,027.09	4,536,779.14	4,348,251.57	4,674,436.22	4,674,436.22
Other	385,604.77	300,427.30	255,043.38	302,548.00	328,061.41	387,193.54	385,516.31	317,435.55	208,013.70	220,879.24
Support Services:										
Student & instruction related services	4,333,159.76	3,364,242.37	3,162,024.50	3,257,909.18	2,583,939.30	2,427,610.22	2,650,410.00	2,711,023.16	2,437,405.16	2,405,659.71
General administrative services	885,771.15	888,517.01	712,933.94	664,741.54	733,420.30	686,678.79	729,818.72	711,481.75	893,189.30	843,963.36
School administrative services	1,378,801.43	1,655,773.60	1,525,098.13	1,321,662.07	767,995.43	829,071.02	825,251.50	861,699.08	688,598.27	651,553.12
Central services	615,044.06	675,981.10	574,946.92	549,026.26	544,239.26	563,029.85	624,344.73	678,542.61	634,419.14	631,142.55
Administration information technology	762,878.67	908,135.13	714,353.18	485,473.38	458,239.72	468,469.95	344,863.75	290,866.19	157,364.32	131,737.84
Plant operations and maintenance	2,567,533.09	2,867,236.43	2,471,316.68	2,862,780.09	3,632,481.90	2,756,400.20	3,186,190.29	2,945,625.09	2,117,137.08	2,203,715.44
Student transportation services	123,189.14	122,530.83	107,205.16	93,033.90	116,809.81	81,026.45	129,910.75	137,036.93	126,403.88	121,532.58
Special schools			3,960.29	55,272.91	77,165.39	80,953.14	53,745.64	(16,116.91)	4,415,276.70	4,612,795.23
Total governmental activities expenses	21,866,925.48	21,126,550.61	18,726,439.45	18,420,406.88	16,423,743.64	15,311,118.05	15,407,559.02	15,069,297.58	19,064,161.70	18,953,022.27
Business-type activities:										
Electronic Technology Training Center										
Food Service	126,115.55	118,701.90	114,115.17	124,908.12	124,288.81	184,808.42	132,392.43	142,773.88	142,429.68	50,000.00
Total business-type activities expense	126,115.55	118,701.90	114,115.17	124,908.12	124,288.81	184,808.42	132,392.43	142,773.88	142,429.68	145,660.75
Total district expenses	\$21,993,041.03	\$21,245,252.51	\$18,840,554.62	\$18,545,315.00	\$16,548,032.45	\$15,495,926.47	\$15,539,951.45	\$15,212,071.46	\$19,206,591.38	\$19,148,683.02
PROGRAM REVENUES										
Governmental activities:										
Charges for Services	\$1,461,421.25	\$1,404,361.25	\$1,483,307.00	\$1,264,646.66	\$703,100.92	\$790,791.09	\$605,322.31	\$905,974.28	\$2,232,079.20	\$2,059,036.65
Operating grants and contributions	5,810,709.31	4,912,027.07	3,551,717.27	3,460,672.28	2,014,059.09	2,013,605.80	1,842,551.10	1,759,468.42	2,101,073.25	2,009,244.37
Total governmental activities program revenues	7,272,130.56	6,316,388.32	5,035,024.27	4,725,318.94	2,717,160.01	2,804,396.89	2,447,873.41	2,665,442.70	4,333,152.45	4,068,281.02
Business-type activities:										
Charges for services										
Electronic Technology Training Center										
Food Service	86,554.22	65,014.85	54,778.22	62,956.76	68,652.45	63,764.80	70,793.50	86,390.45	1,524.00	10,563.00
Operating grants and contributions	47,988.29	49,280.83	51,532.14	57,234.87	73,609.77	78,539.94	68,783.05	62,018.61	99,061.08	102,487.70
Total business type activities program revenues	134,542.51	114,295.68	106,310.36	120,191.63	142,262.22	142,304.74	139,576.55	148,409.06	59,366.21	55,143.03
Total district program revenues	\$7,406,673.07	\$6,430,684.00	\$5,141,334.63	\$4,845,510.57	\$2,859,422.23	\$2,946,701.63	\$2,587,449.96	\$2,813,851.76	\$4,493,103.74	\$4,236,484.75
NET (EXPENSE)/REVENUE										
Governmental activities	(\$14,594,794.92)	(\$14,810,162.29)	(\$13,691,415.18)	(\$13,695,087.94)	(\$13,706,583.63)	(\$12,506,721.16)	(\$12,959,685.61)	(\$12,403,854.86)	(\$14,731,009.25)	(\$14,884,741.25)
Business-type activities	8,426.96	(4,406.22)	(7,804.81)	(4,716.49)	17,973.41	(42,503.68)	7,184.12	5,635.18	17,521.61	(27,457.02)
Total district-wide net expense	(\$14,586,367.96)	(\$14,814,568.51)	(\$13,699,219.99)	(\$13,699,804.43)	(\$13,688,610.22)	(\$12,549,224.84)	(\$12,952,501.49)	(\$12,398,219.70)	(\$14,713,487.64)	(\$14,912,198.27)

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
CHANGES IN NET POSITION
UNAUDITED

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental activities:										
Property taxes levied for general purposes, net	\$11,922,443 00	\$11,922,443 00	\$11,642,760 00	\$11,291,923 00	\$11,452,904 00	\$11,228,340 00	\$11,501,994 00	\$11,325,234 00	\$11,325,234 00	\$12,314,566 00
Unrestricted grants and contributions	1,443,070 00	1,428,100 00	1,526,051 90	1,422,938 00	1,413,802 00	1,412,191 00	1,358,834 00	1,208,086 00	1,817,412 00	1,720,400 20
Restricted grants and contributions	2,800,000 00	803,401 00	2,763,519 00	3,189,213 80	2,250,000 00	1,155,000 00	1,000,000 00	1,100,000 00	100,000 00	1,065,000 00
Miscellaneous income/ Other	286,465 68	492,627 45	270,295 97	260,251 66	319,781 72	251,594 98	193,645 19	94,120 88	162,112 03	15,319 05
Transfers		(15,000 00)					78,813 49			(50,000 00)
Disposal of capital assets			(40,753 37)			529 25				
Total governmental activities	16,451,978 68	14,631,571 45	16,161,873 50	16,164,326 46	15,436,587 72	14,047,655 23	14,133,286 66	13,727,440 88	13,404,758 03	15,065,285 25
Business-type activities:										
Miscellaneous income		28 45	20 93	20 18	40 93	55 49	190 02	294 04	277 71	225 90
Disposal of capital assets		(10,700 00)					(78,813 49)			50,000 00
Transfers	0 00	15,000 00	20 93	20 18	40 93	55 49	(78,623 47)	294 04	277 71	50,225 00
Total business-type activities		4,328 45	20 93	20 18	40 93	55 49	(78,623 47)	294 04	277 71	50,225 00
Total district-wide	\$16,451,978 68	\$14,635,899 90	\$16,161,894 43	\$16,164,346 64	\$15,436,628 65	\$14,047,710 72	\$14,054,663 21	\$13,727,734 92	\$13,405,035 74	\$15,115,511 15
CHANGE IN NET POSITION										
Governmental activities	\$1,857,183 76	(\$178,590 84)	\$2,470,458 32	\$2,469,238 52	\$1,730,004 09	\$1,540,934 07	\$1,173,601 07	\$1,323,586 00	(\$1,326,251 22)	\$180,544 00
Business-type activities	8,428 96	(77,777)	(7,783 86)	(4,696 31)	18,014 34	(42,448 19)	(71,436 35)	5,929 22	17,799 32	22,768 88
Total district	\$1,865,610 72	(\$178,668 61)	\$2,462,674 44	\$2,464,542 21	\$1,748,018 43	\$1,498,485 88	\$1,102,164 72	\$1,329,515 22	(\$1,308,451 90)	\$203,312 88

Source: CAFR Schedule A-2

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Fund										
Assigned	\$321,950.47	\$111,667.15	\$549,701.57	\$325,950.62	\$925.50	\$598,458.80	\$271,825.71	\$270,716.00		
Restricted	1,999,543.43	2,338,132.43	1,463,179.45	388,639.60	675,540.38	501,490.84				
Unassigned	734,284.64	736,839.23	688,252.90	711,893.43	714,315.59	628,836.32	577,081.83	264,480.75		
Reserved	632,516.18									\$79.40
Unreserved										895,930.20
Total general fund	<u>\$3,688,294.72</u>	<u>\$3,186,638.81</u>	<u>\$2,681,133.92</u>	<u>\$1,426,483.65</u>	<u>\$1,390,781.47</u>	<u>\$1,728,765.96</u>	<u>\$848,907.54</u>	<u>\$535,206.76</u>	<u>\$386,204.47</u>	<u>\$895,009.60</u>
All Other Governmental Funds										
Committed	\$2,448,244.39	\$394,200.57	\$2,356,678.59	\$2,122,179.50	\$1,068,205.50	\$383,831.12	\$111,141.01	\$1,041,746.45		
Restricted	276,964.05	231,075.31	94,955.51	576,479.53	493,752.94		142,567.79	616,975.92	\$12,228.75	
Unreserved, reported in: Capital projects fund										
Total all other governmental funds	<u>\$2,725,208.44</u>	<u>\$625,275.88</u>	<u>\$2,451,634.10</u>	<u>\$2,698,659.03</u>	<u>\$1,561,958.44</u>	<u>\$383,831.12</u>	<u>\$253,708.80</u>	<u>\$1,658,722.37</u>	<u>\$942,872.45</u>	<u>\$1,788,425.60</u>
									<u>\$955,101.20</u>	<u>\$1,788,425.60</u>

Source: CAFR Schedule B-1

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues										
Tax levy	\$11,922,443.00	\$11,922,443.00	\$11,642,760.00	\$11,291,923.00	\$11,452,904.00	\$11,228,340.00	\$11,501,994.00	\$11,325,234.00	\$11,325,234.00	\$12,314,566.00
County of Somerset	2,800,000.00	803,401.00	2,763,519.00	2,500,000.00	2,250,000.00	1,155,000.00	1,000,000.00	1,100,000.00	100,000.00	1,065,000.00
Tuition	1,461,621.25	1,404,361.25	1,483,307.00	1,264,646.66	703,100.92	789,663.18	574,194.40	711,690.20	845,795.47	773,213.00
Miscellaneous	387,957.54	482,627.45	270,295.97	539,328.66	414,381.72	403,697.89	371,273.10	432,004.46	1,760,023.84	1,529,977.75
State sources	3,729,776.87	3,580,969.94	3,144,740.55	3,692,492.08	2,863,934.09	2,861,320.80	2,781,592.10	2,484,691.86	3,243,742.77	3,265,289.31
Federal sources	531,278.58	518,445.13	428,498.63	508,242.00	449,427.00	655,035.00	471,033.00	526,983.00	742,362.00	518,528.00
Total revenue	20,832,777.24	18,722,247.77	19,733,121.15	19,616,632.40	18,153,747.73	17,063,057.87	16,700,076.60	16,580,203.52	16,017,158.08	19,466,194.07
Expenditures										
Instruction										
Regular instruction	2,115,938.84	2,039,529.74	1,800,539.86	1,817,718.01	1,667,177.53	1,540,935.39	1,365,376.72	1,475,615.43	1,859,917.68	1,668,652.20
Special education instruction	3,692,564.92	25,100.63	13,550.15	11,860.79	12,230.00	23,165.00	15,000.00	100,746.00	194,021.00	93,928.00
Vocational	238,708.47	3,718,683.71	3,598,411.24	3,594,369.57	3,565,073.93	3,157,393.31	3,138,834.32	3,041,643.23	3,250,378.41	3,478,706.05
Other instruction		178,394.91	155,353.02	197,314.58	239,145.79	267,729.87	265,641.01	247,370.53	297,915.58	301,515.34
Support Services:										
Student & instruction related services	2,489,420.01	2,201,116.40	2,050,845.45	2,177,171.64	2,050,882.80	1,953,846.90	1,980,824.81	2,074,478.91	2,030,970.62	2,031,144.13
General administrative services	663,039.35	605,230.97	511,094.61	515,679.32	534,304.99	512,282.53	504,916.60	511,307.54	672,725.86	654,706.43
School administrative services	699,720.59	867,820.87	848,144.98	775,039.39	599,983.31	537,962.87	572,984.22	629,955.18	484,466.37	468,699.98
Central services	406,678.45	402,112.04	380,672.63	396,767.43	396,767.43	372,335.02	430,206.36	474,143.09	464,462.68	460,982.72
Administration information Technology	517,649.17	579,060.46	482,972.62	360,869.71	334,041.43	321,170.44	237,629.26	203,247.66	123,351.64	103,451.86
Plant operations and maintenance	2,035,225.65	2,175,344.31	1,952,559.71	2,380,018.46	2,886,988.94	2,333,006.55	2,397,127.30	2,222,529.34	1,832,988.67	1,931,894.71
Student transportation services	89,972.90	80,740.47	79,113.69	71,764.02	92,830.63	62,707.05	97,489.42	102,487.97	110,204.40	105,384.77
Unallocated employee benefits	4,292,008.56	3,969,993.05	3,683,308.69	3,656,501.66	3,432,529.86	3,467,331.90	3,801,801.61	3,796,080.92	2,991,056.38	3,005,527.67
Capital outlay	989,241.76	3,184,953.54	3,166,260.04	2,431,769.37	1,443,847.22	1,449,241.12	2,975,371.05	769,634.27	1,122,404.80	1,423,533.23
Special schools			2,668.92	59,706.54	57,221.04	64,349.18	67,000.00	77,139.99	3,872,796.90	4,162,663.52
Total expenditures	18,231,168.77	20,028,101.10	18,725,455.81	18,444,229.63	17,313,624.90	16,063,057.13	17,870,202.98	15,727,580.06	19,307,665.01	19,890,759.61
Excess (Deficiency) of revenues over (under) expenditures	2,601,588.47	(1,305,853.33)	1,007,625.34	1,172,402.77	840,122.83	1,010,000.74	(1,170,126.28)	852,623.46	(1,290,506.93)	(424,565.54)
Other Financing sources (uses)										
Canceled accounts receivable		(15,000.00)							(52,622.60)	(70,315.00)
Transfers in/ (out)	0.00	(15,000.00)	0.00	0.00	0.00	0.00	78,813.49	0.00	(52,622.60)	(50,000.00)
Total other financing sources (uses)	\$2,601,588.47	(\$1,320,853.33)	\$1,007,625.34	\$1,172,402.77	\$840,122.83	\$1,010,000.74	(\$1,091,312.79)	\$852,623.46	(\$1,343,129.53)	(\$544,910.54)
Net change in fund balances										

Source: CAFR Schedule B.2

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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Performing Arts</u> <u>Tuition</u>	<u>Interest on</u> <u>Investments</u>	<u>SCESC</u>	<u>RVCC</u>	<u>Miscellaneous</u>	<u>Total</u>
2018	\$2,489.90	\$15,330.35	\$56,967.00	\$8,208.00	\$203,470.43	\$286,465.68
2017	995.00	8,569.83	226,666.66	68,750.00	73,139.64	378,121.13
2016	4,125.00	3,972.92		135,000.00	27,711.29	170,809.21
2015	6,385.00	2,263.75		250,000.00	1,602.91	260,251.66
2014	64,300.00	2,526.58		250,000.00	2,955.14	319,781.72
2013	2,258.25	4,085.54		250,000.00	21,169.16	277,512.95
2012	75,964.41	4,883.57		125,000.00	18,925.12	224,773.10
2011	194,284.08	6,082.62			62,860.59	263,227.29
2010	1,386,283.73	17,170.03			197,564.60	1,601,018.36
2009	1,285,823.65	66,211.85			21,226.20	1,373,261.70

Source: District Records

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2018	\$11,922,443.00	\$11,922,443.00	100.00%	\$0.00
2017	11,922,443.00	11,922,443.00	100.00%	\$0.00
2016	11,642,760.00	11,642,760.00	100.00%	\$0.00
2015	11,291,923.00	11,291,923.00	100.00%	0.00
2014	11,452,904.00	11,452,904.00	100.00%	0.00
2013	11,228,340.00	11,228,340.00	100.00%	0.00
2012	11,526,740.00	11,501,994.00	99.79%	24,746.00*
2011	11,325,234.00	11,325,234.00	100.00%	0.00
2010	11,325,234.00	11,325,234.00	100.00%	0.00
2009	12,314,566.00	12,314,566.00	100.00%	0.00

* amount canceled by County

Source: District records.

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

Function/Program	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Instruction:										
Vocational, Regular and Special Education	59	59	59	59	65	58	58	72	72	69
Support Services:										
Student & instruction related services	25	24	26	25	19	18	20	12	18	18
General administrative services	3	3	3	3	3	3	3	3	4	4
School administrative services	9	10	10	10	10	7	6	7	20	21
Central services	4	4	4	4	4	4	6	6	9	7
Administration information technology	6	6	6	6	6	5	4	4	4	1
Plant operations and maintenance	13	13	11	12	12	13	14	15	15	11
Student transportation	1	1	1	1	1	1	1	1	1	1
Total	120	120	120	120	120	109	112	120	143	132

Source: District Personnel Records

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
OPERATING STATISTICS
UNAUDITED

Fiscal Year	Enrollment (d)	Operating Expenditures (a)	Cost Per Pupil	% Change	Teaching Staff (b)	Teacher/Pupil Ratio	Average Daily Enrollment (c)	Average Daily Attendance (c)	% Change in Average Daily Enrollment	Student Attendance Percentage
2018	637	\$16,191,783.62	\$25,418.81	0.36%	61	1/10	475	454	-2.70%	95.61%
2017	665	16,843,147.56	25,328.04	10.69%	59	1/11	488	456	-4.58%	93.33%
2016	680	15,559,235.77	22,881.23	-6.26%	59	1/12	512	470	3.76%	91.84%
2015	656	16,012,460.26	24,409.24	1.05%	59	1/11	493	452	-8.36%	91.68%
2014	657	15,869,777.68	24,154.91	19.92%	65	1/10	538	505	-0.55%	93.87%
2013	725	14,603,816.01	20,143.19	-8.17%	58	1/13	541	508	8.20%	93.90%
2012	679	14,894,831.83	21,936.42	0.60%	58	1/12	500	467	-2.53%	93.40%
2011	686	14,957,945.79	21,804.59	-2.40%	72	1/8	513	481	3.85%	93.76%
2010	814	18,185,260.21	22,340.61	46.02%	72	1/11	494	463	-38.40%	93.72%
2009	1,207	18,467,256.38	15,300.13	-28.72%	60	1/20	802	738	#DIV/0!	92.02%

Sources: District records

Note: Enrollment based on annual October district count.

(a) Operating expenditures equal total expenditures less debt service and capital outlay.

(b) Teaching staff includes only full-time equivalents of certificated staff.

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

(d) Enrollment obtained from district pupil service data.

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
SCHOOL BUILDING INFORMATION
UNAUDITED

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<u>District Buildings</u>										
Somerset County Vocational - Technical High School	215,845	215,845	215,845	215,845	215,845	215,845	215,845	215,845	215,845	215,845
Square Feet	721	721	721	721	721	721	721	721	721	721
Capacity (students - full time)	637	665	680	656	657	725	679	686	814	1,207
Enrollment *										

* full and part-time students

Number of Schools at June 30, 2018
Technical High School = 1

Source: District records

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

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
SCHEDULE OF REQUIRED MAINTENANCE
UNAUDITED

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

School Facilities * Project #(s)	<u>Total</u>	<u>Somerset County Vocational and Technical Schools</u>
2018	\$1,017,715.30	\$1,017,715.30
2017	1,181,459.45	1,181,459.45
2016	843,252.48	843,252.48
2015	1,000,052.06	1,000,052.06
2014	1,477,756.33	1,477,756.33
2013	1,057,023.80	1,057,023.80
2012	967,930.62	967,930.62
2011	887,394.36	887,394.36
2010	936,726.51	936,726.51
2009	940,464.44	940,464.44
	<hr/>	<hr/>
Total School Facilities	<u>\$8,110,600.60</u>	<u>\$8,110,600.60</u>

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

Source: District records

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
INSURANCE SCHEDULE
JUNE 30, 2018
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
Somerset County Joint Insurance Fund:		
Blanket Building and Contents including inland marine,EDP and valuable papers	\$250,000,000	loss limit in any one occurrence
Automobile Physical Damage	10,000,000	loss limit in any one occurrence
Boiler & Machinery/Equipment Breakdown	100,000,000	loss limit in any one occurrence
Expediting	10,000,000	
Ammonia Conamination	5,000,000	
Spoilage	100,000	
Earthquake	100,000	
Fine Arts/Exhibition	2,500,000	
Flood - maximum	15,000,000	25,000
Crime Coverage:		
Employee Theft	1,000,000	25,000
Faithful Performance of Duty	1,000,000	25,000
Surety Bonds: Selective Insurance:		
Raelene Catterson - Business Administrator	100,000	
Michelle Fresco - Treasurer	200,000	

Source: District records

SINGLE AUDIT SECTION



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, 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 Somerset County Vocational and Technical School District, in the County of Somerset, State of New Jersey (the "District") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 4, 2019.

Internal Control Over Financial Reporting

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

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

SUPLEE, CLOONEY & COMPANY

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

Compliance and Other Matters

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

Purpose of This Report

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


CERTIFIED PUBLIC ACCOUNTANTS


PUBLIC SCHOOL ACCOUNTANT NO. 948

February 4, 2019



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
STATE FINANCIAL ASSISTANCE PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
NEW JERSEY OMB CIRCULAR 15-08**

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

Report on Compliance for Each Major State Program

We have audited the Somerset County Vocational and Technical School District's compliance with the types of compliance requirements described in the New Jersey *OMB State Grant Compliance Supplement* that could have a direct and material effect on each of the Somerset County Vocational and Technical School District's major state programs for the year ended June 30, 2018. The District's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Somerset County Vocational and Technical School District's major 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; and New Jersey *OMB 15-08*. Those standards 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 state program occurred. An audit includes examining, on a test basis, evidence about the Somerset County Vocational and Technical School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

SUPLEE, CLOONEY & COMPANY

Opinion on Each Major Federal and State Program

In our opinion, the Somerset County Vocational and Technical School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

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

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

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

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 the State of New Jersey *OMB 15-08*. Accordingly, this report is not suitable for any other purpose.


CERTIFIED PUBLIC ACCOUNTANTS


PUBLIC SCHOOL ACCOUNTANT NO. 948

February 4, 2019

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

FEDERAL GRANTOR/PASS-THROUGH	FEDERAL CFDA NUMBER	FEDERAL FAIN NUMBER	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE AT JUNE 30, 2017	CARRYOVER AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	REPAYMENT OF PRIOR YEARS' BALANCES/ CANCELED	(ACCOUNTS RECEIVABLE)	BALANCE AT JUNE 30, 2018	DUPLICATE GRANTOR
U. S. Department of Education: Passed-Through State Department of Education: Special Revenue Fund: N.C.L.B. Cluster	84.010	S010A170030	NCLB481018	07/01/17	\$63,695.00			\$63,695.00	(\$63,695.00)				
Title I	84.367A	S367A170029	NCLB481018	07/01/17	9,006.00			9,006.00	(9,006.00)				
Title II - Part A	84.424	S424A170031	NCLB481018	07/01/17	6,170.00			6,170.00	(6,170.00)				
Total N.C.L.B. Cluster								78,871.00	(78,871.00)				
I.D.E.A. Part B - Special Education Cluster:	84.027	H027A160100	IDEA481017	07/01/16	111,999.00	(23,161.00)		23,161.00	(\$14,234.00)				
I.D.E.A. Part B - Basic	84.027	H027A170100	IDEA481018	07/01/17	85,456.00	(23,161.00)		71,222.00	(\$5,456.00)				
Total Special Education Cluster								94,383.00	(\$19,710.00)				
Vocational Education:	84.048	V048A160030	PERK481017	07/01/16	268,511.00	(168.00)		168.00	(268,343.00)	\$0.25			
Perkins Secondary Application	84.048	V048A170030	PERK481018	07/01/17	259,909.00			259,909.00	(259,909.25)				
Perkins Secondary Application Reserve	84.048	V048A170030	PERK481018	07/01/17	16,804.00	(168.00)		16,803.99	(16,803.99)				
Total Vocational Education								276,880.99	(276,713.24)	0.25			
New Jersey Department of Children and Families: Special Revenue Fund: School Based Linkages	93.558	N/A	1650-003	07/01/17	92,156.00			92,156.00	(92,156.00)				
Total Special Revenue Fund								542,290.99	(533,196.24)	0.25			
U. S. Department of Agriculture: Passed-Through State Department of Education: Proprietary Fund: Child Nutrition Cluster:	10.555	171NJ304N1099	N/A	07/01/16	30,384.22	(1,883.80)		1,883.80	(28,500.42)				
National School Lunch Program	10.555	181NJ304N1099	N/A	07/01/17	28,454.12			28,454.12	(28,454.12)				
National School Lunch Program - Commodities	10.555	171NJ304N1099	N/A	07/01/16	8,613.88	1,391.92		9,907.88	(1,391.92)				
National School Lunch Program - Commodities	10.555	181NJ304N1099	N/A	07/01/17	9,907.88	(620.45)		620.45	(8,124.75)				
National School Breakfast Program	10.553	171NJ304N1099	N/A	07/01/16	9,033.09			8,141.63	(8,141.63)				
National School Breakfast Program	10.553	181NJ304N1099	N/A	07/01/17	8,976.62	(1,112.33)		47,189.02	(46,947.41)				
Total Child Nutrition Cluster								47,189.02	(46,947.41)				
Total Proprietary Fund								47,189.02	(46,947.41)				
Total Federal Financial Assistance								\$589,480.01	(\$580,143.65)	\$0.25			

See accompanying notes to schedules of expenditures of awards and financial assistance.

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE AT JUNE 30, 2017	CARRYOVER AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENT	BALANCE JUNE 30, 2018 (ACCOUNTS RECEIVABLE)	DUE TO GRANITOR	MEMO		
											BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES	
State Department of Education General Fund: State Aid Cluster: Equalization Aid Special Education Security Categorical Aid Adjustment Aid Additional Adjustment Aid PARCC Readiness Per Pupil Growth Adult and Post Graduate Program Aid Professional Learning Community Aid Total State Aid Cluster	18-495-034-5120-078 18-495-034-5120-089 18-495-034-5120-084 18-495-034-5120-085 18-495-034-5120-086 18-495-034-5120-098 18-495-034-5120-097 18-100-034-5120-510 18-495-034-5120-101	07/01/17 07/01/17 07/01/17 07/01/17 07/01/17 07/01/17 07/01/17 07/01/17 07/01/17	\$580,221.00 293,914.00 64,725.00 366,426.00 108,616.00 5,020.00 5,020.00 16,116.00 4,620.00			\$523,025.00 254,946.00 58,344.00 330,308.00 97,908.00 4,522.00 4,522.00 14,521.00 4,164.00	\$57,196.00 28,968.00 6,381.00 36,118.00 10,710.00 498.00 498.00 1,595.00 456.00	\$57,196.00 28,968.00 6,381.00 36,118.00 10,710.00 498.00 498.00 1,595.00 456.00			\$580,221.00 293,914.00 64,725.00 366,426.00 108,616.00 5,020.00 5,020.00 16,116.00 4,620.00		
On Behalf TPAF Pension Post Retirement Medical On Behalf TPAF Pension Contribution On Behalf TPAF Long Term Disability Insurance On Behalf TPAF Non-Contributory Insurance Reimbursed TPAF Social Security Contributions Reimbursed TPAF Social Security Contributions Total General Fund	18-495-034-5094-001 18-495-034-5094-002 N/A 18-495-034-5094-004 17-495-034-5094-003 18-495-034-5094-003	07/01/17 07/01/17 07/01/17 07/01/17 07/01/16 07/01/17 07/01/17	506,978.00 766,346.00 900.00 18,597.00 423,284.96 430,683.95	(208.29)		3,025,802.67	(3,168,182.95)	142,420.00	(168.57)		142,420.00	142,420.00	506,978.00 766,346.00 900.00 18,597.00 423,284.96 430,683.95
Special Revenue Fund: School Based - Linkages School Based - Linkages CTSO Skills Continuation (VICA) CTSO Skills Continuation (VICA) County Vocational Competitive Grant Total Special Revenue Fund	1630-013 1630-013 17E00083 18E00083 17-E000133	07/01/16 07/01/17 09/01/16 09/01/17 03/01/16	299,201.00 258,321.00 146,500.00 151,857.10 532,373.00	213.52 (76,474.90) (48,997.25)		258,320.01 76,474.90 92,050.10 169,266.00	(258,320.01) (150,190.18) (154,691.73)		\$213.52 (56,140.08) (34,422.98)		\$213.52 (92,563.06)	298,987.48 258,320.01 142,868.90 150,190.18 340,717.98	
Proprietary Fund: Child Nutrition Cluster: National School Lunch Program (State Share) National School Lunch Program (State Share) Total Child Nutrition Cluster Total Proprietary Fund	17-100-010-3350-023 18-100-010-3350-023	07/01/16 07/01/17	901.18 1,040.88	(55.90) (55.90)		55.90 980.32	(1,040.88) (1,040.88)					60.56 60.56	901.80 1,040.88 1,942.68
Total State Financial Assistance			\$3,622,949.90	\$-0-		\$3,622,949.90	(\$3,732,425.75)	\$142,420.00	(\$92,792.19)	\$213.52	\$235,212.19	\$4,784,495.14	
Less: On-Behalf amounts not utilized for determination of Major Programs: On Behalf TPAF Pension Post Retirement Medical On Behalf TPAF Pension Contribution On Behalf TPAF Long Term Disability Insurance On-Behalf TPAF Non-Contributory Insurance Total State Financial Assistance Subject to Single Audit	18-495-034-5094-001 18-495-034-5094-002 N/A 18-495-034-5094-004	07/01/17 07/01/17 07/01/17 07/01/17	506,978.00 766,346.00 900.00 18,597.00			506,978.00 766,346.00 900.00 18,597.00	(506,978.00) (766,346.00) (900.00) (18,597.00)					\$2,331,028.90 (\$2,440,504.75)	

See accompanying notes to schedules of expenditures of awards and financial assistance.

Somerset County Vocational and Technical Schools
Notes to the Schedules of Expenditures of Federal Awards
and State Financial Assistance
Year Ended June 30, 2018

NOTE 1: GENERAL

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

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and federal awards and state financial assistance are presented on the budgetary basis of accounting with the exceptions of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 of the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The District has elected not to use the 10 percent *de minimis* indirect cost rate as allowed under the 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 schedule (RSI) are presented for the general fund and special revenue fund to demonstrate finance-regulated legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

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

Somerset County Vocational and Technical Schools
Notes to the Schedules of Expenditures of Federal Awards
and State Financial Assistance
Year Ended June 30, 2018

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$1,608.00) for the general fund and (\$1,917.66) for the special revenue fund. Federal awards and state financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$3,168,182.95	\$3,168,182.95
Special Revenue Fund	\$533,196.24	563,201.92	1,096,398.16
Food Service Fund	46,947.41	1,040.88	47,988.29
Total Awards and			
Financial Assistance	\$580,143.65	\$3,732,425.75	\$4,312,569.40
GAAP Adjustment	(1,917.66)	(\$1,608.00)	(3,525.66)
Total: GAAP Basis	<u>\$578,225.99</u>	<u>\$3,730,817.75</u>	<u>\$4,309,043.74</u>

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5: OTHER

Revenues and expenditures reported in the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF pension contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2018. TPAF Social Security contributions represent the amount reimbursed by the state for the employer's share of Social Security contributions for TPAF members for the year ended June 30, 2018.

Somerset County Vocational and Technical Schools
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2018

Section I – Summary of Auditor’s Results

Financial Statements

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

Federal Program(s) – Not Applicable

State Program(s)

- | | | |
|-----|--|------------|
| (1) | Internal Control Over Major State Programs: | |
| (a) | Material weakness identified? | No |
| (b) | Significant deficiencies identified that are not considered to be material weaknesses? | No |
| (2) | Type of Auditor’s Report issued on compliance for major state program(s)? | Unmodified |
| (3) | Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 15-08 and listed in Section III of this schedule? | No |

Somerset County Vocational and Technical Schools
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2018

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

State Program(s) Continued

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

<u>Program</u>	<u>Grant Number</u>
Reimbursed TPAF Social Security Contributions	18-495-034-5094-003
County Vocational Competitive Grant	17-E00133

(5) Program Threshold Determination:
Type A State Program Threshold > \$750,000.00
Type B State Program Threshold <= \$750,000.00

(6) Auditee qualified as a low-risk auditee under N.J. OMB Circular 15-08? Yes

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

Internal Control Findings

None Reported

Compliance Findings

None Reported

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

State Programs – None Reported

Somerset County Vocational and Technical Schools

Schedule of Prior Year Audit Findings

Not Applicable

