

**SALEM COUNTY
VOCATIONAL TECHNICAL
SCHOOL DISTRICT**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Salem County Vocational Technical Board of Education

Woodstown, New Jersey

For the Fiscal Year Ended June 30, 2019

COMPREHENSIVE ANNUAL FINANCIAL REPORT

of the

**Salem County Vocational Technical
Board of Education**

Woodstown, New Jersey

For the Fiscal Year Ended June 30, 2019

Prepared by

**Salem County Vocational Technical School
Business Office**

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OF THE SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
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Vocational Technical Schools

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

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

John R. Swain
Superintendent

Jennifer K.A. Bates Ed.D.
Business Administrator

November 26, 2019

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

The comprehensive annual financial report of the Salem County Vocational Technical School District for the fiscal year ended June 30, 2019, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the final position and results of operations of the various funds and the account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

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

- Academy of Agriculture
- Academy of Biological/Medical Science
- Academy of Culinary, Pastry, and Hospitality
- Academy of Energy Applications
- Auto Collision Technology
- Automotive Technology
- Child Care and Early Childhood Education
- Computer Assisted Design and Drafting
- Construction Technology
- Cosmetology
- Electrical Technology
- Global Logistics and Supply Chain Management
- Graphics Technology
- Information Technology: Computer Hardware and Software
- Law Enforcement and Public Safety (LEPS) including EMT and Fire Science
- Welding Technology

B. Salem County Arts, Science and Technology Academies

- Academy of Creative and Performing Arts
 - Vocal Music – Hosted at Pennsville High School
 - Dance – Hosted at Schalick High School
 - Drama – Hosted at Schalick High School
 - Instrumental Music – Hosted at Pennsville High School
 - Visual Arts – Hosted at Schalick High School
 - GMT- Hosted at Pennsville High School
- Academy of Engineering and Technology – Hosted at Penns Grove High School
- Academy of Communications and Information Technology – Hosted at Woodstown High School

C. Special Needs Programs

- Career Orientation

D. Post Secondary Programs/Community Education – Allied Health Professions, Medical Assistant, Certified Nurse Aide, Homemakers Home Health, Phlebotomy Technician, Patient Care Technician.

E. Community Grant Programs

- 21st Community Learning Centers Programs at Penns Grove Carney's Point Schools
- County- WIOA In and Out of School Youth Grants
- State- Adult Literacy WIOA Title II Programs

2. **ECONOMIC CONDITION AND OUTLOOK:** New Jersey and the United States currently in a very tight labor market with lower unemployment rates, more labor force participation, and long-term employment projected to grow by 2026 with NJ adding 352,730 jobs (8%). The southern region is likely to add 25,470 jobs (9%) with the majority of growth in service-providing industries

There is a strong demand now for jobs in health care, leisure and hospitality, IT, and personal services with employers seeking communication skills, collaboration abilities, and problem solving abilities.

- 3. MAJOR INITIATIVES:** The mission of the Salem County Vocational Technical School District is to prepare students for employment, for further education leading to employment, and for lifelong learning.

The Salem County Career and Technical High School District in Woodstown, New Jersey, is designed to provide career and technical education programs that prepare secondary and postsecondary students for employment, for higher education leading to employment, and for lifelong learning. A complete array of academic and related programs is provided to support career and technical education programs. In addition, essential skills such as ethics and other "soft skills" are taught.

The school serves both full and shared-time students in grades nine through twelve. Shared-time students participate in career and technical education programs for a half-day and attend their resident high school for academic and related instructional programs during the other half of the day. Full-time students attend the Career and Technical High School for the entire day and receive full academic, as well as career and technical instruction.

The Salem County Adult Post Secondary Programs, located at Salem Community College with evening courses at CTHS, continues to adapt to the workforce needs and trends in the southern NJ area. This department implements the WIOA In and Out of School Youth programs for the Salem County Board of Social Services as well as the WIAO state Consolidated Adult Literacy Programs for Salem and Cumberland Counties.

Major initiatives include development of a new long range strategic plan with the current plan ending June 30. The development of the 2020-2025 plan seeks to address the academic, technical, and workforce needs within our local area.

For the Woodstown campus, the district is working with the Salem County Freeholders and the NJ Department of Education to complete a renovation project to improve the aging footprint of the building. Additionally, this facilities project seeks to proactively address multiple items within our Long Range Plan.

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

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

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

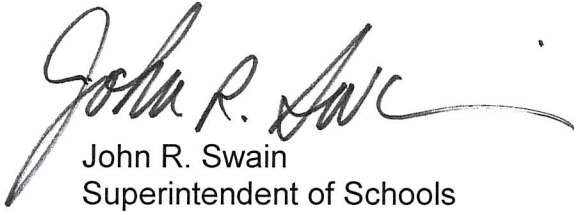
5. **BUDGETARY CONTROLS:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of School Estimates. Annual appropriated budgets are adopted for the general fund and the special revenue fund and the debt service fund. The final budget amount as amended for fiscal year 2019 is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year end are either cancelled or are included as re-appropriation of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2019.

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

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

Respectfully submitted,

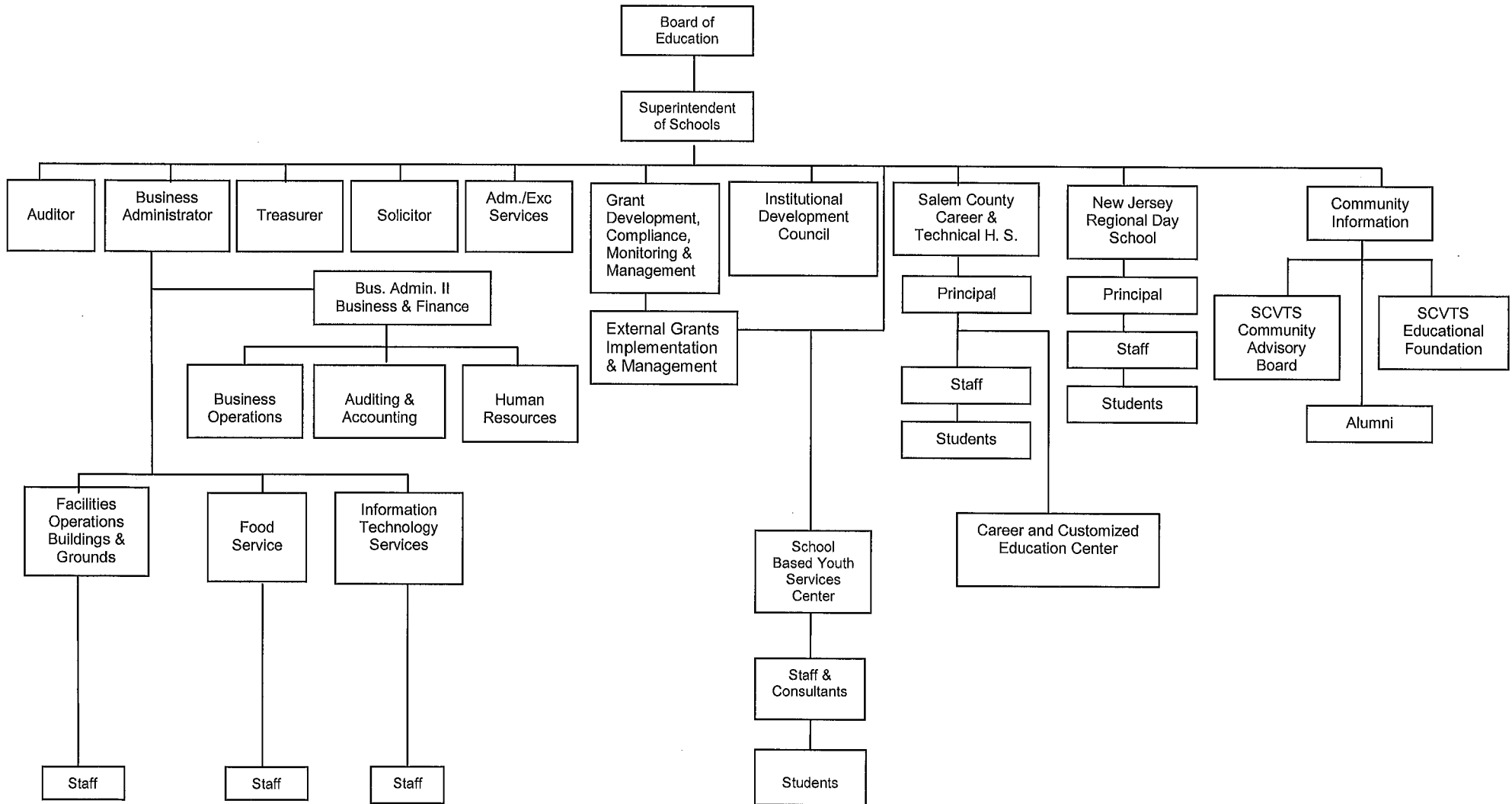


John R. Swain
Superintendent of Schools



Dr. Jennifer Bates
Business Administrator

SCVTS Administrative and Organizational Design Overall Organizational Structure



SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
WOODSTOWN, NEW JERSEY

ROSTER OF OFFICIALS

JUNE 30, 2019

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
Linwood Donelson, President	2021
Earl Ransome, Vice President	2021
James Davis	2020
Daryl Halter	2020
Patricia Bomba	2021
Julie Smith	2021
Margaret Nicolosi - Executive County Superintendent of Schools	
<u>OTHER OFFICIALS</u>	<u>Surety Bonds</u>
John R. Swain, Superintendent	
Dr. Jennifer Bates, Board Secretary/Business Administrator	\$ 217,500

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

AUDIT FIRM

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

BROKER OF RECORD

Gloucester, Cumberland, Salem School Districts
Joint Insurance Fund

MEDICAL INSPECTOR

Woodstown Family Practice
Woodstown, NJ

OFFICIAL DEPOSITORY

Fulton Bank
1 South Main Street
Woodstown, New Jersey 08098

SOLICITOR

Mark Toscano, Esq.
Comegno Law Group, P.C.
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FINANCIAL SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

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Williamstown, NJ 08094

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Salem County Vocational Technical School District in the County of Salem, State of New Jersey, as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Salem County Vocational Technical School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Salem County Vocational Technical Board of Education in the County of Salem, State of New Jersey, as of June 30, 2019, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Salem County Vocational Technical School Board of Education's basic financial statements. The introductory section, combining and individual non-major fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and is also not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated November 26, 2019 on our consideration of the Salem County Vocational Technical Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Salem County Vocational Technical Board of Education's of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governments Auditing Standards* in considering Salem County Vocational Technical School District's internal control over financial reporting and compliance.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.



Raymond Colavita, C.P.A., R.M.A.
Licensed Public School Accountant
No. 915
November 26, 2019

REQUIRED SUPPLEMENTARY INFORMATION – PART I

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

The Management's Discussion and Analysis (MD&A) of Salem County Vocational Technical School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2019. The intent of this discussion and analysis is to look at the School District's financial performances as a whole; readers should also review the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key highlights for the fiscal year ended June 30, 2019 are as follows:

- The School District had \$15,349,007 in expenses; \$5,537,955 of these expenses were offset by program specific charges for services, and operating grants and contributions.
- The total assets of the School District exceeded total liabilities by \$5,770,021 (net position).
- Among major funds, the General Fund had \$10,885,065 in revenues and \$10,977,357 in expenditures.

Overview of the Financial Statements

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

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

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

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

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

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

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

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Cont'd)**

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Cont'd)**

The School District as a Whole

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

Table 1 provides a summary of the School District's Net Position for the fiscal years ended June 30, 2019 and 2018.

**Table 1
Net position**

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Assets		
Current and Other Assets	\$ 1,191,644	\$ 1,328,497
Capital Assets	11,814,128	12,465,037
Total Assets	<u>13,005,772</u>	<u>13,793,534</u>
Deferred Outflows of Resources	<u>1,054,408</u>	<u>1,294,715</u>
Liabilities		
Other Liabilities	641,416	602,163
Long-Term Liabilities	6,161,202	6,492,853
Total Liabilities	<u>6,802,618</u>	<u>7,095,016</u>
Deferred Inflows of Resources	<u>1,487,361</u>	<u>1,347,070</u>
Net Assets		
Invested in Capital Assets Net of Related Debt	9,635,983	9,924,810
Restricted	236,463	36,463
Unrestricted (Deficit)	(4,102,245)	(3,315,110)
Total Net Position	<u>\$ 5,770,201</u>	<u>\$ 6,646,163</u>

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Cont'd)**

Table 2 shows a summary of changes in net position for fiscal years ended June 30, 2019 and 2018.

**Table 2
Changes in Net
Position**

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Revenues		
Program Revenues		
Charges for Services	\$ 3,529,275	\$ 3,460,202
Operating Grants & Contributions	2,008,680	2,809,040
General Revenues		
County of Salem Budget Appropriation	1,828,758	1,828,758
Federal and State Grants Restricted	7,064,808	6,260,710
Miscellaneous Income	91,501	90,737
Total Revenues	<u>\$ 14,523,022</u>	<u>\$ 14,449,447</u>
Expenses		
Instruction		
Regular	\$ 1,826,838	\$ 1,602,990
Vocational	3,510,324	3,221,222
School Sponsored Co curricular	219,469	244,325
Student Services		
Attendance & Social Work	73,490	93,928
Health Services	63,615	62,835
Students - Regular	1,365,163	1,121,454
Improvement of Instruction Services	78,972	74,941
General Administration	264,293	318,831
School Administration	293,907	315,115
Central Services	151,613	221,276
Administration Information Technology	285,161	293,193
Operation and Maintenance of Plant	1,252,378	1,245,136
Student Transportation Services	41,458	26,848
Unallocated Benefits	4,480,770	4,061,994
Adult Education		54,809
Interest on Long-Term Debt	62,123	92,551
Unallocated Depreciation	411,074	449,135
Food Service	388,074	351,004
Regional Day School	289,335	299,394
BCCEC/ETTC	218,243	342,564
The Learning Center	72,707	74,510
Total Expenses	<u>\$ 15,349,007</u>	<u>\$ 14,568,055</u>
	(825,985)	(118,608)
Prior Year Receivable Cancellation	(49,977)	(105,764)
Increase (Decrease) in Net Position	(875,962)	(224,372)
Beginning Net Position	6,646,163	6,870,535
Ending Net Position	<u>\$ 5,770,201</u>	<u>\$ 6,646,163</u>

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Cont'd)**

Governmental Activities

In 2018-2019 Governmental-Type Activities revenues were \$13,561,047 or 93.7% of total revenues of \$14,473,045. The County of Salem Budget Appropriation made up 13.5% of Governmental-Type Activities revenue, Federal and State Aid unrestricted revenue made up 52.1%, miscellaneous income was .4% and program revenues made up 34.0% of Governmental-Type Activities revenue.

Governmental-Type Activities expenditures increased by \$880,065 from the prior year, which was due to increases in various line items.

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

Table 3

	<u>Total Cost of Services 2019</u>	<u>Net Cost of Services 2019</u>	<u>Total Cost of Services 2018</u>	<u>Net Cost of Services 2018</u>
Instruction				
Regular Instruction	\$ 1,826,838	\$ 1,289,568	\$ 1,602,990	\$ 1,185,748
Regular Vocational	3,510,324	803,060	3,221,222	681,525
School Sponsored Co/Extraclr Act	219,469	219,469	244,325	244,325
Support services				
Attendance & Social Work	73,490	73,490	93,928	93,928
Health Services	63,615	63,615	62,835	62,835
Students - Regular	1,365,163	321,705	1,121,454	370,157
Improvement of Instruction Services	78,972	78,972	74,941	74,941
General Administration	264,293	264,293	318,831	318,831
School Administration	293,907	293,907	315,115	315,115
Central Services	151,613	151,613	221,276	221,276
Administrative Information Technology	285,161	285,161	293,193	293,193
Operation and Maint. of Plant Serv.	1,252,378	1,252,378	1,245,136	1,245,136
Student Transportation Services	41,458	41,458	26,848	26,848
Unallocated Benefits	4,480,770	4,162,833	4,061,994	2,534,427
Adult Education			54,809	54,809
Interest on Long-Term Debt	62,123	62,123	92,551	92,551
Unallocated Depreciation	411,074	411,074	449,135	449,135
Total Expenses	<u>\$ 14,380,648</u>	<u>\$ 9,774,719</u>	<u>\$ 13,500,583</u>	<u>\$ 8,264,780</u>

Business-Type Activities

In 2018-2019 Business-Type Activities revenues were \$932,026 or 6.4% of total District revenues.

Charges for Services comprised 88.2% of total Business-Type Activities revenue in 2018-2019, while operating grants and contributions made up 11.8%.

Expenses for Business-Type Activities were \$968,359 or 6.3% of total District expenses.

Food Service comprised 40.1% of total Business-Type Activities expenses in 2018-2019, while Salem Campus expenses made up 29.9%, BCCEC/ETTC made up 22.5% and The Learning Center was 7.5%.

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Cont'd)**

The School District's Funds

The School District's major funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$12,533,145 and expenditures of \$12,625,437. The net change in fund balance for the year in the General Fund, Special Revenue Fund, and Capital Projects Fund resulted in a decrease of \$122,241, which includes a cancellation of prior year accounts receivable of \$29,949.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2019, and the amount and percentage of increases in relation to prior year revenues.

Table 4

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2018</u>	<u>Percent Increase (Decrease)</u>
Local Sources	\$ 4,635,714	37.0%	\$ 162,164	5.7%
Federal Sources	1,488,127	11.9%	474,487	46.8%
State Sources	6,409,304	51.1%	630,498	10.9%
Total	\$ 12,533,145	100.0%	\$ 1,267,149	11.2%

The following schedule present a summary of the expenditures of the governmental funds for the fiscal year ended June 30, 2019, and the amount and percentage of increases in relation to prior year revenues.

Table 4

<u>Expenditure</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2017</u>	<u>Percent Increase (Decrease)</u>
Instructional	\$ 5,517,729	43.9%	\$ 416,008	8.2%
Support	3,663,397	28.9%	16,778	0.5%
Unallocated	3,011,890	23.8%	901,534	42.7%
Capital Outlay	432,421	3.4%	(157,261)	-26.7%
Total	\$ 12,625,437	100.0%	\$ 1,177,059	10.3%

General Fund Budgeting Highlights

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

During the course of the 2018-2019 year, the School District modified its General Fund budget line items numerous times. The net change in the total budget modification was the rollover of the prior year's encumbrances, in the amount of \$61,842.

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Cont'd)**

General Fund Budgeting Highlights (Cont'd)

For the General Fund, the original revenue amount budgeted on Exhibit C-1 was \$9,704,031 and the final budget was \$9,704,031. The actual revenue was \$10,903,807, which was \$14,198 more than budgeted, excluding reimbursed TPAF Social Security Aid and on-behalf TPAF contributions for pensions and long-term disability of \$1,185,578.

During the 2018-2019 year, the School District budgeted \$1,828,758 for county tax and \$5,090,706 for state aid revenues, respectively. The School District also received \$246,375 in reimbursed TPAF Social Security Aid and TPAF Pension Contributions.

The final budget basis expenditure appropriation estimate was \$9,972,907 compared to the original estimate of \$9,911,065.

There was a positive variance in expenditures of \$181,128, excluding reimbursed TPAF Social Security Aid and on-behalf TPAF contributions for pensions and long-term disability of \$1,185,578.

Capital Assets

At the end of the fiscal year 2019, the School District had \$11,814,128 (Net of Depreciation) invested in buildings, furniture and equipment.

Table 5 shows a summary of the fiscal years ended June 30, 2019 and 2018

Table 5

	<u>June 30, 2018</u>	<u>June 30, 2018</u>
Land	\$ 391,928	\$ 391,928
Land Improvements	416,906	451,261
Buildings & Improvements	10,439,945	10,950,462
Equipment & Furniture	565,349	671,386
Total	<u>\$ 11,814,128</u>	<u>\$ 12,465,037</u>

Overall capital assets decreased by \$650,909 from fiscal year 2018. The decrease in capital assets was comprised of depreciation of \$709,449, offset by net additions in capital equipment of \$58,540.

Debt Administration

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

During the 2009-10 school year, the district approved an Energy Savings Lease Purchase in the amount of \$3,190,699, which was subsequently refinanced in the 2013-14 school year at \$2,796,142. There were also two capital leases approved in 2015-16, totaling \$1,075,899, for additional energy improvements, technology and vehicles. As of June 30, 2019, the combined principal balance remaining for all capital leases was \$2,197,307.

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Cont'd)**

For the Future

The Salem County Vocational-Technical School District continues to provide the very best it can offer in regard to career and technical education (CTE). Enrollment has stabilized and the district continues to accept as many students as possible within the logistical constraints the district continues to have.

Moving forward, the district will evaluate current programming within both the Career and Technical High School and the Adult Post Secondary Programs. Providing valuable experiences for our students to gain academic, technical and employability skills remains top priority.

The host sites continue to provide career and technical programming through our vision of vocational partnership models. Enrollment in these programs has fluctuated and will be evaluated. Additionally, out of county students attending the Art programs at Schalick High School may change with the anticipated launch of new Art programs within Cumberland County. Continued focus will be placed on understanding the program data and preparing for local changes.

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

Contacting the School District's Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT WIDE FINANCIAL STATEMENTS

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

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

Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Statement of Net Position
June 30, 2019

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 370,656	\$ 189,125	\$ 559,781
Receivables, net	474,026	95,839	569,865
Interfund Receivable	40,460		40,460
Inventories		21,538	21,538
Capital Assets, net (Note 6):	11,814,128		11,814,128
Total Assets	12,699,270	306,502	13,005,772
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Pension Outflows	1,035,246		1,035,246
Deferred Loss on Refinancing of Capital Lease	19,162		19,162
Total Deferred Outflows of Resources	1,054,408		1,054,408
LIABILITIES:			
Accounts Payable	625,066	1,353	626,419
Accrued Interest	13,155		13,155
Unearned Revenue	1,719	123	1,842
Noncurrent Liabilities (Note 7):			
Due within One Year	318,446		318,446
Due beyond One Year	5,842,756		5,842,756
Total Liabilities	6,801,142	1,476	6,802,618
DEFERRED INFLOWS OF RESOURCES:			
Deferred Pension Inflows	1,487,361		1,487,361
Total Deferred Inflows of Resources	1,487,361		1,487,361
NET POSITION			
Invested in Capital Assets, Net of Related Debt	9,635,983		9,635,983
Restricted for:			
Capital Reserve	212,200		212,200
Capital Projects	24,263		24,263
Unrestricted (Deficit)	(4,407,271)	305,026	(4,102,245)
Total Net Position	\$ 5,465,175	\$ 305,026	\$ 5,770,201

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2019

Functions / Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental Activities:						
Instruction:						
Regular Instruction	\$ 1,826,838		\$ 537,270	\$ (1,289,568)		\$ (1,289,568)
Regular Vocational	3,510,324	\$ 2,707,264		(803,060)		(803,060)
School Sponsored Co/Extracurricular Activities	219,469			(219,469)		(219,469)
Undistributed Expenditures and Support Services:						
Attendance & Social Work	73,490			(73,490)		(73,490)
Health Services	63,615			(63,615)		(63,615)
Students - Regular	1,365,163		1,043,458	(321,705)		(321,705)
Improvement of Instruction Services	78,972			(78,972)		(78,972)
General Administration	264,293			(264,293)		(264,293)
School Administration	293,907			(293,907)		(293,907)
Central Services	151,613			(151,613)		(151,613)
Administration Information Technology	285,161			(285,161)		(285,161)
Operation and Maintenance of Plant Services	1,252,378			(1,252,378)		(1,252,378)
Student Transportation Services	41,458			(41,458)		(41,458)
Unallocated Benefits	4,480,770		317,937	(4,162,833)		(4,162,833)
Interest on Long-Term Debt	62,123			(62,123)		(62,123)
Unallocated Depreciation	411,074			(411,074.00)		(411,074.00)
Total Governmental Activities	14,380,648	2,707,264	1,898,665	(9,774,719)		(9,774,719)
Business-Type Activities:						
Food Service	388,074	262,240	110,015		(15,819)	(15,819)
Salem Campus	289,335	325,257			35,922	35,922
BCCEC/ETTC	218,243	178,062			(40,181)	(40,181)
The Learning Center	72,707	56,452			(16,255)	(16,255)
Total Business-Type Activities	968,359	822,011	110,015		(36,333)	(36,333)
Total Primary Government	\$ 15,349,007	\$ 3,529,275	\$ 2,008,680	\$ (9,774,719)	\$ (36,333)	\$ (9,811,052)
General Revenues:						
County of Salem Budget Appropriation				1,828,758		1,828,758
Federal and State Aid Restricted				7,064,808		7,064,808
Prior Period Cancellations				(29,949)	(20,028)	(49,977)
Miscellaneous Income				91,501		91,501
Total General Revenues				8,955,118	(20,028)	8,935,090
Change in Net Assets				(819,601)	(56,361)	(875,962)
Net Position -- July 1				6,284,776	361,387	6,646,163
Net Position -- June 30				\$ 5,465,175	\$ 305,026	\$ 5,770,201

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

FUND FINANCIAL STATEMENTS

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

GOVERNMENTAL FUNDS

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
 Balance Sheet
 Governmental Funds
 June 30, 2019

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS:				
Cash and Cash Equivalents	\$ 254,164	\$ 104,771	\$ 24,263	\$ 383,198
Accounts Receivable:				
State Government		86,964		86,964
Federal Government		366,671		366,671
Intergovernmental	20,391			20,391
Interfund Accounts Receivable	450,248			450,248
Total Assets	\$ 724,803	\$ 558,406	\$ 24,263	\$ 1,307,472
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts Payable	\$ 490,709	\$ 134,357	\$	\$ 625,066
Interfund Payable		422,330		422,330
Unearned Revenue		1,719		1,719
Total Liabilities	490,709	558,406		1,049,115
Fund Balances:				
Restricted for:				
Capital Reserve Account	132,200			132,200
Capital Reserve Designated for Subsequent Years Expenditures	80,000			80,000
Capital Projects			24,263	24,263
Assigned:				
Designated for Subsequent Years Expenditures	336,284			336,284
Unassigned, Reported In:				
General Fund (Deficit)	(314,390)			(314,390)
Total Fund Balances	234,094		24,263	258,357
Total Liabilities and Fund Balances	\$ 724,803	\$ 558,406	\$ 24,263	
Amounts reported for governmental activities in the statement of Net Position (A-1) are different because:				
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$24,851,005 and the accumulated depreciation is \$13,036,877				11,814,128
Deferred Outflow of Resources - Deferred Amount on Refinanced Debt				19,162
Deferred Outflow of Resources - Deferred Pension Contribution				1,035,246
Deferred Inflows of Resources - Pension Actuarial Gains				(1,487,361)
Long Term Net Pension Liability				(3,299,884)
Noncurrent liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.				(2,874,473)
Net Position of governmental activities				\$ 5,465,175

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
 Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 For the Fiscal Year Ended June 30, 2019

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
REVENUES:				
County of Salem Budget Appropriation	\$ 1,828,758	\$	\$	\$ 1,828,758
Tuition Charges	2,707,264			2,707,264
Miscellaneous	91,501	8,191		99,692
State Sources	6,257,542	151,762		6,409,304
Federal Sources		1,488,127		1,488,127
Total Revenues	10,885,065	1,648,080		12,533,145
EXPENDITURES:				
Current:				
Regular Instruction	1,284,827	537,270		1,822,097
Regular Vocational	3,402,673			3,402,673
School Sponsored Co/Extracurricular Activities	219,469			219,469
Attendance & Social Work	73,490			73,490
Undistributed Expenditures and Support Services:				
Health Services	63,615			63,615
Students - Regular	321,705	1,043,458		1,365,163
Improvement of Instruction Services	78,972			78,972
General Administration	259,383			259,383
School Administration	293,907			293,907
Central Services	153,217			153,217
Administration Information Technology	285,161			285,161
Operation and Maintenance of Plant Services	1,122,521			1,122,521
Student Transportation Services	41,458			41,458
Unallocated Benefits	1,826,312			1,826,312
On Behalf Contributions	1,185,578			1,185,578
Capital Outlay	365,069	67,352		432,421
Total Expenditures	10,977,357	1,648,080		12,625,437
Excess (Deficiency) of Revenues over Expenditures	(92,292)			(92,292)
OTHER FINANCING SOURCES (USES):				
Cancellation of Prior Year Accounts Receivable	(29,949)			(29,949)
Total Other Financing Sources and Uses	(29,949)			(29,949)
Net Change in Fund Balances	(122,241)			(122,241)
Fund Balance -- July 1	356,335		24,263	380,598
Fund Balance -- June 30	<u>\$ 234,094</u>	<u>\$</u>	<u>\$ 24,263</u>	<u>\$ 258,357</u>

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2018

Total Net Change in Fund Balances - Governmental Funds	\$ (122,241)
Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.	
Depreciation Expense	\$ (709,449)
Capital Outlays	<u>58,540</u>
	(650,909)
In the Statement of Activities, interest expense on debt service is accrued, while only payments are charged as expenditures in the budget basis financial statements	2,496
In the Statement of Activities, Amortization of the Deferred Loss on Refinanced Debt is expensed, regardless of when the Debt was Refinanced	(2,062)
Leases entered into by the District are an other financing source in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities.	
Repayment of Capital Lease Principal is an Expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the statement of Net Position and is not reported in the Statement of Activities.	
Capital Lease Principal	364,144
Pension contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period.	112,992
In the Statement of Activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).	<u>(524,021)</u>
Change in Net Position of Governmental Activities	<u>\$ (819,601)</u>

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

PROPRIETARY FUNDS

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
 Statement of Net Position
 Proprietary Funds
 June 30, 2019

	<u>Business Type Activities- Enterprise Funds</u>				
	<u>Food Service</u>	<u>Regional Day School</u>	<u>The Learning Center</u>	<u>BCCEC/ ETTC Program</u>	<u>Total</u>
ASSETS:					
Current Assets:					
Cash and Cash Equivalents	\$ 8,236	\$ 35,922		\$ 132,425	\$ 176,583
Accounts Receivable:					
State	114				114
Federal	5,817				5,817
Other	30,232		10,921	48,755	89,908
Interfund				40,055	40,055
Inventories	21,538				21,538
Total Current Assets	<u>65,937</u>	<u>35,922</u>	<u>10,921</u>	<u>221,235</u>	<u>334,015</u>
Total Noncurrent Assets					
Total Assets	<u>65,937</u>	<u>35,922</u>	<u>10,921</u>	<u>221,235</u>	<u>334,015</u>
LIABILITIES:					
Current Liabilities:					
Accounts Payable	200			1,153	1,353
Interfund Payable	16,592		10,921		27,513
Unearned Revenue	123				123
Total Current Liabilities	<u>16,915</u>		<u>10,921</u>	<u>1,153</u>	<u>28,989</u>
Net Position:					
Unrestricted	49,022	35,922		220,082	305,026
Total Net Position	<u>\$ 49,022</u>	<u>\$ 35,922</u>	<u>\$</u>	<u>\$ 220,082</u>	<u>\$ 305,026</u>

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
 Propriety Funds
 Statement of Revenues, Expenses and Changes in Fund Net Position
 For the Fiscal Year Ended June 30, 2019

	Business Type Activities- Enterprise Funds				Total
	Food Service	Regional Day School	The Learning Center	BCCEC/ ETTC Program	
OPERATING REVENUES:					
Charges for Services:					
Daily Sales - Reimbursable Programs	\$ 42,563				\$ 42,563
Daily Sales - Non-Reimbursable Programs	11,248				11,248
Tuition			56,452		56,452
Other Revenue	208,429	325,257		178,062	711,748
Total Operating Revenues	262,240	325,257	56,452	178,062	822,011
OPERATING EXPENSES:					
Salaries	150,776	275,270	70,990	103,540	600,576
Employee Benefits		14,065		50,943	65,008
Cost of Sales - Reimbursable Programs	178,471				178,471
Cost of Sales - Non Reimbursable Programs	27,073				27,073
Purchased Educational Services				27,034	27,034
Rental				24,767	24,767
Travel				384	384
Other Purchased Services	12,800				12,800
General Supplies	16,971		1,717	10,272	28,960
Equipment	1,200				1,200
Textbooks				1,303	1,303
Miscellaneous	783				783
Total Operating Expenses	388,074	289,335	72,707	218,243	968,359
Operating Income / (Loss)	(125,834)	35,922	(16,255)	(40,181)	(146,348)
NONOPERATING REVENUES (EXPENSES):					
State Sources:					
State School Lunch Program	1,971				1,971
Federal Sources:					
Food Distribution Program	16,822				16,822
National School Lunch Program	66,821				66,821
National School Breakfast Program	24,401				24,401
Total Non-operating Revenues (Expenses)	110,015				110,015
OTHER FINANCING USES:					
Change in Net Position	(15,819)	35,922	(16,255)	(40,181)	(36,333)
Prior Period Cancellation:					
Accounts Receivable				(20,028)	(20,028)
Transfers			13,884	(13,884)	
Net Position -- July 1	64,841		2,371	294,175	361,387
Net Position -- June 30	\$ 49,022	\$ 35,922	\$	\$ 220,082	\$ 305,026

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
 Proprietary Funds
 Statement of Cash Flows
 For the Fiscal Year Ended June 30, 2019

	Business Type Activities- Enterprise Funds				Totals
	Food Service	Regional Day School	The Learning Center	BCCEC/ ETTC Program	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from Customers	\$ 262,240	\$ 325,257	\$ 58,823	\$ 166,539	\$ 812,859
Payments to Employees	(150,776)	(275,270)	(70,990)	(103,540)	(600,576)
Payments for Employee Benefits		(14,065)		(50,943)	(65,008)
Payments to Suppliers	(213,243)		(1,717)	40,928	(174,032)
Net Cash Provided by (used for) Operating Activities	(101,779)	35,922	(13,884)	52,984	(26,757)
Cash from (Used for) Operating Activities-Transfers to the General Fund			13,884	(13,884)	
Total Cash Provided by (Used for) Operating Activities	(101,779)	35,922		39,100	(26,757)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:					
State Sources	1,971				1,971
Federal Sources	108,044				108,044
Net Cash Provided by (used for) Non-Capital Financing Activities	110,015				110,015
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest and Dividends					
Net Cash Provided by (used for) Investing Activities					
Net Increase (Decrease) in Cash and Cash Equivalents	8,236	35,922		39,100	83,258
Cash and Cash Equivalents -- July 1				93,325	93,325
Cash and Equivalents -- June 30	\$ 8,236	\$ 35,922	\$ -	\$ 132,425	\$ 176,583
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	\$ (125,834)	\$ 35,922	\$ (16,255)	\$ (40,181)	\$ (146,348)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:					
Transfer			13,884	(13,884)	
Changes in Assets and Liabilities:					
Accounts Receivable (Increase)/Decrease	32,421	99,407	7,872	17,611	157,311
Interfund Receivable (Increase)/Decrease					
Inventory (Increase)/Decrease	(5,583)				(5,583)
Accounts Payable Increase/(Decrease)	(1,955)			(220)	(2,175)
Deferred Revenue Increase/(Decrease)	(828)				(828)
Due to General Fund Increase/(Decrease)		(99,407)	(5,501)	75,774	(29,134)
Net Cash Provided by (used for) Operating Activities	\$ (101,779)	\$ 35,922	\$ -	\$ 39,100	\$ (26,757)

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

FIDUCIARY FUNDS

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

	Agency Funds	
	Student Activity	Payroll
ASSETS:		
Cash and Cash Equivalents	\$ 56,594	\$ 154,021
Total Assets	<u>\$ 56,594</u>	<u>\$ 154,021</u>
LIABILITIES:		
Payable to Student Groups	\$ 56,594	\$
Due to General Fund		40,460
Payroll Deductions and Withholdings		113,561
Total Liabilities	<u>\$ 56,594</u>	<u>\$ 154,021</u>

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

A. Reporting Entity:

The Salem County Vocational Technical School District (hereafter referred to as the "School District") is a Type I district located in the County of Salem, State of New Jersey. The Board is comprised of eight members; seven of them are appointed to four-year terms by the Salem County Board of Chosen Freeholders and one is a statutory appointment. The terms are staggered so that at least one member's term expires each year. The purpose of the School District is to provide a full range of educational services for the residents of Salem County. The School District had an approximate enrollment at June 30, 2019 of 706 students.

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

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

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

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

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New Accounting Standards:

- GASB No. 83 - *Certain Asset Retirement Obligations*: This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). The requirements of Statement will be effective for reporting periods beginning after June 15, 2018. The adoption of GASB 83 is not expected to impact the financial statements of the School District.
- GASB No. 88 – *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*: The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The adoption of GASB 88 is not expected to impact the financial statements of the School District.

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

- GASB No. 84 - *Fiduciary Activities*: The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of Statement will be effective for reporting periods beginning after December 15, 2018. The Board is evaluating the potential impact of the adoption of GASB 84 on the School District's financial statements.
- GASB No. 87 - *Leases*: The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The requirements of Statement will be effective for reporting periods beginning after December 15, 2019. The Board is evaluating the potential impact of the adoption of GASB 87 on the School District's financial statements.
- GASB No. 89 - *Accounting for Interest Cost Incurred before the End of a Construction Period*: The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Management is evaluating the potential impact of the adoption of GASB 89 on the School District's financial statements.
- GASB Statement - No. 90 - *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*: The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Management is evaluating the potential impact of the adoption of GASB 90 on the School District's financial statements.
- GASB Statement - No. 91 – *Conduit Debt Obligations*: The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Management is evaluating the potential impact of the adoption of GASB 91 on the School District's financial statements.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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

A. Basis of Presentation:

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

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

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

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

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

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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

A. Basis of Presentation (Cont'd):

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

B. Governmental Funds:

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

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

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

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

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

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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

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

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

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

C. Proprietary Fund Type:

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

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

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

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

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

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

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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

Enterprise Funds (Cont'd)-

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

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

D. Fiduciary Funds:

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

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

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

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

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

E. Measurement Focus:

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

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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

E. Measurement Focus (Cont'd):

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

F. Basis of Accounting:

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

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

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

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

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

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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

F. Basis of Accounting (Cont'd):

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

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

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

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

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

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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

G. Budgets/Budgetary Control:

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

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

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

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

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

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

H. Encumbrances:

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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

H. Encumbrances (Cont'd):

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

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

I. Cash, Cash Equivalents and Investments:

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

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

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

J. Tuition Receivable:

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

K. Tuition Payable:

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

L. Inventories:

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

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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

M. Prepaid Expenses:

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

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

N. Short-Term Interfund Receivables/Payables:

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

O. Capital Assets:

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

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

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

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

P. Deferred Expenditures:

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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

Q. Accrued Salaries and Wages:

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

R. Compensated Absences:

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

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

S. Unearned Revenue:

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

T. Extraordinary and Special Items:

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

U. Comparative Data/Reclassifications:

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

V. Accrued Liabilities and Long-term Obligations:

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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

W. Net Position:

Net Position represents the difference between assets and liabilities. Net Position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net Position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

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

X. Fund Balance Reserves:

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

Y. Management Estimates:

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

Z. Operating and Non- Operating Revenues and Expenses:

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

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

AA. Interfund Activity:

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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

AB. Revenues – Exchange and Non-exchange Transactions:

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

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

AC. Bond and Lease Acquisition Costs:

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

Custodial Credit Risk Related to Deposits:

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be recovered. Although the District does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 t seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local government agencies. The program is administered by the Commissioner of the NJ Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Funds owned by the District in excess of FDIC insured amounts are protected by GUDPA. As of June 30, 2019, the District's bank balance of \$833,930 was exposed to custodial credit risk as follows:

Insured	\$	250,000
Uninsured and collateralized with securities held by pledging financial institutions		583,930
	\$	<u>833,930</u>

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4. CAPITAL RESERVE ACCOUNT

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

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

As of June 30, 2019, the capital reserve account had a balance of \$212,200, which represents an increase of \$200,000 over the prior year. In addition, District has designated \$80,000 of Capital Reserve to support 2019-20 capital appropriations.

NOTE 5. ACCOUNTS RECEIVABLES

Accounts Receivables at June 30, 2019 consisted of accounts (fees) and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. As of year-end, the School District's individual major and fiduciary funds, in the aggregate, are as follows:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Proprietary Funds</u>	<u>Total</u>
Receivables:				
State	\$	\$ 86,964	\$ 114	\$ 87,078
Federal		366,671	5,817	372,488
Intergovernmental	20,391			20,391
Other			89,908	89,908
Total	\$ <u>20,391</u>	\$ <u>453,635</u>	\$ <u>95,839</u>	\$ <u>569,865</u>

NOTE 6. INVENTORY

Inventory in the Food Service Fund at June 30, 2019 consisted of the following:

Food	\$ 6,532
Supplies	<u>15,006</u>
	<u>\$ 21,538</u>

The value of Federal donated commodities, where reflected on Schedule A-2 (required by the Single Audit Law of 1986, as revised) is the difference between market value and cost of the commodities at the date of purchase has been included as an item of non-operating revenue in the financial statements. The district received \$16,726 in federal commodities during the 2018-2019 school year, which was consumed during operations with the exception of \$123 left in ending inventory.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 7. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 was as follows:

	Beginning Balance 7/1/2018	Additions	Adjustments/ Retirements	Ending Balance 6/30/2019
Governmental activities:				
Capital assets that are not being depreciated:				
Land	\$ 391,928	\$ -	\$ -	\$ 391,928
Land Improvements	967,836			967,836
Building and Improvements	19,164,283			19,164,283
Equipment	4,268,418	58,540		4,326,958
Total Historical Cost	24,792,465	58,540		24,851,005
Less accumulated depreciation for :				
Land Improvements	(516,575)	(34,355)		(550,930)
Building and improvements	(8,213,821)	(510,517)		(8,724,338)
Equipment	(3,597,032)	(164,577)		(3,761,609)
Total accumulated depreciation	(12,327,428)	(709,449)		(13,036,877)
Government activities capital assets, net	\$ 12,465,037	\$ (650,909)	\$ -	\$ 11,814,128
				To A-1
Business-Type Activities -				
Business-Type Activities				
Capital Assets - Net	\$ -	\$ -	\$ -	\$ -

*Depreciation expense was charged to government functions as follows:

Instruction- Regular	\$ 4,741
Instruction- Vocational	107,651
Plant Operations and Maintenance	181,073
General Administration	4,910
Unallocated	411,074
Total Depreciation Expense	\$ 709,449

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 8. LONG-TERM OBLIGATIONS

During the fiscal year ended June 30, 2019, the following changes occurred in long-term obligations:

	Beginning Balance 7/1/2018	Additions	Reductions	Ending Balance 6/30/2019	Amounts Due within One Year	Long-term Portion
Governmental Activities:						
Capital Lease Payable	\$ 2,561,451	\$	\$ (364,144)	\$ 2,197,307	\$ 310,946	\$ 1,886,361
Net Pension Liability	3,791,412		(491,528)	3,299,884		3,299,884
Compensated Absences	139,990	524,021		664,011	7,500	656,511
Governmental Activity Long Term Liabilities	<u>\$ 6,492,853</u>	<u>\$ 524,021</u>	<u>\$ (855,672)</u>	<u>\$ 6,161,202</u>	<u>\$ 318,446</u>	<u>\$ 5,842,756</u>
Business-Type Activities:						
Compensated absences payable	\$	\$	\$	\$	\$	\$

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

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

Bonds Authorized But Not Issued – As of June 30, 2019, the School District had no authorizations to issue additional bonded debt.

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

B. Capital Leases Payable

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

The following is a schedule of the future minimum lease payments at June 30, 2019:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 248,427	52,612	301,039
2021	268,602	45,009	313,611
2022	289,853	36,792	326,645
2023	312,229	27,930	340,159
2024	335,783	18,388	354,171
2025	360,475	8,130	368,605
	<u>\$ 1,815,369</u>	<u>\$ 188,861</u>	<u>\$ 2,004,230</u>

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 8. LONG-TERM OBLIGATIONS (CONT'D)

During the current 2015-16 fiscal school year, the District financed additional energy upgrades through a ten year Capital Lease totaling \$650,000 interest at 2.875%. The following is a schedule of the future minimum lease payments at June 30, 2019:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 62,519	10,534	73,053
2021	59,197	8,761	67,958
2022	61,452	7,043	68,495
2023	63,785	5,259	69,044
2024	66,198	3,408	69,606
2025	68,787	1,488	70,275
	<u>\$ 381,938</u>	<u>\$ 36,493</u>	<u>\$ 418,431</u>

NOTE 9. AMORTIZATION OF DEBT REFINANCE

The School District elected to implement GASB Statement No. 65 during the 2012-13 year under audit and as a result, has reflected Capital Lease Debt Refinancing Cost as a Deferred Outflow of Resources on the Statement of Net Position, net of the portion amortized, as a component of interest expense over the life of the debt. During the 2018-19 School Year, \$2,062 of Debt Refinancing Costs was amortized, resulting in a balance in Deferred Outflows of Resources of \$19,162, as of June 30, 2019.

NOTE 10. OPERATING LEASES

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

Year Ending June 30,	Total
2020	\$ 1,766
	<u>\$ 1,766</u>

NOTE 11. PENSION PLANS

Description of Plans - Eligible employees of the School District can be covered by Public Employees' Retirement System (PERS), Teachers' Pension and Annuity Fund (TPAF), or Defined Contribution Retirement Program (DCRP). PERS and TPAF are administered by the New Jersey Division of Pension and Benefits (NJDPB) and the DCRP is jointly administered by Prudential and NJDPB. The NJDPB issues publicly available financial reports that include financial statements and required supplementary information for the systems. These reports may be obtained online at <https://www.nj.gov/treasury/pensions/financial-reports.shtml>.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 11. PENSION PLANS (CONT'D)

Public Employees' Retirement System

The PERS is a cost sharing multiple-employer defined benefit pension plan that was established in 1955. The PERS provides retirement, death and disability, and medical benefits to qualified members. The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A. All benefits vest after ten years of service, except for medical benefits that vest after 25 years of service or under the disability provisions of PERS.

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

The following represents the membership tiers for PERS:

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

Contributions - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The PERS member total contribution rate as of July 1, 2018 was 7.5% of base salary. The District employees' contributions for the year ended June 30, 2019 were 72,616. Employers in PERS are required to contribute at an actuarially determined rate which includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. The PERS employer rate due in 2019 is 13.37% of covered payroll. The District is billed annually for its normal contribution plus any accrued liability. These contributions were paid by the District and equal to the required contributions for each year. The District's contributions to PERS for the years ended June 30, 2019, and 2018, were \$167,954 and \$154,272 respectively.

The total payroll for the year ended June 30, 2019 was \$5,444,424. Payroll covered by PERS was \$1,021,542 for fiscal year 2019.

Components of Net Pension Liability - At June 30, 2019, the District's proportionate share of the PERS net pension liability was \$3,299,884. The net pension liability was measured as of June 30, 2018. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2018. The District's proportion measured as of June 30, 2018 was 0.016760% which was an increase of 0.00047% from its proportion measured as of June 30, 2017.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 11. PENSION PLANS (CONT'D)

Public Employees' Retirement System (Continued)

Pension Expense and Deferred Outflows/Inflows of Resources - The District's 2019 PERS pension expense, with respect to GASB 68, was \$67,394. The District's 2019 deferred outflows of resources and deferred inflows of resources were from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 62,929	\$ 17,015
Changes of assumptions	543,766	1,055,127
Net difference between projected and actual earnings on pension plan investments		30,953
Changes in proportion	260,597	384,266
Contributions subsequent to the measurement date	167,954	
Total	\$ 1,035,246	\$ 1,487,361

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

<u>Year</u>		<u>PERS</u>
2020	\$	(156,287)
2021		(71,742)
2022		(251,858)
2023		(152,982)
2024		12,800
Thereafter		
Total	\$	(620,069)

Additional Information - Collective Balances at June 30, 2019 and 2018 are as follows:

<u>Year</u>		<u>2019</u>		<u>2018</u>
Collective deferred outflows of resources	\$	1,035,246	\$	1,273,491
Collective deferred inflows of resources	\$	1,487,361	\$	1,347,070
Collective Net Pension Liability	\$	3,299,884	\$	3,791,412
District's Proportion		0.016760%		0.016287%

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 11. PENSION PLANS (CONT'D)

Public Employees' Retirement System (Continued)

Actuarial Assumptions - The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Measurement Date	June 30, 2018
Actuarial Valuation Date	July 1, 2017
Investment Rate of Return	7.00%
Salary Scale (Based on Age):	
Through 2026	1.65% - 4.15%
Thereafter	2.65% - 5.15%
Inflation	2.25%

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

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

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 11. PENSION PLANS (CONT'D)

Public Employees' Retirement System (Continued)

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2018 are summarized in the following table:

Asset Class	PERS Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Client Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
Total	<u>100.00%</u>	

Discount Rate - The discount rate, as of June 30, 2018, used to measure the total pension liability was 5.66% for PERS. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.87% as of June 30, 2018 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2046 for PERS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2046 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 11. PENSION PLANS (CONT'D)

Public Employees' Retirement System (Continued)

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate - The following presents the collective net pension liability of the participating employers as of June 30, 2018, calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.66%) or 1-percentage-point higher (6.66%) than the current rate:

	1% Decrease (4.66%)	Current Discount (5.66%)	1% Increase (6.66%)
District's Proportionate Share of the Net Pension Liability	\$ 4,149,224	\$ 3,299,884	\$ 2,587,342

Teachers' Pension and Annuity Fund

The State of New Jersey Teachers' Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit pension plan with a special funding situation that was established in 1955. As under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

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

The following represents the membership tiers for TPAF:

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

Special Funding Situation - 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.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 11. PENSION PLANS (CONT'D)

Teachers' Pension and Annuity Fund (Continued)

Contributions - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. The member contribution rate was 7.5% in as of July 1, 2018. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2018, the State's pension contribution was less than the actuarial determined amount. Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the District and all other related non-contributing employers. No normal or accrued liability contribution by the District has been required over several preceding fiscal years. These on-behalf contributions by the State of New Jersey are considered a special funding situation, under the definition of GASB 68, Accounting and Financial Reporting for Pensions. The District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2019 because of the 100% special funding situation with the State of New Jersey.

During the fiscal year ended June 30, 2019, the State of New Jersey contributed \$645,439 to the TPAF for pension contributions, \$292,770 for post-retirement benefits on behalf of the School, and \$994 for long-term disability. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$246,375 during the year ended June 30, 2019 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries.

Components of Net Pension Liability - At June 30, 2019, the District was not required to report a liability for its proportionate share of the net pension liability because of a 100% reduction for State of New Jersey pension support provided to the District.

Pension Expense - For the year ended June 30, 2019, the District recognized pension expense of \$1,188,794 and revenue of \$1,188,794 for support provided by the State.

Actuarial Assumptions - The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	TPAF
Measurement Date	June 30, 2018
Actuarial Valuation Date	July 1, 2017
Investment Rate of Return	7.00%
Salary Scale (Based on Age):	
Through 2026	1.55% - 4.55%
Thereafter	2.00% - 5.45%
Inflation	2.25%

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 11. PENSION PLANS (CONT'D)

Teachers' Pension and Annuity Fund (Continued)

Long-Term Expected Rate of Return - Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2018 are summarized in the following table:

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

Discount Rate - The discount rate used to measure the total pension liability was 4.25% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2018 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.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 11. PENSION PLANS (CONT'D)

Teachers' Pension and Annuity Fund (Continued)

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate - The following presents the collective net pension liability of the participating employers as of June 30, 2019, calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.66%) or 1-percentage-point higher (6.66%) than the current rate:

	<u>1% Decrease (3.86%)</u>	<u>Current Discount (4.86%)</u>	<u>1% Increase (5.86%)</u>
State's Share of the Net Pension Liability associated with the District	\$ 24,174,605	\$ 20,392,195	\$ 17,367,180
State's Share of the Net Pension Liability	<u>\$ 75,417,894,537</u>	<u>\$ 63,806,350,446</u>	<u>\$ 54,180,663,328</u>

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program (DCRP) is a multiple-employer defined contribution pension fund that was established in 2007 under the provisions of N.J.S.A 43:15C-1. The DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and long-term disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et seq.

The following represents the individuals eligible for membership in the DCRP:

Eligibility

1. State or Local Officials who are elected or appointed on or after July 1, 2007
2. Employees enrolled in the PERS or TPAF on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits
3. Employees enrolled in the PFRS or SPRS after May 21, 2010, who earn salary in excess of established "maximum compensation" limits
4. Employees otherwise eligible to enroll in the PERS or TPAF on or after November 2, 2008, who do not earn the minimum annual salary for PERS or TPAF Tier 3 enrollment but who earn salary of at least \$5,000 annually
5. Employees otherwise eligible to enroll in the PERS or TPAF after May 21, 2010, who do not work the minimum number of hours per week required for PERS or TPAF Tier 4 or Tier 5 enrollment but who earn salary of at least \$5,000 annually

Contributions – The contribution policy is set by N.J.S.A 43:15C-3 and requires contributions by active members and contributing employers. Plan members are required to contribute 5.5% of their base salary and the District's employer match is an additional 3% contribution. For the year ended June 30, 2019, employee contributions totaled \$7,495 and the District's employer contribution, recognized in pension expense, was \$4,088. There were no forfeitures during the fiscal year.

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 12. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

General Information about the OPEB Plan

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

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

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

As of June 30, 2017, the Local Education Retired Plan had 99,686 Inactive employees or beneficiaries currently receiving benefit payments and 224,418 Active employees.

Special Funding Situation

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

Total OPEB Liability

The State of New Jersey's total OPEB liability, as of the measurement date of June 30, 2018, was \$46,110,832,982. Of this amount, the total OPEB liability attributable to the School District was \$12,277,473. The State of New Jersey's proportionate share of the total OPEB liability is 100%, including the proportion attributable to the School District of 0.02663%. The total OPEB liability for the School District measured as of June 30, 2018 is zero as a result of the Special Funding Situation with the State of New Jersey. The School District's proportionate share of the total OPEB liability measured as of June 30, 2018 is 0.00%. Accordingly, the School District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 12. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Inflation Rate	2.50%	2.50%	2.50%
	Based on	Based on	Based on
Salary Increases:	Years of Service	Age	Age
Through 2026	1.55% - 4.55%	2.15% - 4.15%	2.10% - 8.98%
Thereafter	2.00% - 5.45%	3.15% - 5.15%	3.10% - 9.98%

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 – June 30, 2015, July 1, 2010 – June 30, 2013, and July 1, 2011 – June 30, 2014 for TPAF and PERS, respectively.

100% of all retirees who currently have healthcare coverage are assumed to continue with that coverage. 100% of all active members are considered to participate in the Plan upon retirement, having a coverage blend of 85% and 15% in PPO and HMO, respectively.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount rate

The discount rate for June 30, 2018 was 3.87%. 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.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 12. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Changes in the Total OPEB Liability

	Total OPEB Liability
State of New Jersey	
Balance as of June 30, 2017 Measurement Date	\$ <u>53,639,841,858</u>
Changes for the year:	
Service Cost	1,984,642,729
Interest	1,970,236,232
Changes of Benefit Terms	
Differences between Expected and Actual	(5,002,065,740)
Changes of Assumptions	(5,291,448,855)
Benefit Payments	(1,232,987,247)
Contributions from Members	42,614,005
Net Changes	<u>(7,529,008,876)</u>
Balance as of June 30, 2018 Measurement Date	\$ <u><u>46,110,832,982</u></u>

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

The following presents the total nonemployer OPEB liability as of June 30, 2018, respectively, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

June 30, 2018		
At 1.00% Decrease	At Discount Rate	At 1.00% Increase
2.87%	3.87%	4.87%
\$ 54,512,391,175	46,110,832,982	39,432,461,816

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

The following presents the total nonemployer OPEB liability as of June 30, 2018, 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, 2018		
1.00% Decrease	Healthcare Cost Trend Rate	1.00% Increase
\$ 38,113,289,045	46,110,832,982	56,687,891,003

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 12. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

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

For the year ended June 30, 2019, the School District recognized OPEB expense of \$807,266. The School District reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$	\$ 1,191,803
Changes of Assumptions		2,752,058
Net difference Between Projected and Actual Earnings on OPEB Plan Investments		
Changes in Proportion	652,717	
Contributions Subsequent to the Measurement Date		
Total	\$ 652,717	\$ 3,943,861

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

Measurement Period Ending June 30,		OPEB
2019	\$	(406,589)
2020		(406,589)
2021		(406,589)
2022		(406,589)
2023		(406,589)
Thereafter		(1,258,199)
Total	\$	(3,291,144)

NOTE 13. COMPENSATED ABSENCES

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

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 13. COMPENSATED ABSENCES (CONTINUED)

In the District Wide-Statement of Net Position, the liabilities whose average maturities are greater than one year should be reported in two components-the amount due within one year and the amount due in more than one year. The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2019, a liability existed for compensated absences in the Governmental Activities of \$664,011.

NOTE 14. DEFERRED COMPENSATION

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

NOTE 15. RISK MANAGEMENT

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

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

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

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

Annual contributions to the Fund are determined by the Fund's Board of Trustees. The School District is jointly and personally liable for claims insured by the Fund and its members during the period of its membership, including liability for supplemental assessments, if necessary. The Fund's Board of Trustees may authorize refunds to its members in any fund year for which contributions exceed the amount necessary to fund all obligations for that year. The Fund publishes its own financial report for the year ended June 30, 2019, which can be obtained from the following address:

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 16. INTERFUND RECEIVABLES AND PAYABLES

The following Interfund balances remained on the balance sheet at June 30, 2019:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 450,248	\$
Special Revenue Fund		422,330
Enterprise Fund	40,055	27,513
Fiduciary Funds		40,460
Total	<u>\$ 490,303</u>	<u>\$ 490,303</u>

NOTE 17. DEFICIT FUND BALANCES

The District has a deficit fund balance in the General Fund of (\$314,390) as of June 30, 2019 as reported in the fund statements (modified accrual basis). P.L. 2003, c.97 provides that in the event a state school aid payment is not made until the following school year, districts must record the last state aid payment as revenue, for budgeted purposes only, in the current budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry i.e. if one government recognizes as asset, the other government recognizes a liability. Since the state is recording the last state aid payment in the subsequent fiscal year, the school district cannot recognize the last state aid payment on the GAAP financial statements until the year the state records the payable.

Due to the timing difference of recording the last state aid payment, the Special Revenue Fund does not alone indicate that the district is facing financial difficulties. Pursuant to N.J.S.A. 18A:22-44.2 any negative unreserved, undesignated general fund balance that is reported as a direct result from a delay in the payment of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The District deficit in the GAAP General Fund statements of \$314,390 is less than the last two state payments.

NOTE 18. DEFICIT IN UNRESTRICTED NET POSITION

The governmental activities had a deficit in unrestricted Net Position of \$4,407,271, shown on Exhibit A-1, as of June 30, 2019. The primary cause of the deficit is attributable to the application of GASB 68 as described in Note 11, the allocation of compensated absences balances payable to unrestricted Net Position and the result from a delay in the June payments of state aid until the following fiscal year.

NOTE 19. FUND BALANCE APPROPRIATED

General Fund - Of the \$234,094 General Fund balance at June 30, 2019, \$0 is assigned for encumbrances; \$0 is restricted as excess surplus in accordance with N.J.S.A. 18A:7F-7, \$212,200 has been restricted in the Capital Reserve Account, of which \$80,000 has been designated to support 2019-20 capital appropriations; \$336,284 has been assigned, appropriated and included as anticipated revenue for the year ending June 30, 2020 and the net result is a deficit of (\$314,390) in unassigned and unrestricted fund balance.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 19. FUND BALANCE APPROPRIATED (CONTINUED)

Legally Restricted

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

Legally Restricted for Capital Reserve Account – As of June 30, 2019, the balance in the capital reserve account is \$212,200. These funds are restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan (LRFP).

Assigned For Encumbrances – The reserve for encumbrances was created to represent encumbrances outstanding at the end of the fiscal year based on purchase orders and contracts signed by the School District but not completed as of the close of the fiscal year. There was no reserve for encumbrances, as of June 30, 2019.

Unassigned - General Fund – The budgetary basis unassigned general fund balance at June 30, 2019 is \$194,589.

NOTE 20. CALCULATION OF EXCESS SURPLUS

The designation of reserved fund balance – excess surplus is the result of a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve general fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. There was no excess fund balance on a budgetary basis at June 30, 2019.

NOTE 21. LITIGATION

The District is from time to time involved in claims and lawsuits incidental to its operations. Per confirmation by the District's legal counsel, there are no pending litigations, claims, assessments of contingent liability against the District.

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

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 23. TAX ABATEMENT

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

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

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

On December 3, 2014, a Bond Ordinance, in the amount of \$3,149,364 was approved by the Salem County Board of Chosen Freeholders, for the purpose of funding various capital improvements to the Salem County Career and Technical High School. As of June 30, 2019, the District had an unexpended balance of \$24,263 on this project.

NOTE 25. SUBSEQUENT EVENTS

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

End of Notes to Financial Statements

REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT

Required Supplementary Information

Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2019

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
County of Salem Budget Appropriation	\$ 1,828,758		\$ 1,828,758	\$ 1,828,758	\$ -
Tuition Charges - In County	2,341,350		2,341,350	2,347,993	6,643
Tuition Charges - Out of County	348,216		348,216	359,271	11,055
Rent and Royalties	75,000		75,000	75,000	
Interest Earned on Investments				3,903	3,903
Interest Earned on Capital Reserve	1		1		(1)
Unrestricted Miscellaneous Revenue	5,000		5,000		(5,000)
Other Restricted Miscellaneous Revenue	15,000		15,000	12,598	(2,402)
Total - Local Sources	4,613,325		4,613,325	4,627,523	14,198
State Sources:					
Categorical Aid					
Equalization Aid	4,410,263		4,410,263	4,410,263	
Categorical Special Education Aid	583,368		583,368	583,368	
Categorical Security Aid	97,075		97,075	97,075	
Other State Aid					
Reimbursed TPAF Social Security Contributions (non-budgeted)				246,375	246,375
On-behalf TPAF Long-Term Disability Insurance (non-budgeted)				994	994
On-behalf TPAF Pension Contributions (non-budgeted)				645,439	645,439
On-behalf TPAF Pension Post-Retirement Med'l Contrib (non-budgeted)				292,770	292,770
Total - State Sources	5,090,706		5,090,706	6,276,284	1,185,578
Total Revenues	9,704,031		9,704,031	10,903,807	1,199,776
EXPENDITURES:					
Current Expense:					
Regular Programs - Grade 9-12 - Instruction:					
Salaries of Teachers	1,268,775	(23,337)	1,245,438	1,245,427	11
Purchased Professional-Educational Services	1,165	1,025	2,190	2,189	1
Purchased Technical Services	19,825	(17,175)	2,650	2,650	
Other Purchased Services	8,171	(5,897)	2,274	2,274	
General Supplies	24,427	(6,139)	18,288	18,257	31
Textbooks	14,167	(1,404)	12,763	12,762	1
Total Regular Programs - Instruction	1,336,530	(52,927)	1,283,603	1,283,559	44
Regular Programs - Home Instruction:					
Salaries of Teachers	10,000		10,000	1,268	8,732
Regular Vocational Programs - Instruction:					
Salaries of Teachers	1,250,045	87,242	1,337,287	1,313,630	23,657
Purchased Professional-Educational Services	2,018,419	(62,053)	1,956,366	1,954,390	1,976
Purchased Technical Services	27,882	(15,914)	11,968	11,968	
Other Purchased Services	47,655	(44,416)	3,239	3,239	
General Supplies	124,962	(9,497)	115,465	115,465	
Textbooks	11,394	(7,411)	3,983	3,981	2
Total - Regular Vocational Programs - Instruction	3,480,357	(52,049)	3,428,308	3,402,673	25,635
School-Sponsored Co/Extra-Curr. Activities-Instruction					
Salaries	26,525	72,413	98,938	98,938	
Purchased Services	36,500	(4,579)	31,921	18,097	13,824
Supplies and Materials	15,500	6,045	21,545	14,523	7,022
Other Objects					
Total School-Spon. Co/Extra Curr. Actvts. - Inst	78,525	73,879	152,404	131,558	20,846
School-Sponsored Athletics-Instruction					
Salaries	66,940	(25,250)	41,690	36,163	5,527
Purchased Services	11,000	31,343	42,343	41,871	472
Supplies and Materials	10,000	(122)	9,878	9,877	1
Total School-Spon. Athletics - Inst	87,940	5,971	93,911	87,911	6,000
Undistributed Expenditures - Attendance & Social Work					
Salaries of Drop-Out Prevention Officer/Coordinator	72,590	900	73,490	73,490	
Total Undistributed Expenditures - Attendance & Social Work	72,590	900	73,490	73,490	

(Continued)

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2019

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Health Services:					
Salaries	\$ 61,899	\$ 1,500	\$ 63,399	\$ 63,399	\$ -
Other Purchased Services	417		417	216	201
Supplies and Materials	1,530	(1,497)	33		33
Other Objects	100	(100)			
Total Undistributed Expenditures - Health Services	63,946	(97)	63,849	63,615	234
Undistributed Expenditures - Speech, OT, PT and Related Services					
Purchased Professional - Educational Services					
Total Undist. Expend. - Speech, OT, PT and Related Services					
Undistributed Expenditures - Guidance					
Salaries of Other Professional Staff	269,750	14,951	284,701	284,701	
Salaries of Secretarial and Clerical Assistants	31,648	(1,240)	30,408	30,408	
Purchased Professional-Educational Services	5,000	(5,000)			
Other Purchased Services	2,500	(1,411)	1,089	457	632
Supplies and Materials	7,000	(2,359)	4,641	3,504	1,137
Total Undist. Expend. - Guidance	315,898	4,941	320,839	319,070	1,769
Undistributed Expenditures - Child Study Teams					
Purchased Professional - Educational Services		3,130	3,130	2,635	495
Total Undist. Expend. - Child Study Teams		3,130	3,130	2,635	495
Undistributed Expenditures - Improvement of Instruction Services					
Salaries of Other Professional Staff	76,826	2,146	78,972	78,972	
Salaries of Facilitators	5,000	(5,000)			
Other Purchased Services	5,000	(5,000)			
Supplies and Materials	10,000	(10,000)			
Total Undist. Expend. - Improv of Inst. Serv.	96,826	(17,854)	78,972	78,972	
Undistributed Expenditures - Support Services - General Administration:					
Salaries	139,666	19,957	159,623	159,623	
Legal Services	20,000	(11,597)	8,403	8,357	46
Audit Fee	37,000	(13,905)	23,095	23,095	
Other Purchased Professional Services	25,480	(22,624)	2,856	2,618	238
Purchased Technical Services	10,000	(7,060)	2,940	2,940	
Communications/Telephone	35,000	4,642	39,642	37,032	2,610
Misc. Purch Serv	9,000	(872)	8,128	8,128	
General Supplies	5,300	(3,063)	2,237	2,149	88
Miscellaneous Expenditures	15,750	(226)	15,524	15,441	83
Total Undist. Expend. -Support Serv. -Gen. Admin.	297,196	(34,748)	262,448	259,383	3,065
Undistributed Expenditures - Support Services - School Administration					
Salaries of Principals / Assistant Principals	199,845	(14,154)	185,691	185,691	
Salaries of Secretarial and Clerical Assistants	81,952	81	82,033	82,032	1
Other Purchased Services	12,500	46,236	58,736	11,931	46,805
Supplies and Materials	14,500	(4,006)	10,494	10,405	89
Other Objects	500	3,348	3,848	3,848	
Total Undist. Expend. -Support Serv. - School Adm.	309,297	31,505	340,802	293,907	46,895
Undistributed Expenditures - Central Services:					
Salaries	\$ 197,545	\$ (76,866)	\$ 120,679	\$ 120,423	\$ 256
Purchased Professional Services	6,000	(6,000)			
Purchased Technical Services	77,500	(59,213)	18,287	17,935	352
Misc. Purchased Services	16,000	(14,094)	1,906	1,905	1
Supplies and Materials	17,500	(6,617)	10,883	10,250	633
Interest on Lease Purchase Agreements	8,000	(6,395)	1,605	1,604	1
Misc. Expenditures	7,500	(6,400)	1,100	1,100	
Total Undistributed Expenditures - Central Services	330,045	(175,585)	154,460	153,217	1,243

(Continued)

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2019

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Admin Info Technology					
Salaries	91,225	1,377	92,602	92,277	325
Purchased Professional Services		93,995	93,995	91,297	2,698
Purchased Technical Services	90,056	(88,740)	1,316	1,200	116
Other Purchased Services	1,500	98,568	100,068	99,337	731
Supplies and Materials	108,000	(106,200)	1,800	1,050	750
Total Undist. Expend-Admin Info Technology	290,781	(1,000)	289,781	285,161	4,620
Undistributed Expenditures - Required Maint for School Facilities					
Salaries	73,126	1,233	74,359	73,244	1,115
Cleaning, Repair, and Maintenance Services	165,000	(57,607)	107,393	105,747	1,646
General Supplies	25,000	76,318	101,318	99,888	1,430
Other Objects	5,000	(3,357)	1,643	1,643	
Total Undist. Expend-Required Maint for Sch Fac.	268,126	16,587	284,713	280,522	4,191
Undistributed Expenditures - Other Oper & Maint of Plant					
Salaries	298,135	(36,136)	261,999	261,999	
Cleaning, Repair, and Maintenance Services	50,000	(11,709)	38,291	38,109	182
Lease Purchase Payments - Energy Savings	65,520	6,395	71,915	71,915	
Insurance	110,000	(24,201)	85,799	85,799	
Miscellaneous Purchased Services	5,000	(5,000)			
General Supplies	20,000	(1,359)	18,641	17,641	1,000
Energy (Natural Gas)	125,000	(2,243)	122,757	106,710	16,047
Energy (Heat and Electricity)	225,000	(7,294)	217,706	212,688	5,018
Energy (Oil)	6,000	1,000	7,000	6,586	414
Total Undist Expend-Oth. Oper & Maint of Plant	904,655	(80,547)	824,108	801,447	22,661
Undistributed Expenditures - Care & Upkeep of Grounds					
Cleaning, Repair, and Maintenance Services	20,000	(11,590)	8,410	6,944	1,466
Total Care and Upkeep of Grounds	20,000	(11,590)	8,410	6,944	1,466
Undistributed Expenditures - Security					
Cleaning, Repair, and Maintenance Services	16,500	17,108	33,608	33,608	
Total Security	16,500	17,108	33,608	33,608	
Total Undist. Expend-Oper & Maint of Plant Serv.	1,209,281	(58,442)	1,150,839	1,122,521	28,318
Undistributed Expenditures - Student Transportation Services:					
Salaries (Oth. Than Bet Home & Sch)		31,790	31,790	31,790	
Contr Serv (Oth. Than Bet Home & Sch) - Vend	49,725	(39,374)	10,351	9,668	683
Total Undist. Expend. -Student Trans. Serv.	49,725	(7,584)	42,141	41,458	683
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	160,000	24,537	184,537	175,698	8,839
Other Retirement Contributions - PERS	155,000	13,435	168,435	168,435	
Unemployment Compensation	25,000	25,022	50,022	50,021	1
Workmen's Compensation	90,000	(809)	89,191	85,784	3,407
Health Benefits	1,062,058	284,836	1,346,894	1,327,672	19,222
Tuition Reimbursement	17,500	(10,000)	7,500	7,500	
Other Employee Benefits	7,500	3,856	11,356	11,202	154
Total Unallocated Benefits - Employee Benefits	1,517,058	340,877	1,857,935	1,826,312	31,623

(Continued)

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2019

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Reimbursed TPAF Social Security Contributions (non-budgeted)	\$ -	\$ -	\$ -	\$ 246,375	\$ (246,375)
On-behalf TPAF Long-Term Disability Insurance (non-budgeted)				994	(994)
On-behalf TPAF Pension Contributions (non-budgeted)				645,439	(645,439)
On-behalf TPAF Pension Post-Retirement Contributions (non-budgeted)				292,770	(292,770)
Total On-behalf Contributions				1,185,578	(1,185,578)
Total Undistributed Expenditures	4,640,583	86,043	4,638,686	5,705,319	(1,066,633)
Total Current Expense	9,545,995	60,917	9,606,912	10,612,288	(1,005,376)
Capital Outlay:					
Interest Deposit to Capital Reserve	1		1		1
Total Equipment	1		1		1
Facilities Acquisition and Construction Services:					
Lease Purchase Agreements-Principal	364,144	925	365,069	364,144	925
Assessment for Debt Service on SDA Funding	925		925	925	
Total Facilities Acquisition and Construction Services	365,070	925	365,995	365,069	925
Total Capital Outlay	365,070	925	365,995	365,069	926
Total Expenditures	9,911,065	61,842	9,972,907	10,977,357	(1,004,450)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(207,034)	(61,842)	(268,876)	(73,550)	195,326
Other Financing Sources (Uses)					
Transfers to Food Service					
Cancellation of Prior Year Accounts Receivable				(29,949)	(29,949)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(207,034)	(61,842)	(268,876)	(103,499)	165,377
Fund Balances, July 1	846,572		846,572	846,572	
Fund Balances, June 30	639,538	(61,842)	577,696	743,073	165,377
Recapitulation:					
Restricted Fund Balance:					
Capital Reserve				\$ 132,200	
Capital Reserve Designated for Subsequent Years Expenditures				80,000	
Assigned Fund Balance:					
Designated for Subsequent Years Expenditures				336,284	
Unassigned Fund Balance					
				194,589	
				743,073	
Reconciliation to Governmental Funds Statements (GAAP):					
Last two State Aid Payments 2018-19 Not Recognized on GAAP Basis					
				(508,979)	
				\$ 234,094	

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2019

	Original Budget	Budget Amendments / Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
State Sources:					
Perkins Post Secondary		\$ 89,418	\$ 89,418	\$ 29,616	\$ (59,802)
Opportunity Partners	73,685		73,685	31,539	(42,146)
WIOA In School		34,633	34,633	34,633	
WIOA Out of School		39,565	39,565	35,665	(3,900)
County Bridge Grant		68,488	68,488	16,666	(51,822)
Total - State Sources	73,685	232,104	305,789	148,119	(157,670)
Federal Sources:					
Perkins Secondary and Reserve	146,711		146,711	130,366	(16,345)
Adult Basic Skills-LA		198,916	198,916	198,916	
Adult Basic Skills-Sub-grantee		512,134	512,134	501,486	(10,648)
I.D.E.A.	112,338		112,338	112,338	
21st Century		500,000	500,000	364,367	
No Child Left Behind:					
Title IA	187,401	27,986	215,387	139,186	(76,201)
Title IIA	30,276	9,399	39,675	29,069	(10,606)
Title IV	11,284	1,115	12,399	12,399	
Total - Federal Sources	488,010	1,249,550	1,737,560	1,488,127	(249,433)
Other Sources:					
Case Grant		12,014	12,014	8,191	(3,823)
Total - Other Sources		12,014	12,014	8,191	(3,823)
Total Revenues	561,695	1,493,668	2,055,363	1,644,437	(410,926)

(Continued)

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT

Required Supplementary Information
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2019
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	Original Budget	Budget Amendments / Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES:					
Instruction:					
Salaries of Teachers	\$ 130,901	\$ 397,925	\$ 528,826	\$ 391,838	\$ 136,988
Purchased Professional Educational Services	314	2,738	3,052	1,448	1,604
Purchased Professional & Technical Services	17,875	77,538	95,413	68,502	26,911
Other Purchased Services		4,841	4,841	2,470	2,371
Travel		911	911	844	67
General Supplies	601	73,804	74,405	29,708	44,697
Supplies and Materials	66,083	4,320	70,403	36,917	33,486
Textbooks	2,500	(1,880)	620		620
Other Objects	1,550	1,900	3,450	1,900	1,550
Total Instruction	219,824	562,097	781,921	533,627	248,294
Support Services:					
Salaries of Other Professional Staff	34,319	179,012	213,331	167,009	46,322
Personal Services - Employee Benefits	24,303	73,679	97,982	55,423	42,559
Purchased Professional Educational Services		505,912	505,912	501,486	4,426
Purchased Professional Technical Services	201,938	52,385	254,323	222,150	32,173
Purchased Property Services	11,284	1,115	12,399	12,399	
Other Purchased Services	17,796	75,090	92,886	77,814	15,072
Travel	31	27,787	27,818	7,177	20,641
Supplies and Materials	600		600		600
Total Support Services	290,271	914,980	1,205,251	1,043,458	161,793
Facilities Acquisition and Construction Services:					
Instructional Equipment	51,600	16,591	68,191	67,352	839
Total Facilities Acquisition & Construction Services	51,600	16,591	68,191	67,352	839
Total Expenditures	561,695	1,493,668	2,055,363	1,644,437	410,926
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$	\$	\$	\$	\$

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 Note to RSI
 For the Fiscal Year Ended June 30, 2019

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

	General Fund	Special Revenue Fund
Sources / Inflows of Resources:		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (C-series)	\$ 10,903,807	\$ 1,644,437
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Current Year		
Prior Year		3,643
The last two 17-18 State aid payments are recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33)	490,237	
The last two 18-19 State aid payments are recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33)	(508,979)	
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	\$ 10,885,065	\$ 1,648,080
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 10,977,357	\$ 1,644,437
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Current Year		
Prior Year		3,643
		3,643
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	\$ 10,977,357	\$ 1,648,080

**REQUIRED SUPPLEMENTARY
INFORMATION PART III**

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability
Public Employees' Retirement System (PERS)
Last Ten Fiscal Years*

	<u>2018</u>		<u>2017</u>		<u>2016</u>		<u>2015</u>		<u>2014</u>		<u>2013</u>
District's Proportion of the Net Pension Liability	0.016760%		0.016287%		0.017041%		0.015153%		0.018610%		0.020479%
District's Proportionate Share of the Net Pension Liability	\$ 3,299,884	\$	3,791,412	\$	5,046,962	\$	3,401,593	\$	3,484,297	\$	3,913,891
District's Covered-Employee Payroll	\$ 1,021,542	\$	1,179,357	\$	1,165,849	\$	1,146,524	\$	1,067,848	\$	1,169,944
District's Proportionate Share of the Net Pension Liability as a percentage of its Covered-Employee Payroll	323.03%		321.48%		432.90%		296.69%		326.29%		334.54%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	53.60%		48.10%		40.14%		47.93%		52.08%		48.72%

Note: The amounts presented for each fiscal year were determined as of the prior fiscal year end measurement date.

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Schedule of District Contributions
Public Employees' Retirement System (PERS)
Last Ten Fiscal Years*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 167,954	\$ 154,272	\$ 153,264	\$ 130,277	\$ 153,418	\$ 154,303
Contributions in relation to the Contractually Required Contribution	(167,954)	(154,272)	(153,264)	(130,277)	(153,418)	(154,303)
Contribution Deficiency (Excess)	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>
District's Covered-Employee Payroll	\$ 1,021,542	\$ 1,179,357	\$ 1,165,849	\$ 1,146,524	\$ 1,067,848	\$ 1,169,944
Contributions as a Percentage of Covered-Employee Payroll	16.44%	13.08%	13.15%	11.36%	14.37%	13.19%

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability
Teachers' Pension and Annuity Fund (TPAF)
Last Ten Fiscal Years*

	<u>2018</u>		<u>2017</u>		<u>2016</u>		<u>2015</u>		<u>2014</u>		<u>2013</u>
District's Proportion of the Net Pension Liability	0.032054%		0.030413%		0.031832%		0.031078%		0.031268%		0.031849%
District's Proportionate Share of the Net Pension Liability	\$ 20,392,195	\$	20,505,800	\$	25,041,038		19,642,384	\$	16,711,990	\$	16,096,024
District's Covered-Employee Payroll	\$ 3,442,825	\$	3,400,311	\$	4,848,646		3,248,683	\$	3,212,474	\$	3,138,412
District's Proportionate Share of the Net Pension Liability as a percentage of its Covered-Employee Payroll	592.31%		603.06%		516.45%		604.63%		520.22%		512.87%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	26.49%		25.41%		22.33%		28.71%		33.64%		33.76%

Note: The amounts presented for each fiscal year were determined as of the prior fiscal year end measurement date.

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

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

	2018	2017
Total OPEB Liability		
Service Cost	\$ 690,096	\$ 828,546
Interest Cost	511,427	436,834
Changes of Benefit Terms		
Differences Between Expected and Actual Experiences	(950,866)	
Changes of Assumptions	(1,408,901)	(1,857,206)
Member Contributions	11,346	11,729
Gross Benefit Payments	(328,295)	(318,541)
Net Change in Total OPEB Liability	(1,475,193)	(898,638)
Total OPEB Liability - Beginning	13,752,666	14,651,304
Total OPEB Liability - Ending	\$ 12,277,473	\$ 13,752,666
Covered-Employee Payroll	\$ 4,464,367	\$ 4,579,668
Total OPEB Liability as a Percentage of Covered-Employee Payroll	275.01%	300.30%

Notes to Schedule:

Changes of Benefit Terms: None

Differences Between Expected and Actual Experiences: There is no change in the Total OPEB Liability from June 30, 2016 to June 30, 2017 due to differences in expected and actual experiences. The decrease in liability from June 30, 2017 to June 30, 2018 is due to changes in the census, claims and premiums experience.

Changes in Assumptions: The decrease in the liability from June 30, 2016 to June 30, 2017 is due to the increase in the assumed discount rate from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017. The decrease in the liability from June 30, 2017 to June 30, 2018 is due to the increase in the assumed discount rate from 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018; and a decrease in the assumed health care cost trend and excise tax assumptions.

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

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND DETAIL STATEMENTS

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
Combining Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2019

	Total	NCLB Title I, Part A 2018-19	Title II A	Title IV	21st Century Comp	Total Brought Forward
REVENUES:						
Federal Sources	\$ 1,488,127	\$ 139,186	\$ 29,069	\$ 12,399	\$ 364,367	\$ 943,106
State Sources	148,119					148,119
Other Sources	8,191					8,191
Total Revenues	1,644,437	139,186	29,069	12,399	364,367	1,099,416
EXPENDITURES:						
Instruction:						
Salaries of Teachers	391,838	37,602			163,043	191,193
Purchased Professional Educational Services	1,448					1,448
Purchased Professional & Technical Services	68,502				4,000	64,502
Other Purchased Services	2,470				2,470	
Travel	844					844
General Supplies	29,708				2,796	26,912
Supplies & Materials	36,917	6,857				30,060
Other Objects	1,900					1,900
Total Instruction	533,627	44,459			172,309	316,859
Support Services:						
Salaries of Other Professional Staff	167,009		6,300		78,660	82,049
Personal Services - Employee Benefits	55,423	19,915			25,015	10,493
Purchased Professional Educational Services	501,486					501,486
Purchased Professional Technical Services	222,150	74,812	22,500		12,500	112,338
Purchased Property Services	12,399			12,399		
Other Purchased Services	77,814		269		73,385	4,160
Travel	7,177				2,498	4,679
Total Support Services	1,043,458	94,727	29,069	12,399	192,058	715,205
Facilities Acquisition & Construction Services:						
Instructional Equipment	67,352					67,352
Total Facilities Acquisition & Construction Services	67,352					67,352
Total Expenditures	\$ 1,644,437	\$ 139,186	\$ 29,069	\$ 12,399	\$ 364,367	\$ 1,099,416

(Continued)

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
Combining Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2019

	<u>Total Carried Forward</u>	<u>I.D.E.A. 2018-19</u>	<u>County Bridge Grant</u>	<u>Total Brought Forward</u>
REVENUES:				
Federal Sources	\$ 943,106	\$ 112,338		\$ 830,768
State Sources	148,119		\$ 16,666	131,453
Other Sources	8,191			8,191
Total Revenues	<u>1,099,416</u>	<u>112,338</u>	<u>16,666</u>	<u>970,412</u>
EXPENDITURES:				
Instruction:				
Salaries of Teachers	191,193		16,466	174,727
Purchased Professional Educational Services	1,448			1,448
Purchased Professional & Technical Services	64,502			64,502
Other Purchased Services	-			
Travel	844			844
General Supplies	26,912		200	26,712
Supplies & Materials	30,060			30,060
Other Objects	1,900			1,900
Total Instruction	<u>316,859</u>		<u>16,666</u>	<u>300,193</u>
Support Services:				
Salaries of Other Professional Staff	82,049			82,049
Personal Services - Employee Benefits	10,493			10,493
Purchased Professional Educational Services	501,486			501,486
Purchased Professional Technical Services	112,338	112,338		
Purchased Property Services				
Other Purchased Services	4,160			4,160
Travel	4,679			4,679
Total Support Services	<u>715,205</u>	<u>112,338</u>		<u>602,867</u>
Facilities Acquisition & Construction Services:				
Instructional Equipment	67,352			67,352
Total Facilities Acquisition & Construction Services	<u>67,352</u>			<u>67,352</u>
Total Expenditures	<u>\$ 1,099,416</u>	<u>\$ 112,338</u>	<u>\$ 16,666</u>	<u>\$ 970,412</u>

(Continued)

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
Combining Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2019

	<u>Total Carried Forward</u>	<u>WIOA In School</u>	<u>WIOA Out of School</u>	<u>Sub-Grantee Adult Basic Skills 2018-19</u>	<u>Lead Agent Adult Basic Skills 2018-19</u>	<u>Total Brought Forward</u>
REVENUES:						
Federal Sources	\$ 830,768			\$ 501,486	\$ 198,916	\$ 130,366
State Sources	131,453	\$ 34,633	\$ 35,665			61,155
Other Sources	8,191					8,191
Total Revenues	<u>970,412</u>	<u>34,633</u>	<u>35,665</u>	<u>501,486</u>	<u>198,916</u>	<u>199,712</u>
EXPENDITURES:						
Instruction:						
Salaries of Teachers	174,727	21,895	23,413		110,561	18,858
Purchased Professional Educational Services	1,448					1,448
Purchased Professional & Technical Services	64,502	9,090	8,405		7,932	39,075
Other Purchased Services	-					
Travel	844				844	
General Supplies	26,712	2,620	2,725		1,421	19,946
Supplies & Materials	30,060					30,060
Other Objects	1,900					1,900
Total Instruction	<u>300,193</u>	<u>33,605</u>	<u>34,543</u>		<u>120,758</u>	<u>111,287</u>
Support Services:						
Salaries of Other Professional Staff	82,049				64,537	17,512
Personal Services - Employee Benefits	10,493	1,028	1,122		8,343	
Purchased Professional Educational Services	501,486			501,486		
Purchased Professional Technical Services						
Purchased Property Services						
Other Purchased Services	4,160					4,160
Travel	4,679					4,679
Total Support Services	<u>602,867</u>	<u>1,028</u>	<u>1,122</u>	<u>501,486</u>	<u>72,880</u>	<u>26,351</u>
Facilities Acquisition & Construction Services:						
Instructional Equipment	67,352				5,278	62,074
Total Facilities Acquisition & Construction Services	<u>67,352</u>				<u>5,278</u>	<u>62,074</u>
Total Expenditures	<u>\$ 970,412</u>	<u>\$ 34,633</u>	<u>\$ 35,665</u>	<u>\$ 501,486</u>	<u>\$ 198,916</u>	<u>\$ 199,712</u>

(Continued)

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
 Combining Schedule of Revenues and Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2019

	<u>Total Carried Forward</u>	<u>Perkins Secondary 2018-19</u>	<u>Perkins Secondary Reserve 2018-19</u>	<u>Perkins Post Secondary 2018-19</u>	<u>Opportunity Partners</u>	<u>Total Brought Forward</u>
REVENUES:						
Federal Sources	\$ 130,366	\$ 107,334	\$ 23,032			
State Sources	61,155			\$ 29,616	31,539	
Other Sources	8,191					\$ 8,191
Total Revenues	<u>199,712</u>	<u>107,334</u>	<u>23,032</u>	<u>29,616</u>	<u>31,539</u>	<u>8,191</u>
EXPENDITURES:						
Instruction:						
Salaries of Teachers	18,858	6,500			12,358	
Purchased Professional Educational Services	1,448				1,448	
Purchased Professional & Technical Services	39,075	26,911		12,164		
Other Purchased Services	-					
Travel	-					
General Supplies	19,946			10,941	814	8,191
Supplies & Materials	30,060	7,028	23,032			
Other Objects	1,900	1,900				
Total Instruction	<u>111,287</u>	<u>42,339</u>	<u>23,032</u>	<u>23,105</u>	<u>14,620</u>	<u>8,191</u>
Support Services:						
Salaries of Other Professional Staff	17,512	593			16,919	
Personal Services - Employee Benefits						
Purchased Professional Educational Services						
Purchased Professional Technical Services						
Purchased Property Services						
Other Purchased Services	4,160	2,300		1,860		
Travel	4,679	28		4,651		
Total Support Services	<u>26,351</u>	<u>2,921</u>		<u>6,511</u>	<u>16,919</u>	
Facilities Acquisition & Construction Services:						
Instructional Equipment	62,074	62,074				
Total Facilities Acquisition & Construction Services	<u>62,074</u>	<u>62,074</u>				
Total Expenditures	<u>\$ 199,712</u>	<u>\$ 107,334</u>	<u>\$ 23,032</u>	<u>\$ 29,616</u>	<u>\$ 31,539</u>	<u>\$ 8,191</u>

(Continued)

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
Combining Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2019

	<u>Total Carried Forward</u>	<u>CASE Grant 17-18</u>	<u>CASE Grant 18-19</u>
REVENUES:			
Federal Sources			
State Sources			
Other Sources	\$ 8,191	\$ 1,276	\$ 6,915
Total Revenues	<u>8,191</u>	<u>1,276</u>	<u>6,915</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers			
Purchased Professional Educational Services			
Purchased Professional & Technical Services			
Other Purchased Services			
Travel			
General Supplies	8,191	1,276	6,915
Supplies & Materials			
Other Objects			
Total Instruction	<u>8,191</u>	<u>1,276</u>	<u>6,915</u>
Support Services:			
Salaries of Other Professional Staff			
Personal Services - Employee Benefits			
Purchased Professional Educational Services			
Purchased Professional Technical Services			
Purchased Property Services			
Other Purchased Services			
Travel			
Total Support Services	<u> </u>	<u> </u>	<u> </u>
Facilities Acquisition & Construction Services:			
Instructional Equipment			
Total Facilities Acquisition & Construction Services	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	<u>\$ 8,191</u>	<u>\$ 1,276</u>	<u>\$ 6,915</u>

CAPITAL PROJECTS FUND DETAIL STATEMENT

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Project Expenditures
For the Fiscal Year Ended June 30, 2019

<u>Project Title / Issue</u>	<u>Approval Date</u>	<u>Revised Budgetary Appropriations</u>	<u>GAAP Expenditures to Date</u>		<u>Unexpended Balance June 30, 2019</u>
			<u>Prior Years</u>	<u>Current Year</u>	
Various Improvements to High School	12/3/2014	\$ 3,149,364	\$ 3,125,101		\$ 24,263
		<u>\$ 3,149,364</u>	<u>\$ 3,125,101</u>		<u>\$ 24,263</u>
Unencumbered Balance					<u>\$ 24,263</u>

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
Summary Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budgetary Basis
For the Fiscal Year Ended June 30, 2019

Revenues and Other Financing Sources (Uses)	
State Sources - SCC Grant	\$
Interest	_____
Total Revenues	_____
 Expenditures and Other Financing Uses	
Construction Services	
Professional Services	_____
Total Expenditures	_____
Excess (Deficiency) of Revenues Over (Under) Expenditures	
Fund Balance - July 1	_____ 24,263
Fund Balance - June 30	\$ _____ 24,263

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND

Schedule of Project Revenues, Expenditures, Project Balance and Project Status--Budgetary Basis
From Inception and for the Fiscal Year Ended June 30, 2019

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

Additional Project Information:

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
 Enterprise Fund
 Combining Statement of Net Position
 June 30, 2019

	Business Type Activities- Enterprise Funds				Total
	Food Service	Regional Day School	The Learning Center	BCCEC/ ETTC Program	
ASSETS:					
Current Assets:					
Cash and Cash Equivalents	\$ 8,236	\$ 35,922		\$ 132,425	\$ 176,583
Accounts Receivable:					
State	114				114
Federal	5,817				5,817
Other	30,232		10,921	48,755	89,908
Interfund Receivable				40,055	40,055
Inventories	21,538				21,538
Total Current Assets	<u>65,937</u>	<u>35,922</u>	<u>10,921</u>	<u>221,235</u>	<u>334,015</u>
Total Noncurrent Assets					
Total Assets	<u>65,937</u>	<u>35,922</u>	<u>10,921</u>	<u>221,235</u>	<u>334,015</u>
LIABILITIES:					
Current Liabilities:					
Accounts Payable	200			1,153	1,353
Interfund Payable	16,592		10,921		27,513
Unearned Revenue	123				123
Total Current Liabilities	<u>16,915</u>		<u>10,921</u>	<u>1,153</u>	<u>28,989</u>
Net Position:					
Invested in Capital Assets Net of Related Debt					
Unrestricted	49,022	35,922		220,082	305,026
Total Net Position	<u>\$ 49,022</u>	<u>\$ 35,922</u>	<u>\$</u>	<u>\$ 220,082</u>	<u>\$ 305,026</u>

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
 Enterprise Fund
 Combining Statement of Revenues, Expenses and Changes in Fund Net Position
 For the Fiscal Year Ended June 30, 2019

	Business Type Activities- Enterprise Funds				Total
	Food Service	Regional Day School	The Learning Center	BCCEC/ ETTC Program	
OPERATING REVENUES:					
Charges for Services:					
Daily Sales - Reimbursable Programs	\$ 42,563				\$ 42,563
Daily Sales - Non-Reimbursable Programs	11,248				11,248
Tuition			56,452		56,452
Other Revenue	208,429	325,257		178,062	711,748
Total Operating Revenues	262,240	325,257	56,452	178,062	822,011
OPERATING EXPENSES:					
Salaries	150,776	275,270	70,990	103,540	600,576
Employee Benefits		14,065		50,943	65,008
Cost of Sales - Reimbursable Programs	178,471				178,471
Cost of Sales - Non Reimbursable Programs	27,073				27,073
Purchased Educational Services				27,034	27,034
Rental				24,767	24,767
Travel				384	384
Other Purchased Services	12,800				12,800
General Supplies	16,971		1,717	10,272	28,960
Equipment	1,200				1,200
Textbooks				1,303	1,303
Miscellaneous	783				783
Total Operating Expenses	388,074	289,335	72,707	218,243	968,359
Operating Income / (Loss)	(125,834)	35,922	(16,255)	(40,181)	(146,348)
NONOPERATING REVENUES (EXPENSES):					
State Sources:					
State School Lunch Program	1,971				1,971
Federal Sources:					
Food Distribution Program	16,822				16,822
National School Lunch Program	66,821				66,821
National School Breakfast Program	24,401				24,401
Total Non-operating Revenues (Expenses)	110,015				110,015
Income(Loss) before Operating Transfers	(15,819)	35,922	(16,255)	(40,181)	(36,333)
OTHER FINANCING USES:					
Prior Year Cancellations:					
Accounts Receivable				(20,028)	(20,028)
Transfers			13,884	(13,884)	
Net Position – July 1	64,841		2,371	294,175	361,387
Net Position – June 30	\$ 49,022	\$ 35,922	\$	\$ 220,082	\$ 305,026

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
 Enterprise Fund
 Combining Statement of Cash Flows
 For the Fiscal Year Ended June 30, 2019

	Business Type Activities- Enterprise Funds				Totals
	Food Service	Regional Day School	The Learning Center	BCCEC/ETTC Program	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from Customers	\$ 262,240	\$ 325,257	\$ 58,823	\$ 166,539	\$ 812,859
Payments to Employees	(150,776)	(275,270)	(70,990)	(103,540)	(600,576)
Payments for Employee Benefits		(14,065)		(50,943)	(65,008)
Payments to Suppliers	(213,243)		(1,717)	40,928	(174,032)
Net Cash Provided by (used for) Operating Activities	<u>(101,779)</u>	<u>35,922</u>	<u>(13,884)</u>	<u>52,984</u>	<u>(26,757)</u>
Cash from (Used for) Operating Activities-Transfers to the General Fund			13,884	(13,884)	
Total Cash Provided by (Used for) Operating Activities	<u>(85,053)</u>	<u>35,922</u>		<u>39,100</u>	<u>(26,757)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:					
State Sources	1,971				1,971
Federal Sources	108,044				108,044
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>110,015</u>				<u>110,015</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest and Dividends					
Net Cash Provided by (used for) Investing Activities					
Net Increase (Decrease) in Cash and Cash Equivalents	8,236	35,922	(13,884)	39,100	83,258
Cash and Cash Equivalents – July 1				93,325	93,325
Cash and Equivalents – June 30	<u>\$ 8,236</u>	<u>\$ 35,922</u>	<u>\$ -</u>	<u>\$ 132,425</u>	<u>\$ 176,583</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	\$ (125,834)	\$ 35,922	\$ (16,255)	\$ (40,181)	\$ (146,348)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:					
Transfer			13,884	(13,884)	
Changes in Assets and Liabilities:	0				
Accounts Receivable (Increase)/Decrease	32,421	99,407	7,872	17,611	157,311
Interfund Receivable (Increase)/Decrease	0				
Inventory (Increase)/Decrease	(5,583)				(5,583)
Accounts Payable Increase/(Decrease)	(1,955)			(220)	(2,175)
Unearned Revenue Increase/(Decrease)	(828)				(828)
Interfund Payable Increase/(Decrease)	0	(99,407)	(5,501)	75,774	(29,134)
Net Cash Provided by (used for) Operating Activities	<u>\$ (101,779)</u>	<u>\$ 35,922</u>	<u>\$ -</u>	<u>\$ 39,100</u>	<u>\$ (26,757)</u>

FIDUCIARY FUNDS DETAIL STATEMENTS

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

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

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

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Fiduciary Net Position
June 30, 2019

	<u>Agency Funds</u>		
	<u>Student</u>		
	<u>Activity</u>	<u>Payroll</u>	<u>Total</u>
ASSETS:			
Cash and Cash Equivalents	\$ 56,594	\$ 154,021	\$ 210,615
Total Assets	<u>\$ 56,594</u>	<u>\$ 154,021</u>	<u>\$ 210,615</u>
 LIABILITIES:			
Payable to Student Groups	\$ 56,594	\$	\$ 56,594
Due to General Fund		40,460	40,460
Payroll Deductions, Withholdings and Net Payroll		113,561	113,561
Total Liabilities	<u>\$ 56,594</u>	<u>\$ 154,021</u>	<u>\$ 210,615</u>

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Fiduciary Funds
Student Activity Agency Fund Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2019

	<u>Balance</u> <u>June 30, 2018</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2019</u>
Vo Tech	\$ 43,005	\$ 219,224	\$ 205,635	\$ 56,594

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Fiduciary Funds
Payroll Agency Fund Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2019

	<u>Balance</u> <u>June 30, 2018</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>June 30, 2019</u>
ASSETS:				
Cash and Cash Equivalents	\$ 16,577	\$ 6,264,262	\$ 6,126,818	\$ 154,021
Total Assets	<u>\$ 16,577</u>	<u>\$ 6,264,262</u>	<u>\$ 6,126,818</u>	<u>\$ 154,021</u>
LIABILITIES:				
Due to General Fund	\$ 15,435	\$ 25,025	\$	\$ 40,460
Payroll Deductions, Withholdings and Net Payroll	1,142	6,239,237	6,126,818	113,561
Total Liabilities	<u>\$ 16,577</u>	<u>\$ 6,264,262</u>	<u>\$ 6,126,818</u>	<u>\$ 154,021</u>

LONG-TERM DEBT SCHEDULES

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
 Schedule of Obligations Under Capital Leases
 For the Fiscal Year Ended June 30, 2019

<u>Series</u>	<u>Date of Lease</u>	<u>Term of Lease</u>	<u>Amount of Original Issue Principal</u>	<u>Interest Rate Payable</u>	<u>Amount Outstanding June 30, 2018</u>	<u>Issued</u>	<u>Retired Current Year</u>	<u>Amount Outstanding June 30, 2019</u>
2014 Refinancing of Energy Savings Project	4/14/14	11 yrs.	\$ 2,796,142	3.00%	\$ 2,044,647		\$ 229,278	\$ 1,815,369
2016 Energy Project	10/15/15	10 yrs	650,000	2.875%	442,194		60,256	381,938
2017 Various Equipment and Vehicles	2/1/17	3 yrs	221,706	2.15%	74,610		74,610	
					<u>\$ 2,561,451</u>		<u>\$ 364,144</u>	<u>\$ 2,197,307</u>
					(a)			(a)

STATISTICAL SECTION

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Invested in capital assets, net of related debt	\$ 8,275,193	\$ 7,585,773	\$ 7,745,536	\$ 6,884,811	\$ 7,627,048	\$ 7,898,446	\$ 10,531,955	\$ 10,020,533	\$ 9,924,810	\$ 9,635,983
Restricted	1,736,407	1,453,638	397,610	649,361	619,871	3,181,353	301,757	113,902	36,463	236,463
Unrestricted	(120,169)	(188,850)	(101,023)	(119,188)	(107,055)	(3,780,914)	(3,659,585)	(3,765,084)	(3,676,497)	(4,407,271)
Total governmental activities Net Position	<u>\$ 9,891,431</u>	<u>\$ 8,850,561</u>	<u>\$ 8,042,123</u>	<u>\$ 7,414,984</u>	<u>\$ 8,139,864</u>	<u>\$ 7,298,885</u>	<u>\$ 7,174,127</u>	<u>\$ 6,369,351</u>	<u>\$ 6,284,776</u>	<u>\$ 5,465,175</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 983,395	\$ 934,485	\$ 876,290	\$ 818,095	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	16,728	4,930	23,309	17,886						
Unrestricted	384,166	229,198	370,868	535,945	892,355	951,241	802,460	501,184	361,387	305,026
Total business-type activities Net Position	<u>\$ 1,384,289</u>	<u>\$ 1,168,614</u>	<u>\$ 1,270,467</u>	<u>\$ 1,371,926</u>	<u>\$ 892,355</u>	<u>\$ 951,241</u>	<u>\$ 802,460</u>	<u>\$ 501,184</u>	<u>\$ 361,387</u>	<u>\$ 305,026</u>
District-wide										
Invested in capital assets, net of related debt	\$ 9,258,588	\$ 8,520,258	\$ 8,621,826	\$ 7,702,906	\$ 7,627,048	\$ 7,898,446	\$ 10,531,955	\$ 10,020,533	\$ 9,924,810	\$ 9,635,983
Restricted	1,753,135	1,458,568	420,919	667,247	619,871	3,181,353	301,757	113,902	36,463	236,463
Unrestricted	263,997	40,349	269,845	416,757	785,300	(2,829,673)	(2,857,125)	(3,263,900)	(3,315,110)	(4,102,245)
Total District Net Position	<u>\$ 11,275,720</u>	<u>\$ 10,019,174</u>	<u>\$ 9,312,590</u>	<u>\$ 8,786,910</u>	<u>\$ 9,032,219</u>	<u>\$ 8,250,126</u>	<u>\$ 7,976,587</u>	<u>\$ 6,870,535</u>	<u>\$ 6,646,163</u>	<u>\$ 5,770,201</u>

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities										
Instruction										
Regular	\$ 1,167,138	\$ 1,650,755	\$ 1,859,555	\$ 1,652,817	\$ 1,392,817	\$ 1,450,057	\$ 1,545,838	\$ 1,739,203	\$ 1,602,990	\$ 1,826,838
Special Vocational Programs										
Vocational	2,524,598	2,796,045	2,754,285	2,834,358	3,058,443	3,277,086	3,091,102	3,082,340	3,221,222	3,510,324
Other instruction										
School Sponsored Co-Curricular Activities	33,711	39,236	24,173	28,120	21,868	20,823	22,289	99,083	244,325	219,469
Support Services:										
Attendance and Social Work	108,598	64,152	68,539	73,835	75,312	88,172	89,116	73,812	93,928	73,490
Health Services	42,905	53,618	54,825	55,242	56,496	61,459	59,872	60,425	62,835	63,615
Speech, OT, PT and Related Services							6,072			
Students - Regular	1,209,421	986,591	1,053,612	1,675,738	1,282,486	803,389	947,066	1,067,112	1,121,454	1,365,163
Improvement of Instruction Services	103,739	115,507	164,186	148,632	135,650	170,250	112,935	119,213	74,941	78,972
Educational Media/School Library	213,095	151,945	157,649	175,315	219,420	183,199	224,033	251,119		
General Administration	299,231	214,512	291,309	263,041	259,662	287,463	329,655	302,606	318,831	264,293
School Administrative	203,002	237,117	248,180	255,654	260,038	314,382	289,248	305,105	315,115	293,907
Central Services	396,299	444,854	(302)	304,308	279,719	95,866	162,128	137,627		151,613
Administration Information Technology									\$ 293,193	285,161
Operation and Maintenance of Plant Services	1,135,174	995,817	80,495	925,595	852,937	1,084,502	1,173,851	1,152,736	1,245,136	1,252,378
Student Transportation Services	27,064	13,352		15,056	13,134	14,538	26,610	22,069	26,848	41,458
Unallocated benefits	1,245,674	1,492,726		1,871,773	1,453,811	2,840,999	3,246,493	4,390,059	4,061,994	4,480,770
Capital Outlay										
Special Schools							20,673		54,809	
Interest on Long Term Debt							8,999	93,032	92,551	62,123
Unallocated depreciation	280,617	281,135	617,132	640,385	1,452,642	451,993	450,853	446,097	449,135	411,074
Total governmental activities expenses	8,990,265	9,537,364	7,373,638	10,919,869	10,814,435	11,144,178	11,806,833	13,341,638	13,500,583	14,380,648
Business-type activities:										
Food Service	185,570	176,170	184,435	226,700	262,300	320,379	271,248	360,302	351,004	388,074
Regional Day School	1,497,453	1,444,478	1,353,544	1,120,210	588,610	527,374	398,855	336,762	299,394	289,335
Summer Enrichment Program	105,019	92,092	120,662	60,888	32,885					
BCCEC/ETTC	38,626	97,998	162,525	286,422	183,126	355,677	393,172	515,721	342,564	218,243
Air Force Junior ROTC										
Transitional Production Workshop	1,024		841	145						
Consolidated Services	248,410	309,380	271,096	313,748						
School Based Youth Services	645	60,529	65,084	62,749	57,827	19,418	69,283	46,987	74,510	72,707
ETTC Program										
Total business-type activities expense	2,076,748	2,180,647	2,158,187	2,070,862	1,124,748	1,222,848	1,132,558	1,259,772	1,067,472	968,359
Total district expenses	\$ 11,067,013	\$ 11,718,010	\$ 9,531,825	\$ 12,990,731	\$ 11,939,183	\$ 12,367,026	\$ 12,939,391	\$ 14,601,410	\$ 14,568,055	\$ 15,349,007

Continued

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ 331,558	\$ 395,344	\$ 404,740	\$ 654,536	\$ 1,026,990	\$ 1,526,201	\$ 2,166,925	\$ 2,199,217	\$ 2,539,697	\$ 2,707,264
Operating grants and contributions	1,703,769	1,802,658	1,930,251	2,268,482	2,809,543	2,044,893	1,248,686	2,301,228	2,696,106	1,898,665
Total governmental activities program revenues	<u>2,035,327</u>	<u>2,198,002</u>	<u>2,334,990</u>	<u>2,923,018</u>	<u>3,836,533</u>	<u>3,571,094</u>	<u>3,415,611</u>	<u>4,500,445</u>	<u>5,235,803</u>	<u>4,605,929</u>
Business-type activities:										
Charges for services										
Food service	138,789	143,393	112,037	112,404	113,364	165,781	178,803	163,592	252,966	262,240
Regional Day School	1,556,902	1,389,762	1,202,642	1,325,281	1,145,218	521,970	547,187	411,670	299,394	325,257
Summer Enrichment Program	134,060	105,019	92,092	142,000	117,000	5,876				
BCCEC/ETTC	10,770	37,119	112,018	233,387	377,948	615,374	501,317	387,169	303,673	178,062
Air Force Junior ROTC										
Transitional Production Workshop	4,155	5,877	1,761	1,635	390					
Consolidated Services	172,551	248,410	309,380	300,733	284,111					
School Based Youth Services										
ETTC Program & The Learning Center			40,487	68,124	36,862	32,875	37,838	46,500	64,472	56,452
Operating grants and contributions	60,813	70,259	68,813	76,352	97,336	121,364	119,988	120,172	112,934	110,015
Total business-type activities program revenues	<u>2,078,039</u>	<u>1,999,841</u>	<u>1,939,230</u>	<u>2,259,916</u>	<u>2,172,219</u>	<u>1,463,240</u>	<u>1,385,133</u>	<u>1,129,103</u>	<u>1,033,439</u>	<u>932,026</u>
Total district program revenues	<u>\$ 4,113,366</u>	<u>\$ 4,197,842</u>	<u>\$ 4,274,221</u>	<u>\$ 5,182,934</u>	<u>\$ 6,008,752</u>	<u>\$ 5,034,334</u>	<u>\$ 4,800,744</u>	<u>\$ 5,629,548</u>	<u>\$ 6,269,242</u>	<u>\$ 5,537,955</u>
Net (Expense)/Revenue										
Governmental activities	\$ 6,621,976	\$ 6,792,263	\$ 5,038,648	\$ 5,720,936	\$ 6,977,902	\$ 7,573,084	\$ 8,391,222	\$ 8,841,193	\$ 8,264,780	\$ 9,774,719
Business-type activities	(86,464)	76,907	218,957	(189,054)	(1,047,471)	(240,392)	(252,575)	130,669	34,033	36,333
Total district-wide net expense	<u>\$ 6,535,512</u>	<u>\$ 6,869,170</u>	<u>\$ 5,257,604</u>	<u>\$ 5,531,882</u>	<u>\$ 5,930,431</u>	<u>\$ 7,332,692</u>	<u>\$ 8,138,647</u>	<u>\$ 8,971,862</u>	<u>\$ 8,298,813</u>	<u>\$ 9,811,052</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
County of Salem Budget Appropriation	\$ 1,660,000	\$ 1,660,000	\$ 1,792,900	\$ 1,792,900	\$ 1,792,900	\$ 1,792,900	\$ 1,828,758	\$ 1,828,758	\$ 1,828,758	\$ 1,828,758
Federal and State Aid Unrestricted	4,086,043	3,993,785								
Federal and State Aid Restricted	103,025	82,470	4,344,679	4,567,036	4,638,225	4,631,699	4,738,192	5,206,226	6,260,710	7,064,808
Transferred Locations/ Use of Capital Assets										
Loss on Disposal of Capital Assets	(16,860)						(1,637)			
Bond Proceeds							3,149,364			
Capital Outlay Contributions	(2,387)									
Miscellaneous income	133,849	111,895	44,924	163,309	25,072	60,040	932,499	13,226	90,737	91,501
Prior Year Cancellations										(29,949)
Transfers								133,420		
Total governmental activities	<u>5,963,670</u>	<u>5,848,150</u>	<u>6,182,503</u>	<u>6,523,245</u>	<u>6,456,197</u>	<u>6,484,639</u>	<u>10,647,176</u>	<u>7,181,630</u>	<u>8,180,205</u>	<u>8,955,118</u>
Business-type activities:										
Miscellaneous income	86	99	157	125	102	32	15			
Prior Period Cancellations							(103,414)	(11,906)	(105,764)	(20,028)
Loss on Disposal of Capital Assets	(1,893)									
Returned to Grantor	(15,921)									
Capital Outlay Contributions	2,387		4,584							
Transfers								(133,420)		
Total business-type activities	<u>(15,341)</u>	<u>99</u>	<u>4,741</u>	<u>125</u>	<u>102</u>	<u>32</u>	<u>(103,399)</u>	<u>(145,326)</u>	<u>(105,764)</u>	<u>(20,028)</u>
Total district-wide	<u>\$ 5,948,330</u>	<u>\$ 5,848,250</u>	<u>\$ 6,187,244</u>	<u>\$ 6,523,370</u>	<u>\$ 6,456,299</u>	<u>\$ 6,484,671</u>	<u>\$ 10,543,777</u>	<u>\$ 7,036,304</u>	<u>\$ 8,074,441</u>	<u>\$ 8,935,090</u>
Change in Net Position										
Governmental activities	\$ (658,306)	\$ (944,113)	\$ 1,143,855	\$ 802,309	\$ (521,705)	\$ (1,088,445)	\$ 2,255,954	\$ (1,659,563)	\$ (84,675)	\$ (819,601)
Business-type activities	71,124	(76,808)	(214,215)	189,179	1,047,573	240,424	149,176	(275,995)	(139,797)	(56,361)
Total district	<u>\$ (587,182)</u>	<u>\$ (1,020,921)</u>	<u>\$ 929,640</u>	<u>\$ 991,488</u>	<u>\$ 525,868</u>	<u>\$ (848,021)</u>	<u>\$ 2,405,130</u>	<u>\$ (1,935,558)</u>	<u>\$ (224,372)</u>	<u>\$ (875,962)</u>

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Restricted	\$ 1,736,407	\$ 260,627	\$ 83,693	\$ 340,496	\$ 329,154	\$ 228,304	\$ 277,494	\$ 89,639	\$ 12,200	\$ 212,200
Assigned						10,391	131,482	493,019	282,876	336,284
Unassigned	(54,801)	(143,670)	(6,827)	(28,471)	16,725	59,355	53,992	(43,941)	61,259	(314,390)
Total general fund	<u>\$ 1,681,606</u>	<u>\$ 116,958</u>	<u>\$ 76,866</u>	<u>\$ 312,025</u>	<u>\$ 345,879</u>	<u>\$ 298,050</u>	<u>\$ 462,968</u>	<u>\$ 538,717</u>	<u>\$ 356,335</u>	<u>\$ 234,094</u>
All Other Governmental Funds										
Restricted reported in:										
Capital projects fund	<u>\$ 2,233,489</u>	<u>\$ 1,311,982</u>	<u>\$ 351,785</u>	<u>\$ 351,785</u>	<u>\$ 290,717</u>	<u>\$ 2,953,049</u>	<u>\$ 24,263</u>	<u>\$ 24,263</u>	<u>\$ 24,263</u>	<u>\$ 24,263</u>
Total all other governmental funds	<u>\$ 2,233,489</u>	<u>\$ 1,311,982</u>	<u>\$ 351,785</u>	<u>\$ 351,785</u>	<u>\$ 290,717</u>	<u>\$ 2,953,049</u>	<u>\$ 24,263</u>	<u>\$ 24,263</u>	<u>\$ 24,263</u>	<u>\$ 24,263</u>

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
County of Salem Budget Appropriation	\$ 1,660,000	\$ 1,792,900	\$ 1,792,900	\$ 1,792,900	\$ 1,792,900	\$ 1,828,758	\$ 1,828,758	\$ 1,828,758	\$ 1,828,758	\$ 1,828,758
Tuition charges	395,344	404,740	654,536	1,026,990	1,526,201	2,166,925	2,199,217	2,349,349	2,539,697	2,707,264
Unrestricted Miscellaneous Revenue	111,895	44,924	172,709	25,072	60,040	33,237	24,605	104,375	105,095	99,692
State sources	4,150,346	5,056,789	5,276,031	5,618,464	5,593,383	5,443,182	5,633,766	5,644,581	5,778,806	6,409,304
Federal sources	1,727,758	1,218,141	1,550,087	1,829,304	1,083,254	711,713	917,824	955,106	1,013,640	1,488,127
Other sources	808					3,149,364				
Total revenue	8,046,152	8,517,493	9,446,263	10,292,730	10,055,778	13,333,179	10,604,170	10,882,169	11,265,996	12,533,145
Expenditures										
Instruction										
Regular Instruction	1,118,335	1,601,862	1,752,228	1,545,490	1,376,360	1,436,103	1,537,321	1,621,365	1,597,826	1,822,097
Special Vocational Programs										
Vocational education	2,426,993	2,698,259	2,539,630	2,619,703	2,960,765	3,193,145	2,975,612	2,958,205	3,110,833	3,402,673
Other instruction										
School Sponsored Co/Extra Curricular Activities	33,711	39,236	24,173	28,120	21,868	20,823	22,289	99,083	244,325	219,469
Support Services:										
Attendance & Social Work	108,598	64,152	68,539	73,835	75,312	88,172	89,116	73,812	93,928	73,490
Health Services	42,905	53,618	54,825	55,242	56,496	61,459	59,872	60,425	62,835	63,615
Speech, OT, PT and Related Services							6,072			
Students - Regular	1,209,421	986,591	1,053,612	1,675,738	1,282,486	803,389	947,066	1,067,112	1,121,454	1,365,163
Improvement of Instruction Services	103,739	115,507	164,186	148,632	135,650	170,250	112,935	119,213	74,941	78,972
Educational Media/School Library	213,095	151,945	157,649	175,315	219,420	183,199	224,033	251,119		
General Administration	274,829	193,071	244,243	215,975	256,146	284,805	323,492	296,600	313,505	259,383
School Administrative	203,002	237,117	248,180	255,654	260,038	314,382	289,248	305,105	315,115	293,907
Central Services	396,299	413,033	383,020	303,383	278,092	95,866	162,128	144,248	228,914	153,217
Operation and Maintenance of Plant Services	1,098,572	959,147	872,938	846,215	851,069	1,089,659	991,183	1,053,827	1,503,007	1,407,682
Student Transportation Services	27,064	13,352	14,358	15,056	13,134	14,538	26,610	22,069	26,848	41,458
Unallocated Benefits	808,138	995,640	1,120,371	1,888,295	1,462,403	1,449,471	1,495,326	1,601,271	1,505,441	1,826,312
On Behalf Contributions	426,498	428,965	521,488	680,790	590,980	682,105	806,435	880,524	604,915	1,185,578
Adult Education									54,809	
Special Schools							20,673			
Capital outlay	1,088,040	2,031,154	1,227,112	230,128	242,728	831,310	4,278,773	589,445	589,682	432,421
Total expenditures	9,579,237	10,982,649	10,446,552	10,757,571	10,082,947	10,718,676	14,368,184	11,143,423	11,448,378	12,625,437
Excess (Deficiency) of revenues over (under) expenditures	(1,533,085)	(2,465,156)	(1,000,289)	(464,841)	(27,214)	2,614,503	(3,764,014)	(261,254)	(182,382)	(92,292)
Other Financing sources (uses)										
Capital Lease Proceeds	3,190,699						866,726	221,706		
Transfers		(21,000)					133,420			
Prior Year Cancellations								115,297		(29,949)
Total other financing sources (uses)	3,190,699	(21,000)					1,000,146	337,003		(29,949)
Net change in fund balances	\$ 1,657,614	\$ (2,486,156)	\$ (1,000,289)	\$ (464,841)	\$ (27,214)	\$ 2,614,503	\$ (2,763,868)	\$ 75,749	\$ (182,382)	\$ (122,241)
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund:										
Tuition	\$ 395,344	\$ 392,340	\$ 654,536	\$ 1,026,990	\$ 1,526,201	\$ 2,166,925	\$ 2,199,217	\$ 2,349,349	\$ 2,539,697	\$ 2,707,264
Post Secondary	10,785	12,400								
Interest Earned on Capital Reserve Funds	6,000	6,000								
Interest on Investments	20,672	1,124	2,972	2,195	1,270	1,699	1,751	1,269	1,367	3,903
Child Care Revenue										
Refunds of Prior Year Expenditures	23,898	19,833	6,996	21,600	10,467					
Sale of Fixed Assets										
Rentals		1,000						91,938	75,000	75,000
Supplement Services Provider		5,000								
NJ Clean Energy Program	21,034		5,712							
PSE&G	10,000	10,000								
ESIP Incentive			144,610							
Miscellaneous	19,507	1,967	3,019	#VALUE!	41,191	17,535	11,475	943	14,370	12,598
Total	\$ 507,239	\$ 449,664	\$ 817,845	#VALUE!	\$ 1,579,129	\$ 2,186,159	\$ 2,212,443	\$ 2,443,499	\$ 2,443,499	\$ 2,798,765

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

Fiscal Year Ended June 30,	Governmental Activities					Business Type Activities	Total District	Percentage of Personal Income a	Per Capita a
	General Obligation Bonds b	Early Retirement	Capital Leases	Short Term Loan	Bond Anticipation Notes (BANs)	Capital Leases			
2019			\$ 2,197,307				\$ 2,197,307	0.0820%	\$ 35.28
2018			2,561,451				3,046,647	0.0947%	48.43
2017			3,046,647				3,046,647	0.1127%	48.43
2016			3,222,578	464,939			3,687,517	0.1350%	58.04
2015			2,627,188	460,334			3,087,522	0.1100%	48.19
2014			2,796,142				2,796,142	0.1000%	43.02
2013			2,893,284				2,893,284	0.1078%	44.47
2012			3,006,220				3,006,220	0.1122%	45.79
2011			3,105,040				3,105,040	0.1152%	47.02
2010			3,190,699				3,190,699	0.1225%	48.35

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

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

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

<u>Year</u>	<u>Population (3)</u>	<u>Personal Income (4)</u>	<u>Per Capita Personal Income (1)</u>	<u>Unemployment Rate (2)</u>
2019	62,274	\$ 2,679,149,430	\$ 43,022	7.0%
2018	62,903	2,703,471,488	42,979	7.0%
2017	62,903	2,278,059,816	42,979	7.0%
2016	63,538	2,728,051,229	42,936	7.0%
2015	64,180	2,752,863,113	42,893	7.1%
2014	64,670	2,771,109,500	42,850	8.2%
2013	65,062	2,684,588,244	41,262	8.8%
2012	65,656	2,679,880,952	40,817	11.0%
2011	66,031	2,695,253,358	40,818	10.8%
2010	65,998	2,604,281,080	39,460	7.4%

(1) Source: Regional Economic Information System

(2) Source: US Bureau of Economic Analysis

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

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

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

<u>Function/Program</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Instruction										
Regular	16	14	17	17	23	23	24	23	23	25
Vocational	20	21	22	22	18	18	18	22	22	21
Support Services:										
Student & instruction related services	10	10	12	12	12	10	10	17	17	15
Health Services	1	1	1	1	1	1	1	1	1	1
General administration	2	2	2	2	2	2	2	2	2	2
School administrative services	5	5	5	5	5	3	3	2	2	2
Other administrative services	5	5	3	3	3	2	2	4	4	4
Central services	7	7	4	2	2	4	4	6	7	7
Administrative Information Technology					11	8	8	2	2	2
Plant operations and maintenance	11	12	11	11		8	8	8	8	10
Other:										
Cafeteria	3	3	4	4	4	4	4	4	4	5
Regional Day School	25	25	22	22	25					
Total	<u>105</u>	<u>105</u>	<u>103</u>	<u>101</u>	<u>106</u>	<u>83</u>	<u>84</u>	<u>91</u>	<u>92</u>	<u>94</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment	Operating Expenditures a	Cost Per Pupil	Percentage Change	Teaching Staff b	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2019	706	\$ 12,193,016	\$ 17,271	54.57%	46	na	na	15.35	706.0	671.0	-19.86%	95.04%
2018	766	10,858,696	14,176	15.85%	46	na	na	18.18	765.2	719.9	-5.30%	94.08%
2017	818	10,553,978	12,902	5.44%	45	na	na	18.18	818.5	778.8	1.30%	96.15%
2016	903	10,089,411	11,173	-8.69%	43	na	na	21.00	881.0	837.0	9.03%	95.01%
2015	808	9,887,366	12,237	6.96%	41	na	na	19.71	808.0	768.0	-0.25%	95.05%
2014	884	9,840,219	11,131	-2.70%	41	na	na	21.56	789.6	742.8	63.68%	94.07%
2013	859	9,827,443	11,441	1.26%	39	na	na	22.03	482.4	452.5	-40.44%	93.80%
2012	816	9,219,440	11,298	6.40%	39	na	na	20.92	810.0	771.9	51.12%	95.30%
2011	843	8,951,495	10,619	-1.33%	35	na	na	24.09	536.0	504.0	-19.57%	94.03%
2010	789	8,491,197	10,762	-8.72%	35	na	na	22.54	666.4	635.5	3.40%	95.36%

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.

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<u>District Building</u>										
<u>Vocational School</u>										
Salem County Vocational (1973)										
Square Feet	136,356	136,356	136,356	136,356	136,356	136,356	136,356	136,356	136,356	136,356
Capacity (students)	630	630	630	630	630	630	630	630	630	755
Enrollment (Full-time equivalent)	677	686	695 *	859	884	808	903	818	766	706
Number of Schools at June 30, 2016										
Elementary = 0										
Middle School = 0										
Senior High School = 0										
Vo-Tech = 1	1	1	1	1	1	1	1	1	1	1

Source: District Facilities Office

* = includes academy students

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

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

Undistributed Expenditures - Required Maintenance for School Facilities

11-000-261-xxx

		<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<u>* School Facilities</u>	<u>Project # (s)</u>										
Salem County Vocational School	N/A	\$ 337,165	\$ 221,957	\$ 181,183	\$ 202,435	\$ 254,598	\$ 306,498	\$ 289,052	\$ 198,828	\$ 281,068	\$ 280,522
Total School Facilities		<u>337,165</u>	<u>221,957</u>	<u>181,183</u>	<u>202,435</u>	<u>254,598</u>	<u>306,498</u>	<u>289,052</u>	<u>198,828</u>	<u>281,068</u>	<u>280,522</u>
Total		<u>\$ 337,165</u>	<u>\$ 221,957</u>	<u>\$ 181,183</u>	<u>\$ 202,435</u>	<u>\$ 254,598</u>	<u>\$ 306,498</u>	<u>\$ 289,052</u>	<u>\$ 198,828</u>	<u>\$ 281,068</u>	<u>\$ 280,522</u>

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Insurance Schedule
6/30/2019
Unaudited

	<u>Coverage</u>	<u>GCSSDJIF SIR Retention</u>	<u>District Deductible</u>
Property Policy	\$ 174,749,500	\$ 250,000	\$ 500
Boiler & Machinery / Equipment Breakdown	125,000,000	None	1,000
Crime Policy	249,500	250,000	500
General Liability and Automobile Policy	19,750,000	250,000	None
Workers' Compensation and Employer's Liability Policy	Statutory	250,000	None
Educator's Legal Liability Insurance Policy	19,750,000	250,000	None
Commercial Pollution and Mold Legal Liability Insurance	3,000,000	None	25,000
Cyber Liability	1,000,000	None	25,000
Violent Malicious Acts	1,000,000	None	15,000
Disaster Management Services	2,000,000	None	15,000
Bonds			
Board Secretary/Business Administrator	217,500		

Source: District Records

SINGLE AUDIT SECTION

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Salem County Vocational Technical School District, in the County of Salem, State of New Jersey, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Board of Education of the Salem County Vocational Technical School District's basic financial statements, and have issued our report thereon dated November 26, 2019.

Internal Control Over Financial Reporting

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

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

A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We considered the deficiencies described in the accompanying schedule of findings and questioned costs to be significant, labeled Finding 2019-1 and 2.

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

Compliance and Other Matters

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

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

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

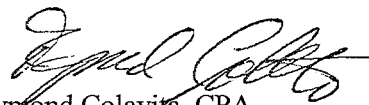
Purpose of this Report

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

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

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915
November 26, 2019

NIGHTLINGER, COLAVITA & VOLPA

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

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Salem County Vocational Technical School District, in the County of Salem, State of New Jersey, compliance with the types of compliance requirements described in the *OMB Compliance Supplement and the New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Salem County Vocational Technical School District's major federal and state programs for the fiscal year ended June 30, 2019. The Salem County Vocational Technical Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Program

In our opinion, the Board of Education of the Salem County Vocational Technical School District, in the County of Salem, State of New Jersey, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2019.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control 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 or state program will not be prevented or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

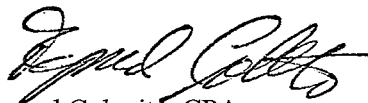
Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above or any instance of deficiency in internal control over compliance that we have to report to the Board of Education in a separate report entitled *Auditors' Management Report on Administrative Findings-Financial, Compliance and Performance* dated November 26, 2019. However, material weaknesses may exist that have not been identified.

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

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

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915
November 26, 2019

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
 Schedule of Expenditures of Federal Awards, Schedule A
 For the Fiscal Year Ended June 30, 2019

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2018		Budgetary Expenditures Pass Through Funds	Budgetary Expenditures Direct	Total Budgetary Expenditures (A)	Adjustment	Balance June 30, 2019		
					From	To	Unearned Revenue / (Accounts Receivable)	Cash Received					(Accounts Receivable)	Unearned Revenue	Due to Grantor at June 30, 2019
Special Revenue Fund:															
U.S. Department of Education:															
Passed-Through State Department of Education: E.S.E.A.:															
Title I	84.010	S010A170030	ESEA464018	\$ 214,650	7/1/17	6/30/18	\$ (179,663)	\$ 170,050			\$ 9,613				
Title I	84.010	S010A180030	ESEA464019	215,387	7/1/18	6/30/19		54,989	\$ (139,186)	\$ (139,186)			\$ (84,197)		
Title II Part A	84.367A	S367A170029	ESEA464018	30,489	7/1/17	6/30/18	(19,347)	19,347							
Title II Part A	84.367A	S367A180029	ESEA464019	39,375	7/1/18	6/30/19		12,269	(29,069)	(29,069)			(16,800)		
Title IV Part A	84.424	S424A170031	ESEA464018	10,000	7/1/17	6/30/18	(8,900)	8,885				15			
Title IV Part A	84.424	S424A180031	ESEA464019	12,399	7/1/18	6/30/19			(12,399)	(12,399)			(12,399)		
IDEA Cluster:															
IDEA	84.027	H027A180100	IDEA464019	112,338	7/1/18	6/30/19		112,338	(112,338)	(112,338)					
Perkins - Secondary	84.048A	V048A180030	PERK 464019	114,254	7/1/18	6/30/19		105,283	(107,334)	(107,334)			(2,051)		
Perkins - Secondary Reserve	84.048A	V048A180030	PERK 464019	32,457	7/1/18	6/30/19		23,032	(23,032)	(23,032)					
21st Century - Competitive	84.287	N/A	19E00070	500,000	9/1/18	8/31/19		325,465	(364,367)	(364,367)			(38,902)		
Total U.S. Department of Education							(207,910)	831,658	(787,725)	(787,725)	9,628		(154,349)		
U.S. Department of Labor:															
Passed-Through State Department of Labor and Workforce Development:															
Adult Basic Skills	84.002	V002A170031	Sub grantee	434,200	7/1/17	6/30/18	(145,161)	145,161							
Adult Basic Skills	84.002	V002A180031	Sub grantee	518,000	7/1/18	6/30/19		355,666	(501,486)	(501,486)			(146,820)		
Adult Basic Skills	84.002	V002A170031	Lead Agent	151,380	7/1/17	6/30/18	(33,696)	33,696							
Adult Basic Skills	84.002	V002A180031	Lead Agent	193,050	7/1/18	6/30/19		132,414	(198,916)	(198,916)			(66,502)		
Total U.S. Department of Labor							(178,857)	666,937	(700,402)	(700,402)			(212,322)		
Total Special Revenue Fund							(386,767)	1,498,595	(1,488,127)	(1,488,127)			(366,671)		
Enterprise Fund:															
U.S. Department of Agriculture:															
Passed Through State Department of Education:															
Non- Cash Assistance:															
Food Distribution Program	10.565	Unknown	N/A	18,230	7/1/17	6/30/18	219		(219)	(219)					
Food Distribution Program	10.565	Unknown	N/A	16,726	7/1/18	6/30/19		16,726	(16,603)	(16,603)			\$ 123		
Child Nutrition Cluster:															
Cash Assistance:															
National School Breakfast Program	10.553	191NJ304N1099	N/A	24,401	7/1/18	6/30/19		22,717	(24,401)	(24,401)			(1,684)		
National School Lunch Program	10.555	191NJ304N1099	N/A	66,821	7/1/18	6/30/19		62,688	(66,821)	(66,821)			(4,133)		
Total U.S Department of Agriculture and Enterprise Funds							219	102,131	(108,044)	(108,044)			(5,817)	123	
Total Federal Financial Awards							\$ (386,548)	\$ 1,800,726	\$ (1,596,171)	\$ (1,596,171)	\$ 9,628		\$ (372,488)	\$ 123	

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

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
 Schedule of Expenditures of State Financial Assistance, Schedule B
 For the Fiscal Year Ended June 30, 2019

State Grantor/ Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2018	Cash Received	Budgetary Expenditures	Adjustment	Balance June 30, 2019		Memo	
			From	To	Unearned Revenue (Accounts Receivable)				(Accounts Receivable)	Unearned Revenue	Budgetary Receivable June 30, 2019	Cumulative Total Expenditures
State Department of Education (State Aid):												
General Fund:												
Special Education Aid	19-495-034-5120-089	583,368	7/1/18	6/30/19		\$ 525,042	\$ (583,368)		\$ (58,326)		\$ (58,326)	\$ 583,368
Special Education Aid	18-495-034-5120-089	583,368	7/1/17	6/30/18	\$ (39,964)	39,964						
Equalization Aid	19-495-034-5120-078	4,410,263	7/1/18	6/30/19		3,969,316	(4,410,263)		(440,947)		(440,947)	4,410,263
Equalization Aid	18-495-034-5120-078	4,400,301	7/1/17	6/30/18	(439,954)	439,954						
Security Aid	19-495-034-5120-084	97,075	7/1/18	6/30/19		87,369	(97,075)		(9,706)		(9,706)	97,075
Security Aid	18-495-034-5120-084	97,075	7/1/17	6/30/18	(2,511)	2,511						
PARCC Readiness Aid	18-495-034-5120-098	7,820	7/1/17	6/30/18	(781)	781						
Per Pupil Growth Aid	18-495-034-5120-097	7,820	7/1/17	6/30/18	(781)	781						
Prof Learning Comm Aid	18-495-034-5120-101	7,530	7/1/17	6/30/18	(753)	753						
Reimbursed TPAF Social Security Contrib.	19-495-034-5094-003	246,375	7/1/18	6/30/19		246,375	(246,375)					246,375
Reimbursed TPAF Social Security Contrib.	18-495-034-5094-003	243,153	7/1/17	6/30/18	(11,643)	11,643						
On Behalf Pension Contributions	19-495-034-5094-002	645,439	7/1/18	6/30/19		645,439	(645,439)					645,439
On Behalf TPAF Post Retirmt. Medical	19-495-034-5094-001	292,770	7/1/18	6/30/19		292,770	(292,770)					292,770
On-behalf TPAF Long-Term Disab. Ins.	19-495-034-5094-004	994	7/1/18	6/30/19		994	(994)					994
Total General Fund					(496,387)	6,263,692	(6,276,284)		(508,979)		(508,979)	6,276,284
Special Revenue Fund:												
State Department of Education:												
Carl D. Perkins - Post Secondary	PERK464018	89,418	7/1/18	6/30/19		29,671	(29,616)			\$ 55		29,616
County Vocational Competitive Grant	15E00146	343,917	4/1/15	6/30/18	(118,436)	117,604		\$ 832				299,664
Total State Department of Education					(118,436)	147,275	(29,616)	832		55		329,280
State Department of Corrections												
Pass-through Salem County: BRIDGE Grant	Unknown	68,488	4/1/19	12/31/19			(16,666)		(16,666)			16,666
							(16,666)		(16,666)			16,666
State Department of Labor/Work Force Dev												
Passed Through SC Board of Social Services												
WIOA - In School	I-YOUTH-1819	35,948	12/1/18	6/30/19			(34,633)		(34,633)			34,633
WIOA - Out of School	O-YOUTH-1819	39,000	12/1/18	6/30/19			(35,665)		(35,665)			35,665
Opportunity Partnership Training Grant	OPGFY-1801015	88,220	1/16/18	1/15/19	11,931	48,742	(31,539)	(29,134)				46,074
Total State Department of Labor/Work Force Dev					11,931	48,742	(101,837)	(29,134)	(70,298)			116,372
Total Special Revenue Fund					(106,505)	196,017	(148,119)	(28,302)	(86,964)	55		462,318
Enterprise Fund:												
State School Lunch Program	19-100-010-3350-023	1,971	7/1/18	6/30/19		1,857	(1,971)		(114)			1,971
State School Lunch Program	18-100-010-3350-023	1,935	7/1/17	6/30/18	(106)	106						
Total Enterprise Funds					(106)	1,963	(1,971)		(114)			1,971
Total State Financial Assistance					\$ (602,998)	\$ 6,461,672	\$ (6,426,374)	\$ (28,302)	\$ (596,057)	\$ 55	\$ (508,979)	\$ 6,740,573
Less: On-Behalf TPAF Pension Contributions												
On Behalf Pension Contributions	19-495-034-5094-002	645,439	7/1/18	6/30/19		\$ 645,439	\$ (645,439)					
On Behalf TPAF Post Retirmt. Medical	19-495-034-5094-001	292,770	7/1/18	6/30/19		292,770	(292,770)					
On-behalf TPAF Long-Term Disab. Ins.	19-495-034-5094-004	994	7/1/18	6/30/19		994	(994)					
Total State Financial Assistance - Major Program Determination						\$ 5,522,469	\$ (5,487,171)					

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

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2019

NOTE 1: GENERAL

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

NOTE 2: BASIS OF ACCOUNTING

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

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment was (\$18,742) to reconcile from the budgetary basis to the GAAP basis for the General Fund and \$3,643 in the Special Revenue Fund. See Note 1 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2019

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

	Federal	State	Total
General Fund	\$	\$ 6,257,542	\$ 6,257,542
Special Revenue Fund	1,488,127	151,762	1,639,889
Food Service Fund	108,044	1,971	110,015
Total Awards & Financial Assistance	\$ 1,596,171	\$ 6,411,275	\$ 8,007,446

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5: FEDERAL AND STATE LOANS OUTSTANDING

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

NOTE 6: OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2019. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2019.

NOTE 7: SCHOOLWIDE PROGRAM FUNDS

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

NOTE 8: MAJOR PROGRAMS

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

NOTE 9: ADJUSTMENTS

There were adjustments reflected on schedule A of Federal Awards and on Schedule B of the State Financial Assistance in the amount of \$9,628 and (\$28,302), respectively.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

2) Significant deficiencies identified? X yes _____ no

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

Federal Awards

Internal control over major programs:

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

2) Significant deficiencies identified? _____ yes X no

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

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

Identification of major programs:

CFDA Number(s)	FAIN Number(s)	Name of Federal Program or Cluster
84.287	N/A	21st Century Competitive

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

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(continued)

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

State Awards

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

Auditee qualified as low-risk auditee? X yes no

Internal control over major programs:

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

2) Significant deficiencies identified that are not considered to be material weaknesses? yes X no

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

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

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
19-495-034-5120-078	Equalization Aid
19-495-034-5120-089	Special Education Categorical Aid
19-495-034-5120-084	Security Aid

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(continued)**

Section II - Financial Statement Findings

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

Finding: 2019-1

Criteria or specific requirement:

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

Condition:

Bank reconciliations of the Net Payroll, Payroll Agency and Student Activities Bank Accounts were not prepared for the months of January through May 2019.

Context:

The bank accounts of Net Payroll, Payroll Agency and Student Activities were not reconciled for the months of January through May 2019.

Effect:

Cash Reconciliation Reports for the months of January through May 2019 reflected cash balances that were not reconciled to the bank accounts of Net Payroll, Payroll Agency and Student Activities.

Cause:

The departure of the Board Treasurer in December 2018 resulted in a delay with preparing bank reconciliations for the bank accounts of Net Payroll, Payroll Agency and Student Activities.

Recommendation:

Procedures and resources need to be reviewed and revised, in order to assure that bank reconciliations are available in a timely manner to support the amount of cash reflected in the records and financial statements.

Views of responsible officials and planned corrective actions:

Management is aware of the finding and agrees with the recommendation

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(continued)

Section II - Financial Statement Findings (Continued)

Finding: 2019-2

Criteria or specific requirement:

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

Condition:

Numerous adjustments to the District General Ledger were presented as part of the audit, including the June 30, 2019 accrual of the TPAF Reimbursement.

Context:

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

Effect:

As a result of the above condition, adjusting journal entries were submitted to the Board Office, as of June 30, 2019.

Cause:

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

Recommendation:

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

Views of responsible officials and planned corrective actions:

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(continued)

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

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

FEDERAL AWARDS – N/A

Finding:

Information on the federal program:

Criteria or specific requirement:

Condition:

Questioned Costs: None

Context:

Effect:

Cause:

Recommendation:

Views of responsible officials and planned corrective actions:

STATE AWARDS - N/A

Finding:

Information on the federal program:

Criteria or specific requirement:

Condition:

Questioned Costs: None

Context:

Effect:

Cause:

Recommendation:

Management's response:

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

STATUS OF PRIOR - YEAR FINDINGS

Finding: 2018-1

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

Current Status: Resolved

Finding: 2018-2

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

Current Status: Unresolved, see Finding 2019-2