

**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, 2020

COMPREHENSIVE ANNUAL FINANCIAL REPORT

of the

**Salem County Vocational Technical
Board of Education**

Woodstown, New Jersey

For the Fiscal Year Ended June 30, 2020

Prepared by

**Salem County Vocational Technical School
Business Office**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
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Vocational Technical Schools

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(856) 769-0101 ext. 310
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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

December 18, 2020

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, 2020, 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 has worked 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 has sought to address health and safety of our staff, students, and families. This project is slated to be completed by January 2021.

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 2020 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, 2020.

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,

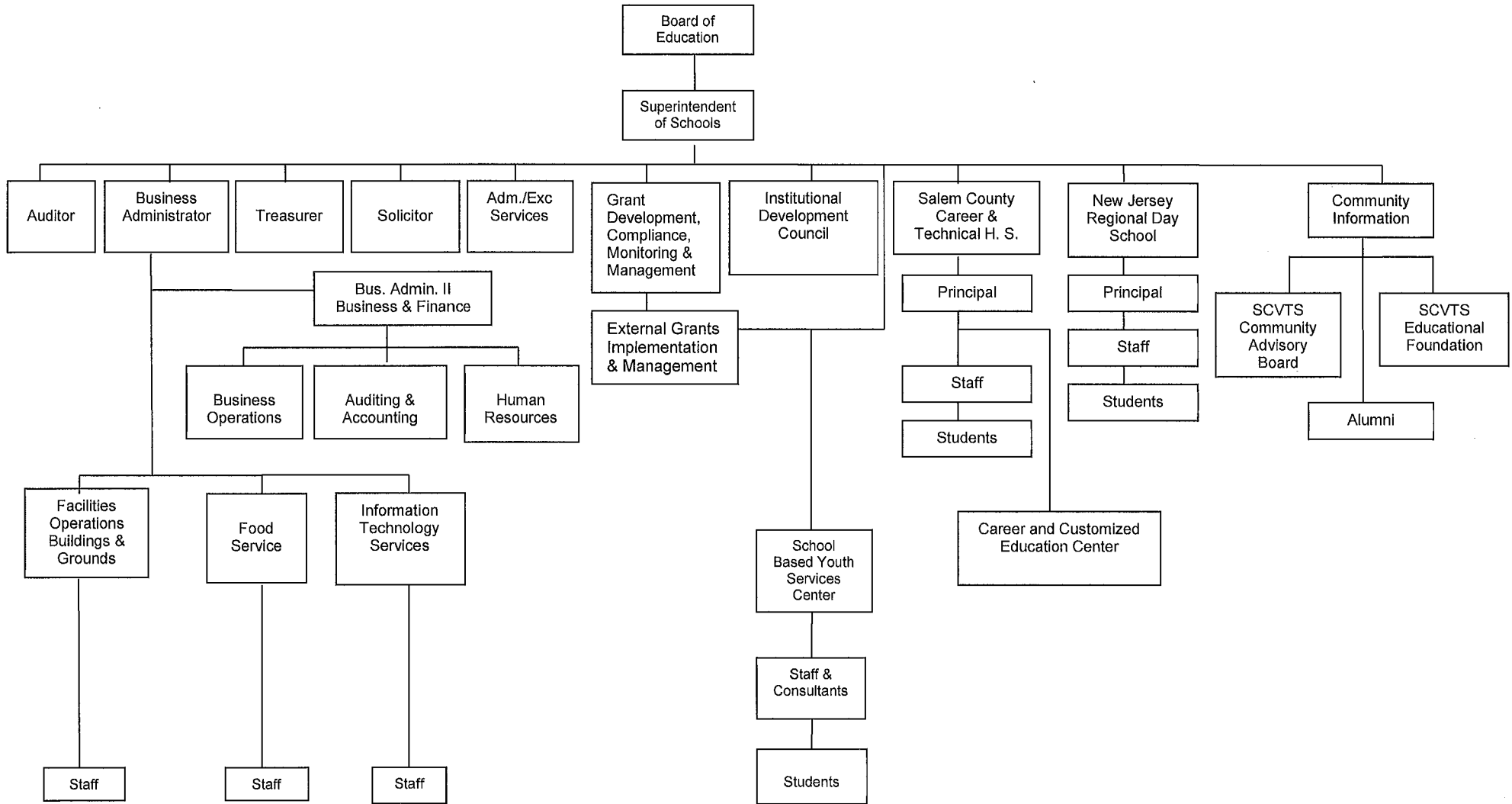
John R. Swain

Jennifer Bates

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, 2020

| <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
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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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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 08098

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, 2020, 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, 2020, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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 December 18, 2020 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 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
December 18, 2020

REQUIRED SUPPLEMENTARY INFORMATION – PART I

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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, 2020. 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, 2020 are as follows:

- The School District had \$14,949,138 in expenses; \$6,598,339 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 \$14,557,420 (net position).
- Among major funds, the General Fund had \$12,186,135 in revenues and \$11,214,986 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, 2020
(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, 2020
(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, 2020 and 2019.

**Table 1
Net position**

| | <u>June 30, 2020</u> | <u>June 30, 2019</u> |
|---|----------------------|----------------------|
| Assets | | |
| Current and Other Assets | \$ 9,072,547 | \$ 1,191,644 |
| Capital Assets | 11,688,353 | 11,814,128 |
| Total Assets | <u>20,760,900</u> | <u>13,005,772</u> |
| | | |
| Deferred Outflows of Resources | <u>925,858</u> | <u>1,054,408</u> |
| | | |
| Liabilities | | |
| Other Liabilities | 273,351 | 641,416 |
| Long-Term Liabilities | 5,497,971 | 6,161,202 |
| Total Liabilities | <u>5,771,322</u> | <u>6,802,618</u> |
| | | |
| Deferred Inflows of Resources | <u>1,358,016</u> | <u>1,487,361</u> |
| | | |
| Net Assets | | |
| Invested in Capital Assets Net of Related Debt | 9,819,092 | 9,635,983 |
| Restricted | 8,491,980 | 236,463 |
| Unrestricted (Deficit) | (3,753,652) | (4,102,245) |
| Total Net Position | <u>\$ 14,557,420</u> | <u>\$ 5,770,201</u> |

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Cont'd)**

Table 2 shows a summary of changes in net position for fiscal years ended June 30, 2020 and 2019.

Table 2
Changes in Net Position

| | <u>2020</u> | <u>2019</u> |
|---------------------------------------|----------------------|----------------------|
| Revenues | | |
| Programs Revenues | | |
| Charges for Services | \$ 4,283,276 | \$ 3,529,275 |
| Operating Grants | 2,315,063 | 2,008,680 |
| General Revenues | | |
| County of Salem Budget Appropriation | 1,828,758 | 1,828,758 |
| Federal and State Grants Restricted | 7,224,208 | 7,064,808 |
| Debt Proceeds due from Salem Co | 8,000,000 | |
| Miscellaneous Income | 85,052 | 91,501 |
| Total Revenues | <u>\$ 23,736,357</u> | <u>\$ 14,523,022</u> |
| Expenses | | |
| Instruction | | |
| Regular | \$ 1,890,517 | \$ 1,826,838 |
| Vocational | 3,536,298 | 3,510,324 |
| School Sponsord Co. curricular | 331,562 | 219,469 |
| Student Services | | |
| Attendance & Social Work | 101,671 | 73,490 |
| Health Services | 63,723 | 63,615 |
| Students - Regular | 1,713,570 | 1,365,163 |
| Improvement of Instruction Services | 101,374 | 78,972 |
| General Administration | 300,521 | 264,293 |
| School Administration | 315,457 | 293,907 |
| Central Services | 223,275 | 151,613 |
| Administration Information Technology | 260,220 | 285,161 |
| Operation and Maintenance of Plant | 1,178,874 | 1,252,378 |
| Student Transportation Services | 18,176 | 41,458 |
| Unallocated Benefits | 3,567,684 | 4,480,770 |
| Adult Education | | |
| Interest on Long-Term Debt | 64,574 | 62,123 |
| Unallocated Depreciation | 395,227 | 411,074 |
| Food Service | 317,339 | 388,074 |
| Regional Day School | 374,908 | 289,335 |
| BCCEC/ETTC | 144,188 | 218,243 |
| The Learning Center | 49,980 | 72,707 |
| Total Expenses | <u>\$ 14,949,138</u> | <u>\$ 15,349,007</u> |
| Change in Net Assets | 8,787,219 | (825,985) |
| Prior Year Receivable Cancellation | | <u>(49,977)</u> |
| Increase (Decrease) in Net Position | 8,787,219 | (875,962) |
| Beginning Net Position | 5,770,201 | 6,646,163 |
| Ending Net Position | <u>\$ 14,557,420</u> | <u>\$ 5,770,201</u> |

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Cont'd)**

Governmental Activities

In 2019-2020 Governmental-Type Activities revenues were \$23,005,182 or 97.0% of total revenues of \$23,708,571. The County of Salem Budget Appropriation made up 7.9% of Governmental-Type Activities revenue, Federal and State Aid unrestricted revenue made up 31.4%, debt proceeds due from Salem County made up 34.8%, miscellaneous income was .3% and program revenues made up 25.6% of Governmental-Type Activities revenue.

Governmental-Type Activities expenditures decreased by \$317,825 from the prior year, which was due to decreases 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 2020</u> | <u>Net Cost of Services 2020</u> | <u>Total Cost of Services 2019</u> | <u>Net Cost of Services 2019</u> |
|---------------------------------------|--|--------------------------------------|--|--------------------------------------|
| Instruction | | | | |
| Regular Instruction | \$ 1,890,517 | \$ 1,288,216 | \$ 1,826,838 | \$ 1,289,568 |
| Regular Vocational | 3,536,298 | (141,746) | 3,510,324 | 803,060 |
| School Sponsored Co/Extraclr Act | 331,562 | 331,562 | 219,469 | 219,469 |
| Support services | | | | |
| Attendance & Social Work | 101,671 | 101,671 | 73,490 | 73,490 |
| Health Services | 63,723 | 63,723 | 63,615 | 63,615 |
| Students - Regular | 1,713,670 | 327,670 | 1,365,163 | 321,705 |
| Improvement of Instruction Services | 101,374 | 101,374 | 78,972 | 78,972 |
| General Administration | 300,521 | 300,521 | 264,293 | 264,293 |
| School Administration | 315,457 | 315,457 | 293,907 | 293,907 |
| Central Services | 223,275 | 223,275 | 151,613 | 151,613 |
| Administrative Information Technology | 260,220 | 260,220 | 285,161 | 285,161 |
| Operation and Maint. of Plant Serv. | 1,178,874 | 1,178,874 | 1,252,378 | 1,252,378 |
| Student Transportation Services | 18,176 | 18,176 | 41,458 | 41,458 |
| Unallocated Benefits | 3,567,684 | 3,338,979 | 4,480,770 | 4,162,833 |
| Adult Education | | | | |
| Interest on Long-Term Debt | 64,574 | 64,574 | 62,123 | 62,123 |
| Unallocated Depreciation | 395,227 | 395,227 | 411,074 | 411,074 |
| Total Expenses | \$ 14,062,823 | \$ 8,167,773 | \$ 14,380,648 | \$ 9,774,719 |

Business-Type Activities

In 2019-2020 Business-Type Activities revenues were \$703,389 or 3.0% of total District revenues.

Charges for Services comprised 86.0% of total Business-Type Activities revenue in 2019-2020, while operating grants and contributions made up 14.0%.

Expenses for Business-Type Activities were \$886,415 or 6.1% of total District expenses.

Food Service comprised 35.8% of total Business-Type Activities expenses in 2019-2020, while Regional Day School expenses made up 42.3%, BCCEC/ETTC made up 16.3% and The Learning Center was 5.6%.

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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 \$13,847,184 and expenditures of \$13,414,687. 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 \$8,404,711, which includes a transfer to food service of \$27,786 and debt proceeds due from Salem County of \$8,000,000.

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, 2020, 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 2019</u> | <u>Percent Increase (Decrease)</u> |
|-----------------|----------------------|-----------------------------|---|--|
| Local Sources | \$ 5,598,853 | 40.4% | \$ 963,139 | 20.8% |
| Federal Sources | 1,458,705 | 10.6% | (29,422) | -2.0% |
| State Sources | 6,789,626 | 49.0% | 380,322 | 5.9% |
| Total | \$ 13,847,184 | 100.0% | \$ 1,314,039 | 10.5% |

The following schedule present a summary of the expenditures of the governmental funds for the fiscal year ended June 30, 2020, 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 2019</u> | <u>Percent Increase (Decrease)</u> |
|--------------------|----------------------|-----------------------------|---|--|
| Instructional | \$ 5,753,783 | 43.1% | \$ 236,054 | 4.3% |
| Support | 3,700,331 | 27.5% | 36,934 | 1.0% |
| Unallocated | 3,087,122 | 22.9% | 75,232 | 2.5% |
| Capital Outlay | 873,451 | 6.5% | 441,030 | 102.2% |
| Total | \$ 13,414,687 | 100.0% | \$ 789,250 | 6.3% |

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 2019-2020 year, the School District modified its General Fund budget line items numerous times. There was no net change in the total modified budget.

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Cont'd)**

General Fund Budgeting Highlights (Cont'd)

For the General Fund, the original revenue amount budgeted on Exhibit C-1 was \$10,426,593 the same as the final budget. The actual revenue was \$12,218,305, which was \$577,678 more than budgeted, excluding reimbursed TPAF Social Security Aid and on-behalf TPAF contributions for pensions and long-term disability of \$1,214,034.

During the 2019-2020 year, the School District budgeted \$1,828,758 for county tax and \$5,412,417 for state aid revenues, respectively. The School District also received \$1,214,034 in reimbursed TPAF Social Security Aid and TPAF Pension Contributions.

The final budget basis expenditure appropriation estimate was \$10,842,877 and was the same as the original estimate. This includes the transfer to the capital projects fund.

There was a positive variance in expenditures of \$638,925, excluding reimbursed TPAF Social Security Aid and on-behalf TPAF contributions for pensions and long-term disability of \$1,214,034.

Capital Assets

At the end of the fiscal year 2020, the School District had \$11,688,353 (Net of Depreciation) invested in buildings, furniture and equipment.

Table 5 shows a summary of the fiscal years ended June 30, 2020 and 2019:

Table 5

| | June 30, 2020 | June 30, 2019 |
|--------------------------|----------------------|----------------------|
| Land | \$ 391,928 | \$ 391,928 |
| Construction in Progress | 538,652 | |
| Land Improvements | 382,551 | 416,906 |
| Buildings & Improvements | 9,929,428 | 10,439,945 |
| Equipment & Furniture | 445,794 | 565,349 |
| Total | \$ 11,688,353 | \$ 11,814,128 |

Overall capital assets decreased by \$125,775 from fiscal year 2019. The decrease in capital assets was comprised of depreciation of \$687,355, offset by net additions in capital equipment of \$561,580.

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, 2020, the combined principal balance remaining for all capital leases was \$1,886,361.

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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.

Challenges with the COVID-19 closures have forced previous initiatives to be placed on hold while moving forward with the increase of instructional technology and technology training for staff and students. Moving forward, the district will continue to evaluate programming within both the Career and Technical High School and the Adult Post Secondary Programs, noting new challenges with virtual learning. 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 continued to 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. The District will continue to explore the Teacher Academy Partnership with Rowan University.

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, 2020

| | Governmental Activities | Business-Type Activities | Total |
|---|----------------------------|-----------------------------|----------------------|
| ASSETS: | | | |
| Cash and Cash Equivalents | \$ 2,701,031 | \$ 83,504 | \$ 2,784,535 |
| Receivables, net | 6,213,418 | 40,511 | 6,253,929 |
| Interfund Receivable | 5,694 | | 5,694 |
| Inventories | | 28,389 | 28,389 |
| Capital Assets, net (Note 6): | 11,688,353 | | 11,688,353 |
| Total Assets | 20,608,496 | 152,404 | 20,760,900 |
| DEFERRED OUTFLOWS OF RESOURCES: | | | |
| Deferred Pension Outflows | 908,758 | | 908,758 |
| Deferred Loss on Refinancing of Capital Lease | 17,100 | | 17,100 |
| Total Deferred Outflows of Resources | 925,858 | | 925,858 |
| LIABILITIES: | | | |
| Accounts Payable | 252,869 | 26 | 252,895 |
| Accrued Interest | 13,658 | | 13,658 |
| Unearned Revenue | 4,206 | 2,592 | 6,798 |
| Noncurrent Liabilities (Note 7): | | | |
| Due within One Year | 327,799 | | 327,799 |
| Due beyond One Year | 5,170,172 | | 5,170,172 |
| Total Liabilities | 5,768,704 | 2,618 | 5,771,322 |
| DEFERRED INFLOWS OF RESOURCES: | | | |
| Deferred Pension Inflows | 1,358,016 | | 1,358,016 |
| Total Deferred Inflows of Resources | 1,358,016 | | 1,358,016 |
| NET POSITION | | | |
| Invested in Capital Assets, Net of Related Debt | 9,819,092 | | 9,819,092 |
| Restricted for: | | | |
| Capital Reserve | 209,300 | | 209,300 |
| Capital Projects | 7,688,611 | | 7,688,611 |
| Other Purposes | 594,069 | | 594,069 |
| Unrestricted (Deficit) | (3,903,438) | 149,786 | (3,753,652) |
| Total Net Position | \$ 14,407,634 | \$ 149,786 | \$ 14,557,420 |

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, 2020

| Functions / Programs | Expenses | Program Revenues | | Net (Expense) Revenue and Changes in Net Assets | | Total |
|--|----------------------|----------------------|------------------------------------|---|--------------------------|-----------------------|
| | | Charges for Services | Operating Grants and Contributions | Governmental Activities | Business-Type Activities | |
| Governmental Activities: | | | | | | |
| Instruction: | | | | | | |
| Regular Instruction | \$ 1,890,517 | | \$ 602,301 | \$ (1,288,216) | | \$ (1,288,216) |
| Regular Vocational | 3,536,298 | \$ 3,678,044 | | 141,746 | | 141,746 |
| School Sponsored Co/Extracurricular Activities | 331,562 | | | (331,562) | | (331,562) |
| Undistributed Expenditures and Support Services: | | | | | | |
| Attendance & Social Work | 101,671 | | | (101,671) | | (101,671) |
| Health Services | 63,723 | | | (63,723) | | (63,723) |
| Students - Regular | 1,363,490 | | 1,035,820 | (327,670) | | (327,670) |
| Improvement of Instruction Services | 101,374 | | | (101,374) | | (101,374) |
| General Administration | 300,521 | | | (300,521) | | (300,521) |
| School Administration | 315,457 | | | (315,457) | | (315,457) |
| Central Services | 223,275 | | | (223,275) | | (223,275) |
| Administration Information Technology | 260,220 | | | (260,220) | | (260,220) |
| Operation and Maintenance of Plant Services | 1,178,874 | | | (1,178,874) | | (1,178,874) |
| Student Transportation Services | 18,176 | | | (18,176) | | (18,176) |
| Unallocated Benefits | 3,567,684 | | 228,705 | (3,338,979) | | (3,338,979) |
| Interest on Long-Term Debt | 64,574 | | | (64,574) | | (64,574) |
| Unallocated Depreciation | 395,227 | | | (395,227) | | (395,227.00) |
| Total Governmental Activities | 13,712,643 | 3,678,044 | 1,866,826 | (8,167,773) | | (8,167,773) |
| Business-Type Activities: | | | | | | |
| Food Service | 317,339 | 142,374 | 98,157 | | \$ (76,808) | (76,808) |
| Salem Campus | 374,908 | 352,763 | | | (22,145) | (22,145) |
| BCCEC/ETTC | 144,188 | 62,705 | | | (81,483) | (81,483) |
| The Learning Center | 49,980 | 47,390 | | | (2,590) | (2,590) |
| Total Business-Type Activities | 886,415 | 605,232 | 98,157 | | (183,026) | (183,026) |
| Total Primary Government | \$ 14,599,058 | \$ 4,283,276 | \$ 1,964,983 | \$ (8,167,773) | \$ (183,026) | \$ (8,350,799) |
| General Revenues: | | | | | | |
| County of Salem Budget Appropriation | | | | \$ 1,828,758 | | \$ 1,828,758 |
| Federal and State Aid Restricted | | | | 7,224,208 | | 7,224,208 |
| Debt Proceeds due from Salem County | | | | 8,000,000 | | 8,000,000 |
| Miscellaneous Income | | | | 85,052 | | 85,052 |
| Transfers | | | | (27,786) | \$ 27,786 | |
| Total General Revenues | | | | 17,110,232 | 27,786 | 17,138,018 |
| Change in Net Assets | | | | 8,942,459 | (155,240) | 8,787,219 |
| Net Position -- July 1 | | | | 5,465,175 | 305,026 | 5,770,201 |
| Net Position -- June 30 | | | | \$ 14,407,634 | \$ 149,786 | \$ 14,557,420 |

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, 2020

| | General Fund | Special Revenue Fund | Capital Projects Fund | Total Governmental Funds |
|---|---------------------|----------------------------|-----------------------------|--------------------------------|
| ASSETS: | | | | |
| Cash and Cash Equivalents | \$ 700,371 | \$ 163,719 | \$ 1,800,096 | \$ 2,664,186 |
| Accounts Receivable: | | | | |
| State Government | 12,874 | 23,221 | | 36,095 |
| Federal Government | | 328,249 | | 328,249 |
| Intergovernmental | 163,559 | | 5,685,515 | 5,849,074 |
| Interfund Accounts Receivable | 473,831 | | 203,000 | 676,831 |
| Total Assets | \$ 1,350,635 | \$ 515,189 | \$ 7,688,611 | \$ 9,554,435 |
| LIABILITIES AND FUND BALANCES: | | | | |
| Liabilities: | | | | |
| Accounts Payable | \$ 173,178 | \$ 79,691 | | \$ 252,869 |
| Interfund Payable | 203,000 | 431,292 | | 634,292 |
| Unearned Revenue | | 4,206 | | 4,206 |
| Total Liabilities | 376,178 | 515,189 | | 891,367 |
| Fund Balances: | | | | |
| Restricted for: | | | | |
| Capital Reserve Account | 77,100 | | | 77,100 |
| Capital Reserve Designated for Subsequent Years Expenditures | 132,200 | | | 132,200 |
| Capital Projects | | | 626,852 | 626,852 |
| Excess Surplus | 594,069 | | | 594,069 |
| Committed Year-End Encumbrances | | | 7,061,759 | 7,061,759 |
| Assigned: | | | | |
| Designated for Subsequent Years Expenditures | 100,000 | | | 100,000 |
| Unassigned, Reported In: | | | | |
| General Fund | 71,088 | | | 71,088 |
| Total Fund Balances | 974,457 | | 7,688,611 | 8,663,068 |
| Total Liabilities and Fund Balances | \$ 1,350,635 | \$ 515,189 | \$ 7,688,611 | |

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 \$25,412,585 and the accumulated depreciation is \$13,724,232 | 11,688,353 |
| Deferred Outflow of Resources - Deferred Amount on Refinanced Debt | 17,100 |
| Deferred Outflow of Resources - Deferred Pension Contribution | 908,758 |
| Deferred Inflows of Resources - Pension Actuarial Gains | (1,358,016) |
| Long Term Net Pension Liability | (3,200,426) |
| Noncurrent liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. | (2,311,203) |
| Net Position of governmental activities | \$ 14,407,634 |

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, 2020

| | 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 | 3,678,044 | | | 3,678,044 |
| Miscellaneous | 85,052 | 6,999 | | 92,051 |
| State Sources | 6,594,281 | 195,345 | | 6,789,626 |
| Federal Sources | | 1,458,705 | | 1,458,705 |
| Total Revenues | 12,186,135 | 1,661,049 | | 13,847,184 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Regular Instruction | 1,284,021 | 602,301 | | 1,886,322 |
| Regular Vocational | 3,434,228 | | | 3,434,228 |
| School Sponsored Co/Extracurricular Activities | 331,562 | | | 331,562 |
| Attendance & Social Work | 101,671 | | | 101,671 |
| Undistributed Expenditures and Support Services: | | | | |
| Health Services | 63,723 | | | 63,723 |
| Students - Regular | 327,670 | 1,035,820 | | 1,363,490 |
| Improvement of Instruction Services | 101,374 | | | 101,374 |
| General Administration | 295,731 | | | 295,731 |
| School Administration | 315,457 | | | 315,457 |
| Central Services | 233,809 | | | 233,809 |
| Administration Information Technology | 260,220 | | | 260,220 |
| Operation and Maintenance of Plant Services | 1,048,351 | | | 1,048,351 |
| Student Transportation Services | 18,176 | | | 18,176 |
| Unallocated Benefits | 1,873,088 | | | 1,873,088 |
| On Behalf Contributions | 1,214,034 | | | 1,214,034 |
| Capital Outlay | 311,871 | 22,928 | 538,652 | 873,451 |
| Total Expenditures | 11,214,986 | 1,661,049 | 538,652 | 13,414,687 |
| Excess (Deficiency) of Revenues over Expenditures | 971,149 | | (538,652) | 432,497 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Debt Proceeds due from Salem County | | | 8,000,000 | 8,000,000 |
| Transfers to Food Service | (27,786) | | | (27,786) |
| Transfers to Capital Projects Fund | (203,000) | | 203,000 | |
| Total Other Financing Sources and Uses | (230,786) | | 8,203,000 | 7,972,214 |
| Net Change in Fund Balances | 740,363 | | 7,664,348 | 8,404,711 |
| Fund Balance -- July 1 | 234,094 | | 24,263 | 258,357 |
| Fund Balance -- June 30 | \$ 974,457 | \$ | \$ 7,688,611 | \$ 8,663,068 |

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, 2020

| | |
|---|--------------|
| Total Net Change in Fund Balances - Governmental Funds | \$ 8,404,711 |
| Amounts reported for governmental activities in the Statement of Activities (A-2) are different because: | |
| <p>Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.</p> | |
| Depreciation Expense | \$ (687,355) |
| Capital Outlays | 561,580 |
| | (125,775) |
| 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 | (503) |
| 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 | 310,946 |
| 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. | 102,315 |
| 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 (+). | 252,827 |
| | 252,827 |
| Change in Net Position of Governmental Activities | \$ 8,942,459 |

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, 2020

| | <u>Business Type Activities- Enterprise Funds</u> | | | | <u>Total</u> |
|----------------------------------|---|----------------------------|----------------------------|----------------------------|-------------------|
| | <u>Food Service</u> | <u>Regional Day School</u> | <u>The Learning Center</u> | <u>BCCEC/ ETTC Program</u> | |
| ASSETS: | | | | | |
| Current Assets: | | | | | |
| Cash and Cash Equivalents | \$ | \$ 35,922 | \$ 4,725 | \$ 79,702 | \$ 120,349 |
| Accounts Receivable: | | | | | |
| State | | 584 | | | 584 |
| Federal | | 8,429 | | | 8,429 |
| Other | | | 3,607 | 27,891 | 31,498 |
| Interfund | | | | 28,416 | 28,416 |
| Inventories | | 28,389 | | | 28,389 |
| Total Current Assets | | <u>37,402</u> | <u>35,922</u> | <u>136,009</u> | <u>217,665</u> |
| Total Noncurrent Assets | | | | | |
| Total Assets | | <u>37,402</u> | <u>35,922</u> | <u>136,009</u> | <u>217,665</u> |
| LIABILITIES: | | | | | |
| Current Liabilities: | | | | | |
| Accounts Payable | | 26 | | | 26 |
| Interfund Payable | | 34,784 | 22,145 | 8,332 | 65,261 |
| Unearned Revenue | | 2,592 | | | 2,592 |
| Total Current Liabilities | | <u>37,402</u> | <u>22,145</u> | <u>8,332</u> | <u>67,879</u> |
| Net Position: | | | | | |
| Unrestricted | | <u>13,777</u> | | <u>136,009</u> | <u>149,786</u> |
| Total Net Position | <u>\$</u> | <u>\$ 13,777</u> | <u>\$</u> | <u>\$ 136,009</u> | <u>\$ 149,786</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, 2020

| | 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 | \$ 39,441 | | | | \$ 39,441 |
| Daily Sales - Non-Reimbursable Programs | 7,486 | | | | 7,486 |
| Tuition | | | 47,390 | | 47,390 |
| Other Revenue | 95,447 | 352,763 | | 62,705 | 510,915 |
| Total Operating Revenues | 142,374 | 352,763 | 47,390 | 62,705 | 605,232 |
| OPERATING EXPENSES: | | | | | |
| Salaries | 165,823 | 352,763 | 48,690 | 96,904 | 664,180 |
| Employee Benefits | | 22,145 | | | 22,145 |
| Cost of Sales - Reimbursable Programs | 117,451 | | | | 117,451 |
| Cost of Sales - Non Reimbursable Programs | 16,464 | | | | 16,464 |
| Purchased Educational Services | | | 149 | 16,348 | 16,497 |
| Rental | | | | 25,320 | 25,320 |
| Travel | | | | 171 | 171 |
| Other Purchased Services | 2,465 | | | | 2,465 |
| General Supplies | 14,791 | | 1,141 | 3,025 | 18,957 |
| Textbooks | | | | 921 | 921 |
| Miscellaneous | 345 | | | 1,499 | 1,844 |
| Total Operating Expenses | 317,339 | 374,908 | 49,980 | 144,188 | 886,415 |
| Operating Income / (Loss) | (174,965) | (22,145) | (2,590) | (81,483) | (281,183) |
| NONOPERATING REVENUES (EXPENSES): | | | | | |
| State Sources: | | | | | |
| State School Lunch Program | 2,092 | | | | 2,092 |
| Federal Sources: | | | | | |
| Food Distribution Program | 10,078 | | | | 10,078 |
| National School Lunch Program | 62,563 | | | | 62,563 |
| National School Breakfast Program | 23,424 | | | | 23,424 |
| Total Non-operating Revenues (Expenses) | 98,157 | | | | 98,157 |
| OTHER FINANCING USES: | | | | | |
| Change in Net Position | (76,808) | (22,145) | (2,590) | (81,483) | (183,026) |
| Transfers | 27,786 | | 2,590 | (2,590) | 27,786 |
| Net Position -- July 1 | 49,022 | 35,922 | | 220,082 | 305,026 |
| Net Position -- June 30 | \$ 13,777 | \$ 13,777 | \$ 136,009 | \$ 136,009 | \$ 149,786 |

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, 2020

| | 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 | \$ 172,606 | \$ 352,763 | \$ 54,704 | \$ 95,208 | \$ 675,281 |
| Payments to Employees | (165,823) | (352,763) | (48,690) | (96,904) | (664,180) |
| Payments for Employee Benefits | | | | | |
| Payments to Suppliers | (140,472) | | (3,879) | (48,437) | (192,788) |
| Net Cash Provided by (used for) Operating Activities | (133,689) | | 2,135 | (50,133) | (181,687) |
| Cash from (Used for) Operating Activities-Transfers to the General Fund | 27,786 | | 2,590 | (2,590) | 27,786 |
| Total Cash Provided by (Used for) Operating Activities | (105,903) | | 4,725 | (52,723) | (153,901) |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES: | | | | | |
| State Sources | 1,622 | | | | 1,622 |
| Federal Sources | 96,045 | | | | 96,045 |
| Net Cash Provided by (used for) Non-Capital Financing Activities | 97,667 | | | | 97,667 |
| 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) | | 4,725 | (52,723) | (56,234) |
| Cash and Cash Equivalents – July 1 | 8,236 | 35,922 | | 132,425 | 176,583 |
| Cash and Equivalents – June 30 | \$ - | \$ 35,922 | \$ 4,725 | \$ 79,702 | \$ 120,349 |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | | | | |
| Operating Income (Loss) | \$ (174,965) | \$ (22,145) | \$ (2,590) | \$ (81,483) | \$ (281,183) |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities: | | | | | |
| Changes in Assets and Liabilities: | | | | | |
| Accounts Receivable (Increase)/Decrease | 30,232 | | 7,314 | 20,864 | 58,410 |
| Interfund Receivable (Increase)/Decrease | | | | 11,639 | 11,639 |
| Inventory (Increase)/Decrease | (6,851) | | | | (6,851) |
| Accounts Payable Increase/(Decrease) | (174) | | | (1,153) | (1,327) |
| Unearned Revenue Increase/(Decrease) | 2,469 | | | | 2,469 |
| Due to General Fund Increase/(Decrease) | 15,600 | 22,145 | (2,589) | | 35,156 |
| Net Cash Provided by (used for) Operating Activities | \$ (133,689) | \$ - | \$ 2,135 | \$ (50,133) | \$ (181,687) |

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, 2020

| | <u>Agency Funds</u> | |
|-------------------------------------|-----------------------------|------------------|
| | <u>Student Activity</u> | <u>Payroll</u> |
| ASSETS: | | |
| Cash and Cash Equivalents | \$ 88,917 | \$ 16,143 |
| Total Assets | <u>\$ 88,917</u> | <u>\$ 16,143</u> |
| LIABILITIES: | | |
| Payable to Student Groups | \$ 88,917 | \$ |
| Due to General Fund | | 5,694 |
| Payroll Deductions and Withholdings | | 10,449 |
| Total Liabilities | <u>\$ 88,917</u> | <u>\$ 16,143</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, 2020

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, 2020 of 746 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, 2020

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New Accounting Standards:

The School District has adopted the following GASB statements:

- GASB Statement - No. 95 – *Postponement of the Effective Dates of Certain Authoritative Guidance*: The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. The requirements of this Statement are effective immediately. Management is evaluating the potential impact of the adoption of GASB 95 on the School District's financial statements.

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, 2019. 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 June 15, 2021. 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, 2020. 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, 2019. 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, 2021. 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, 2020

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

New Accounting Standards (Cont'd):

- GASB Statement - No. 92 – *Omnibus 2020*: The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Management is evaluating the potential impact of the adoption of GASB 92 on the School District's financial statements.
- GASB Statement - No. 93 – *Replacement of Interbank Offered Rates*: The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Management is evaluating the potential impact of the adoption of GASB 93 on the School District's financial statements.
- GASB Statement - No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*: The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. Management is evaluating the potential impact of the adoption of GASB 94 on the School District's financial statements.
- GASB Statement - No. 96 – *Subscription-Based Information Technology Arrangements*: This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. Management is evaluating the potential impact of the adoption of GASB 96 on the School District's financial statements.
- GASB Statement - No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*: The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans); and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans). The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Management is evaluating the potential impact of the adoption of GASB 97 on the School District's financial statements.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

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, 2020

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, 2020

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, 2020

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, 2020

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, 2020

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 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 revenue sources are considered to be both measurable and available at fiscal year-end: tuition, grants, fees, and rentals.

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

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, 2020

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, 2020

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, 2020

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, 2020

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, 2020

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, 2020, the District's bank balance of \$890,444 was exposed to custodial credit risk as follows:

| | | |
|--|----|----------------|
| Insured | \$ | 250,000 |
| Uninsured and collateralized with securities held by pledging financial institutions | | 640,444 |
| | | <hr/> |
| | \$ | <u>890,444</u> |

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

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, 2020, the capital reserve account had a balance of \$209,300, which represents a decrease of \$2,900 from the prior year. In addition, District has designated \$132,200 of Capital Reserve to support 2020-21 capital appropriations.

NOTE 5. ACCOUNTS RECEIVABLES

Accounts Receivables at June 30, 2020 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>Capital Projects Fund</u> | <u>Proprietary Funds</u> | <u>Total</u> |
|-------------------|-------------------------|-------------------------------------|--------------------------------------|------------------------------|---------------------|
| Receivables: | | | | | |
| State | \$ 12,874 | \$ 23,221 | \$ | \$ 584 | \$ 36,679 |
| Federal | | 328,249 | | 8,429 | 336,678 |
| Intergovernmental | 163,559 | | 5,685,515 | | 5,849,074 |
| Other | | | | 31,498 | 31,498 |
| Total | <u>\$ 176,433</u> | <u>\$ 351,470</u> | <u>\$ 5,685,515</u> | <u>\$ 40,511</u> | <u>\$ 6,253,929</u> |

NOTE 6. INVENTORY

Inventory in the Food Service Fund at June 30, 2020 consisted of the following:

| | |
|----------|------------------|
| Food | \$ 7,592 |
| Supplies | <u>20,797</u> |
| | <u>\$ 28,389</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 \$12,670 in federal commodities during the 2019-2020 school year, which was consumed during operations with the exception of \$2,592 left in ending inventory.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 was as follows:

| | Beginning Balance 7/1/2019 | Additions | Adjustments/ Retirements | Ending Balance 6/30/2020 |
|--|---|---------------------|-------------------------------------|---|
| Governmental activities: | | | | |
| Capital assets that are not being depreciated: | | | | |
| Land | \$ 391,928 | \$ - | \$ - | \$ 391,928 |
| Construction in Progress | | 538,652 | | 538,652 |
| Capital assets that are being depreciated: | | | | |
| Land Improvements | 967,836 | | | 967,836 |
| Building and Improvements | 19,164,283 | | | 19,164,283 |
| Equipment | 4,326,958 | 22,928 | | 4,349,886 |
| Total Historical Cost | 24,851,005 | 561,580 | | 25,412,585 |
| Less accumulated depreciation for : | | | | |
| Land Improvements | (550,930) | (34,355) | | (585,285) |
| Building and improvements | (8,724,338) | (510,517) | | (9,234,855) |
| Equipment | (3,761,609) | (142,483) | | (3,904,092) |
| Total accumulated depreciation | (13,036,877) | (687,355) | | (13,724,232) |
| Government activities capital assets, net | \$ 11,814,128 | \$ (125,775) | \$ - | \$ 11,688,353 |
| | | | | To A-1 |
| Business-Type Activities - | | | | |
| Business-Type Activities | | | | |
| Capital Assets - Net | \$ - | \$ - | \$ - | \$ - |

*Depreciation expense was charged to government functions as follows:

| | |
|-----------------------------------|-------------------|
| Instruction- Regular | \$ 4,195 |
| Instruction- Vocational | 102,070 |
| Plant Operations and Maintenance | 181,073 |
| General Administration | 4,790 |
| Unallocated | 395,227 |
| Total Depreciation Expense | \$ 687,355 |

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 8. LONG-TERM OBLIGATIONS

During the fiscal year ended June 30, 2020, the following changes occurred in long-term obligations:

| | Beginning Balance 7/1/2019 | Additions | Reductions | Ending Balance 6/30/2020 | Amounts Due within One Year | Long-term Portion |
|--|----------------------------------|-----------|---------------------|--------------------------------|-----------------------------------|----------------------|
| Governmental Activities: | | | | | | |
| Capital Lease Payable | \$ 2,197,307 | | \$ (310,946) | \$ 1,886,361 | \$ 327,799 | \$ 1,558,562 |
| Net Pension Liability | 3,299,884 | | (99,458) | 3,200,426 | | 3,200,426 |
| Compensated Absences | 664,011 | | (252,827) | 411,184 | | 411,184 |
| Governmental Activity Long Term Liabilities | <u>\$ 6,161,202</u> | | <u>\$ (663,231)</u> | <u>\$ 5,497,971</u> | <u>\$ 327,799</u> | <u>\$ 5,170,172</u> |
| Business-Type Activities: | | | | | | |
| Compensated absences payable | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> |

A. Bonds Payable- 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.

During January 15, 2020, the Count of Salem adopted a bond ordinance providing for various capital improvements to the Salem County Career and Technical High School in the amount of \$8,000,000, of which \$5,685,515 is a receivable from the County of Salem, as of June 30, 2020. The expenditures against this bond ordinance are shown on Exhibit F-2B.

Bonds Authorized But Not Issued – As of June 30, 2020, 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, 2020:

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|---------------------|-------------------|---------------------|
| 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>\$ 1,566,942</u> | <u>\$ 136,249</u> | <u>\$ 1,703,191</u> |

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

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, 2020:

| <u>Year Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---------------------------------|-------------------|------------------|-------------------|
| 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>\$ 319,419</u> | <u>\$ 25,959</u> | <u>\$ 345,378</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 2019-20 School Year, \$2,062 of Debt Refinancing Costs was amortized, resulting in a balance in Deferred Outflows of Resources of \$17,100, as of June 30, 2020.

NOTE 10. OPERATING LEASES

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

| <u>Year Ending June 30,</u> | <u>Total</u> |
|---------------------------------|-----------------|
| 2021 | \$ 1,752 |
| 2022 | 1,752 |
| 2023 | 1,314 |
| | <u>\$ 4,818</u> |

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

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>.

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, 2019 was 7.5% of base salary. The District employees' contributions for the year ended June 30, 2020 were 83,376. 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 2020 is 13.69% 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, 2020, and 2019, were \$173,918 and \$167,954 respectively.

The total payroll for the year ended June 30, 2020 was \$5,865,220. Payroll covered by PERS was \$1,112,645 for fiscal year 2020.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 11. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

Components of Net Pension Liability - At June 30, 2020, the District's proportionate share of the PERS net pension liability was \$3,200,426. The net pension liability was measured as of June 30, 2019. 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, 2019. The District's proportion measured as of June 30, 2019 was 0.017762% which was an increase of 0.00100% from its proportion measured as of June 30, 2018.

Pension Expense and Deferred Outflows/Inflows of Resources - The District's 2020 PERS pension expense, with respect to GASB 68, was \$83,204. The District's 2020 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 | \$ 57,443 | \$ 14,138 |
| Changes of assumptions | 319,574 | 1,110,858 |
| Net difference between projected and actual earnings on pension plan investments | - | 50,520 |
| Changes in proportion | 357,823 | 182,500 |
| Contributions subsequent to the measurement date | 173,918 | |
| Total | \$ 908,758 | \$ 1,358,016 |

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> |
|--------------|---------------------|
| 2021 | \$ (109,550) |
| 2022 | (289,665) |
| 2023 | (190,787) |
| 2024 | (25,010) |
| 2025 | (8,164) |
| Thereafter | |
| Total | \$ (623,176) |

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 11. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

Additional Information - Collective Balances at June 30, 2020 and 2019 are as follows:

| <u>Year</u> | | <u>2020</u> | | <u>2019</u> |
|---|----|-------------|----|-------------|
| Collective deferred outflows of resources | \$ | 908,758 | \$ | 1,035,246 |
| Collective deferred inflows of resources | \$ | 1,358,016 | \$ | 1,487,361 |
| Collective Net Pension Liability | \$ | 3,200,426 | \$ | 3,299,884 |
| District's Proportion | | 0.017762% | | 0.016760% |

Actuarial Assumptions - The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

| | <u>PERS</u> |
|------------------------------|---------------|
| Investment Rate of Return | 7.00% |
| Salary Scale (Based on Age): | |
| Through 2026 | 2.00% - 6.00% |
| Thereafter | 3.00% - 7.00% |
| Inflation Rate – Price | 2.75% |
| Inflation Rate – Wage | 3.25% |

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 11. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

Long-Term Expected Rate of Return – In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

| Asset Class | PERS Target Allocation | Long-Term Expected Real Rate of Return |
|-----------------------------------|------------------------------|--|
| Risk Mitigation Strategies | 3.00% | 4.67% |
| Cash Equivalents | 5.00% | 2.00% |
| U.S. Treasuries | 5.00% | 2.68% |
| Investment Grade Credit | 10.00% | 4.25% |
| High Yield | 2.00% | 5.37% |
| Private Credit | 6.00% | 7.92% |
| Real Assets | 2.50% | 9.31% |
| Real Estate | 7.50% | 8.33% |
| U.S. Equity | 28.00% | 8.26% |
| Non-U.S. Developed Markets Equity | 12.50% | 9.00% |
| Emerging Markets Equity | 6.50% | 11.37% |
| Private Equity | 12.00% | 10.85% |
| Total | 100.00% | |

Discount Rate - The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. 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 3.50% as of June 30, 2019 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 based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. 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 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 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, 2020

NOTE 11. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate - The following presents the collective net pension liability of the participating employers as of June 30, 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 or 1-percentage-point higher than the current rate:

| | <u>1% Decrease</u> <u>(5.28%)</u> | <u>Current</u> <u>Discount</u> <u>(6.28%)</u> | <u>1% Increase</u> <u>(7.28%)</u> |
|---|--------------------------------------|---|--------------------------------------|
| District's Proportionate Share of the Net Pension Liability | \$ <u>4,070,781</u> | \$ <u>3,200,426</u> | \$ <u>2,508,053</u> |

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. 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:

| <u>Tier</u> | <u>Definition</u> |
|-------------|---|
| 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. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 11. PENSION PLANS (CONTINUED)

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, 2019. 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 2019, 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, 2020 because of the 100% special funding situation with the State of New Jersey.

During the fiscal year ended June 30, 2020, the State of New Jersey contributed \$698,623 to the TPAF for pension contributions, \$259,176 for post-retirement benefits on behalf of the School, and \$789 for long-term disability. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$255,446 during the year ended June 30, 2020 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, 2020, 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, 2020, the District recognized pension expense of \$1,163,576 and revenue of \$1,163,576 for support provided by the State.

Actuarial Assumptions - The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

| | <u>TPAF</u> |
|------------------------------|---------------|
| Investment Rate of Return | 7.00% |
| Salary Scale (Based on Age): | |
| Through 2026 | 1.55% - 4.45% |
| Thereafter | 2.75% - 5.65% |
| Inflation Rate – Price | 2.75% |
| Inflation Rate – Wage | 3.25% |

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 11. PENSION PLANS (CONTINUED)

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, 2019 are summarized in the following table:

| Asset Class | TPAF Target Allocation | Long-Term Expected Real Rate of Return |
|-----------------------------------|------------------------------|--|
| Risk Mitigation Strategies | 3.00% | 4.67% |
| Cash Equivalents | 5.00% | 2.00% |
| U.S. Treasuries | 5.00% | 2.68% |
| Investment Grade Credit | 10.00% | 4.25% |
| High Yield | 2.00% | 5.37% |
| Private Credit | 6.00% | 7.92% |
| Real Assets | 2.50% | 9.31% |
| Real Estate | 7.50% | 8.33% |
| U.S. Equity | 28.00% | 8.26% |
| Non-U.S. Developed Markets Equity | 12.50% | 9.00% |
| Emerging Markets Equity | 6.50% | 11.37% |
| Private Equity | 12.00% | 10.85% |
| Total | <u>100.00%</u> | |

Discount Rate - The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. 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 3.50% as of June 30, 2019 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 based on 70% of the actuarially determined contributions for the State. 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 2054. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054 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, 2020

NOTE 11. PENSION PLANS (CONTINUED)

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, 2020, 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 or 1-percentage-point higher than the current rate:

| | 1% Decrease (4.60%) | Current Discount (5.60%) | 1% Increase (6.60%) |
|---|------------------------|--------------------------------|------------------------|
| State's Share of the Net Pension Liability associated with the District | \$ 23,319,164 | \$ 19,727,424 | \$ 16,834,559 |
| State's Share of the Net Pension Liability | \$ 72,544,649,801 | \$ 61,519,112,443 | \$ 52,371,397,951 |

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, 2020, employee contributions totaled \$4,404 and the District's employer contribution, recognized in pension expense, was \$2,402. 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, 2020

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.

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.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

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

Total OPEB Liability

The State of New Jersey's total OPEB liability, as of the measurement date of June 30, 2019, was \$41,729,081,045. Of this amount, the total OPEB liability attributable to the School District was \$11,770,567. The State of New Jersey's proportionate share of the total OPEB liability is 100%, including the proportion attributable to the School District of 0.02821%. The total OPEB liability for the School District measured as of June 30, 2019 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, 2019 is 0.00%. Accordingly, the School District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position.

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. 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:

| | TPAF/ABP | PERS | PFRS |
|-------------------|-----------------|---------------|--------------------------------|
| Inflation Rate | 2.50% | 2.50% | 2.50% |
| | Based on | Based on | Based on |
| Salary Increases: | Service Years | Age | Age |
| Through 2026 | 1.55% - 3.05% | 2.00% - 6.00% | 3.25% - 15.25% |
| Thereafter | 1.55% - 3.05% | 3.00% - 7.00% | Applied to all future years |

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 – June 30, 2018, July 1, 2014 – June 30, 2018, and July 1, 2013 – June 30, 2018 for TPAF, PERS and PFRS, respectively.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

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

Discount rate

The discount rate for June 30, 2019 was 3.50%. 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Changes in the Total OPEB Liability

| | | |
|---|----|-----------------------------|
| State of New Jersey | | Total OPEB Liability |
| Balance as of June 30, 2018 Measurement Date | \$ | 46,110,832,982 |
| Changes for the year: | | |
| Service Cost | | 1,734,404,850 |
| Interest | | 1,827,787,206 |
| Changes of Benefit Terms | | |
| Differences between Expected and Actual | | (7,323,140,818) |
| Changes of Assumptions | | 622,184,027 |
| Benefit Payments | | (1,280,958,373) |
| Contributions from Members | | 37,971,171 |
| Net Changes | | (4,381,751,937) |
| Balance as of June 30, 2019 Measurement Date | \$ | 41,729,081,045 |

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

The following presents the total nonemployer OPEB liability as of June 30, 2019, 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, 2019 | | |
|----------------------------|---------------------------|----------------------------|
| At 1.00% Decrease 2.50% | At Discount Rate 3.50% | At 1.00% Increase 4.50% |
| \$ 49,298,534,898 | 41,729,081,045 | 35,716,321,820 |

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, 2019, 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, 2019 | | |
|----------------------|-------------------------------|----------------|
| 1.00% Decrease | Healthcare Cost Trend Rate | 1.00% Increase |
| \$ 34,832,902,820 | 41,729,081,045 | 51,453,912,586 |

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

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, 2020, the School District recognized OPEB expense of \$629,927. 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 | \$ | \$ 2,957,505 |
| Changes of Assumptions | | 2,392,394 |
| Net difference Between Projected and Actual Earnings on OPEB Plan Investments | | |
| Changes in Proportion | 1,433,726 | |
| Contributions Subsequent to the Measurement Date | | |
| Total | \$ 1,433,726 | \$ 5,349,899 |

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 |
|---------------------------------------|----|-------------|
| 2020 | \$ | (531,031) |
| 2021 | | (531,031) |
| 2022 | | (531,031) |
| 2023 | | (531,031) |
| 2024 | | (531,031) |
| Thereafter | | (1,261,018) |
| Total | \$ | (3,916,173) |

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, 2020

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, 2020, a liability existed for compensated absences in the Governmental Activities of \$411,184.

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, 2020, 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, 2020

NOTE 16. INTERFUND RECEIVABLES AND PAYABLES

The following Interfund balances remained on the balance sheet at June 30, 2020:

| <u>Fund</u> | <u>Interfund Receivable</u> | <u>Interfund Payable</u> |
|-----------------------|---------------------------------|------------------------------|
| General Fund | \$ 473,831 | \$ 203,000 |
| Special Revenue Fund | | 431,292 |
| Capital Projects Fund | 203,000 | |
| Enterprise Fund | 28,416 | 65,261 |
| Fiduciary Funds | | 5,694 |
| Total | \$ <u>705,247</u> | \$ <u>705,247</u> |

NOTE 17. DEFICIT FUND BALANCES

The District does not have a deficit fund balance in the General Fund or Special Revenue Fund, as of June 30, 2020 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school 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.

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.

NOTE 18. DEFICIT IN UNRESTRICTED NET POSITION

The governmental activities had a deficit in unrestricted Net Position of \$3,903,438, shown on Exhibit A-1, as of June 30, 2020. 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 \$974,457 General Fund balance at June 30, 2020, \$0 is assigned for encumbrances; \$594,069 is restricted as excess surplus in accordance with N.J.S.A. 18A:7F-7, \$209,300 has been restricted in the Capital Reserve Account, of which \$132,200 has been designated to support 2020-21 capital appropriations; \$100,000 has been assigned, appropriated and included as anticipated revenue for the year ending June 30, 2021 and the net result is a balance of 71,088 in unassigned and unrestricted fund balance.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 19. FUND BALANCE APPROPRIATED (CONTINUED)

General Fund (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, 2020, the balance in the capital reserve account is \$209,300. 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, 2020.

Unassigned - General Fund – The budgetary basis unassigned general fund balance at June 30, 2020 is \$612,237.

Capital Projects Fund - As of June 30, 2020, the total fund balance in the capital project fund was \$7,688,611, consisting of Encumbrances of \$7,061,759 and a Committed but unspent balance of \$626,852.

On September 24, 2019, the District's Board approved a resolution for various capital improvements to the Salem County Career and Technical High School, in the amount of \$8,203,000, of which \$8,000,000 was funded through the issuance of bonds by the County of Salem and the remaining \$203,000 through transfer from the District's capital reserve. The unspent amount on this project at June 30, 2020 was \$602,589 (See Exhibit F2 b).

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, 2020, the District had an unexpended balance of \$24,263 on this project (See Exhibit F2 b).

NOTE 20. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of restricted 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 restrict general fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2020 is \$594,069, which will be utilized in the 2021-22 budget.

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.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

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

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

NOTE 23. TAX ABATEMENT

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

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

NOTE 24. 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, 2020

| | 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 | 2,835,000 | | 2,835,000 | 3,365,076 | 530,076 |
| Tuition Charges - Out of County | 255,318 | | 255,318 | 312,968 | 57,650 |
| Rent and Royalties | 80,000 | | 80,000 | 75,000 | (5,000) |
| Interest Earned on Investments | | | | 579 | 579 |
| Interest Earned on Capital Reserve | 100 | | 100 | 2,633 | 2,533 |
| Unrestricted Miscellaneous Revenue | 15,000 | | 15,000 | 6,840 | (8,160) |
| Other Restricted Miscellaneous Revenue | | | | | |
| Total - Local Sources | 5,014,176 | | 5,014,176 | 5,591,854 | 577,678 |
| State Sources: | | | | | |
| Categorical Aid | | | | | |
| Equalization Aid | 4,731,974 | | 4,731,974 | 4,731,974 | |
| 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) | | | | 255,446 | 255,446 |
| On-behalf TPAF Long-Term Disability Insurance (non-budgeted) | | | | 789 | 789 |
| On-behalf TPAF Pension Contributions (non-budgeted) | | | | 698,623 | 698,623 |
| On-behalf TPAF Pension Post-Retirement Med'l Contrib (non-budgeted) | | | | 259,176 | 259,176 |
| Total - State Sources | 5,412,417 | | 5,412,417 | 6,626,451 | 1,214,034 |
| Total Revenues | 10,426,593 | | 10,426,593 | 12,218,305 | 1,791,712 |
| EXPENDITURES: | | | | | |
| Current Expense: | | | | | |
| Regular Programs - Grade 9-12 - Instruction: | | | | | |
| Salaries of Teachers | 1,314,511 | (75,997) | 1,238,514 | 1,238,514 | |
| Purchased Professional-Educational Services | 4,125 | | 3,275 | 2,864 | 411 |
| Purchased Technical Services | 19,525 | (15,283) | 4,242 | 4,242 | |
| Other Purchased Services | 6,270 | 14,048 | 20,318 | 5,195 | 15,123 |
| General Supplies | 34,528 | (7,931) | 26,597 | 24,958 | 1,639 |
| Textbooks | 13,115 | (7,000) | 6,115 | 5,098 | 1,017 |
| Total Regular Programs - Instruction | 1,392,074 | (93,013) | 1,299,061 | 1,280,871 | 18,190 |
| Regular Programs - Home Instruction: | | | | | |
| Salaries of Teachers | | 3,150 | 3,150 | 3,150 | |
| Regular Vocational Programs - Instruction: | | | | | |
| Salaries of Teachers | 1,322,962 | 68,676 | 1,391,638 | 1,383,429 | 8,209 |
| Purchased Professional-Educational Services | 1,963,146 | (42,587) | 1,920,559 | 1,919,381 | 1,178 |
| Purchased Technical Services | 27,215 | (13,968) | 13,247 | 12,402 | 845 |
| Other Purchased Services | 28,080 | (22,276) | 5,804 | 442 | 5,362 |
| General Supplies | 148,915 | (27,695) | 121,220 | 117,274 | 3,946 |
| Textbooks | 7,486 | 756 | 8,242 | 1,300 | 6,942 |
| Other Objects | 4,500 | (4,500) | | | |
| Total - Regular Vocational Programs - Instruction | 3,502,304 | (41,594) | 3,460,710 | 3,434,228 | 26,482 |
| School-Sponsored Co/Extra-Curr. Activities-Instruction | | | | | |
| Salaries | 38,496 | 129,548 | 168,044 | 168,044 | |
| Purchased Services | 51,500 | | 51,500 | 31,803 | 19,697 |
| Supplies and Materials | 15,500 | 14,000 | 29,500 | 14,954 | 14,546 |
| Other Objects | 14,000 | (14,000) | | | |
| Total School-Spon. Co/Extra Curr. Actvts. - Inst | 119,496 | 129,548 | 249,044 | 214,801 | 34,243 |
| School-Sponsored Athletics-Instruction | | | | | |
| Salaries | 95,966 | (24,093) | 71,873 | 71,873 | |
| Purchased Services | 20,000 | 17,089 | 37,089 | 35,738 | 1,351 |
| Supplies and Materials | 12,000 | | 12,000 | 9,150 | 2,850 |
| Total School-Spon. Athletics - Inst | 127,966 | (7,004) | 120,962 | 116,761 | 4,201 |
| Undistributed Expenditures - Attendance & Social Work | | | | | |
| Salaries of Drop-Out Prevention Officer/Coordinator | 74,768 | 26,903 | 101,671 | 101,671 | |
| Total Undistributed Expenditures - Attendance & Social Work | 74,768 | 26,903 | 101,671 | 101,671 | |

(Continued)

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2020

| | 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 | \$ 63,756 | \$ - | \$ 63,756 | \$ 62,794 | \$ 962 |
| Other Purchased Services | 417 | | 417 | | 417 |
| Supplies and Materials | 1,530 | 100 | 1,630 | 929 | 701 |
| Other Objects | 100 | (100) | | | |
| Total Undistributed Expenditures - Health Services | 65,803 | | 65,803 | 63,723 | 2,080 |
| Undistributed Expenditures - Speech, OT, PT and Related Services | | | | | |
| Salaries of Other Professional Staff | | 289,206 | 289,206 | 289,206 | |
| Salaries of Secretarial and Clerical Staff | | 31,074 | 31,074 | 31,074 | |
| Purchased Professional - Educational Services | | 5,000 | 5,000 | | 5,000 |
| Other Purchased Services | | 2,500 | 2,500 | 173 | 2,327 |
| Supplies and Materials | | 5,500 | 5,500 | 2,639 | 2,861 |
| Total Undist. Expend. - Speech, OT, PT and Related Services | | 333,280 | 333,280 | 323,092 | 10,188 |
| Undistributed Expenditures - Guidance | | | | | |
| Salaries of Other Professional Staff | 282,993 | (275,993) | 7,000 | 1,228 | 5,772 |
| Salaries of Secretarial and Clerical Assistants | 64,494 | (64,494) | | | |
| Purchased Professional-Educational Services | 5,000 | 4,800 | 9,800 | 3,350 | 6,450 |
| Other Purchased Services | 2,500 | (2,500) | | | |
| Supplies and Materials | 5,500 | (5,500) | | | |
| Total Undist. Expend. - Guidance | 360,487 | (343,687) | 16,800 | 4,578 | 12,222 |
| Undistributed Expenditures - Child Study Teams | | | | | |
| Purchased Professional - Educational Services | 35,000 | (35,000) | | | |
| Total Undist. Expend. - Child Study Teams | 35,000 | (35,000) | | | |
| Undistributed Expenditures - Improvement of Instruction Services | | | | | |
| Salaries of Other Professional Staff | 85,338 | 16,036 | 101,374 | 101,374 | |
| 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. | 105,338 | (3,964) | 101,374 | 101,374 | |
| Undistributed Expenditures - Support Services - General Administration: | | | | | |
| Salaries | 150,868 | (14,583) | 136,285 | 136,285 | |
| Legal Services | 15,000 | | 15,000 | 7,671 | 7,329 |
| Audit Fee | 25,000 | (1,000) | 24,000 | 23,015 | 985 |
| Other Purchased Professional Services | 10,000 | (3,000) | 7,000 | 2,950 | 4,050 |
| Purchased Technical Services | 2,000 | | 2,000 | | 2,000 |
| Communications/Telephone | 70,000 | 26,815 | 96,815 | 92,431 | 4,384 |
| Misc. Purch Serv | 11,000 | (411) | 10,589 | 5,919 | 4,670 |
| General Supplies | 6,000 | | 6,000 | 931 | 5,069 |
| Miscellaneous Expenditures | 16,000 | 10,529 | 26,529 | 26,529 | |
| Total Undist. Expend. -Support Serv. -Gen. Admin. | 305,868 | 18,350 | 324,218 | 295,731 | 28,487 |
| Undistributed Expenditures - Support Services - School Administration | | | | | |
| Salaries of Principals / Assistant Principals | 199,193 | (480) | 198,713 | 198,713 | |
| Salaries of Secretarial and Clerical Assistants | 84,411 | 241 | 84,652 | 84,652 | |
| Other Purchased Services | 13,000 | | 13,000 | 10,957 | 2,043 |
| Supplies and Materials | 15,000 | (3,385) | 11,615 | 10,765 | 850 |
| Other Objects | 5,500 | 4,870 | 10,370 | 10,370 | |
| Total Undist. Expend. -Support Serv. - School Adm. | 317,104 | 1,246 | 318,350 | 315,457 | 2,893 |
| Undistributed Expenditures - Central Services: | | | | | |
| Salaries | \$ 204,334 | \$ 8,498 | \$ 212,832 | \$ 212,832 | \$ - |
| Purchased Professional Services | | (5,000) | 15,282 | 12,187 | 3,095 |
| Purchased Technical Services | 20,282 | (10,500) | 8,500 | 2,063 | 6,437 |
| Misc. Purchased Services | 19,000 | (9,500) | 8,000 | 6,727 | 1,273 |
| Supplies and Materials | 17,500 | (7,000) | 1,000 | | 1,000 |
| Misc. Expenditures | 8,000 | | | | |
| Total Undistributed Expenditures - Central Services | 269,116 | (23,502) | 245,614 | 233,809 | 11,805 |

(Continued)

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2020

| | 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 | \$ 95,714 | \$ 3,911 | \$ 99,625 | \$ 99,625 | \$ - |
| Purchased Professional Services | 30,000 | 61,573 | 91,573 | 62,403 | 29,170 |
| Purchased Technical Services | 80,000 | (76,900) | 3,100 | | 3,100 |
| Other Purchased Services | 4,000 | 110,090 | 114,090 | 97,292 | 16,798 |
| Supplies and Materials | 108,000 | (107,100) | 900 | 900 | |
| Total Undist. Expend-Admin Info Technology | 317,714 | (8,426) | 309,288 | 260,220 | 49,068 |
| Undistributed Expenditures - Required Maint for School Facilities | | | | | |
| Salaries | 75,356 | | 75,356 | 66,547 | 8,809 |
| Cleaning, Repair, and Maintenance Services | 125,049 | 13,378 | 138,427 | 129,096 | 9,331 |
| General Supplies | 77,500 | (1,500) | 76,000 | 76,000 | |
| Other Objects | 500 | 500 | 1,000 | 988 | 12 |
| Total Undist. Expend-Required Maint for Sch Fac. | 278,405 | 12,378 | 290,783 | 272,631 | 18,152 |
| Undistributed Expenditures - Other Oper & Maint of Plant | | | | | |
| Salaries | 260,276 | (25,515) | 234,761 | 234,761 | |
| Cleaning, Repair, and Maintenance Services | 55,000 | (3,800) | 51,200 | 47,974 | 3,226 |
| Lease Purchase Payments - Energy Savings | 63,146 | | 63,146 | 63,146 | |
| Insurance | 115,000 | 11,500 | 126,500 | 109,400 | 17,100 |
| Miscellaneous Purchased Services | 7,500 | (7,500) | | | |
| General Supplies | 22,000 | 4,411 | 26,411 | 22,388 | 4,023 |
| Energy (Natural Gas) | 130,000 | (20,000) | 110,000 | 89,804 | 20,196 |
| Energy (Heat and Electricity) | 250,000 | 5,000 | 255,000 | 204,747 | 50,253 |
| Energy (Oil) | 8,000 | (2,000) | 6,000 | 3,500 | 2,500 |
| Total Undist Expend-Oth. Oper & Maint of Plant | 910,922 | (37,904) | 873,018 | 775,720 | 97,298 |
| Undistributed Expenditures - Care & Upkeep of Grounds | | | | | |
| Cleaning, Repair, and Maintenance Services | 21,000 | (21,000) | | | |
| Total Care and Upkeep of Grounds | 21,000 | (21,000) | | | |
| Undistributed Expenditures - Security | | | | | |
| Cleaning, Repair, and Maintenance Services | 17,000 | (17,000) | | | |
| Total Security | 17,000 | (17,000) | | | |
| Total Undist. Expend-Oper & Maint of Plant Serv. | 1,227,327 | (63,526) | 1,163,801 | 1,048,351 | 115,450 |
| Undistributed Expenditures - Student Transportation Services: | | | | | |
| Salaries (Oth. Than Bet Home & Sch) | 10,000 | | 10,000 | 9,937 | 63 |
| Contr Serv (Oth. Than Bet Home & Sch) - Vend | 55,544 | (47,305) | 8,239 | 8,239 | |
| Total Undist. Expend. -Student Trans. Serv. | 65,544 | (47,305) | 18,239 | 18,176 | 63 |
| Unallocated Benefits - Employee Benefits: | | | | | |
| Social Security Contributions | 160,000 | (24,000) | 136,000 | 132,990 | 3,010 |
| Other Retirement Contributions - PERS | 175,000 | 76,885 | 251,885 | 251,885 | |
| Unemployment Compensation | 30,000 | 5,000 | 35,000 | 29,504 | 5,496 |
| Workmen's Compensation | 100,000 | (25,000) | 75,000 | 75,000 | |
| Health Benefits | 1,474,997 | 121,604 | 1,596,601 | 1,360,901 | 235,700 |
| Tuition Reimbursement | 15,000 | (3,445) | 11,555 | 11,555 | |
| Other Employee Benefits | 10,000 | 3,500 | 13,500 | 11,253 | 2,247 |
| Total Unallocated Benefits - Employee Benefits | 1,964,997 | 154,544 | 2,119,541 | 1,873,088 | 246,453 |

(Continued)

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2020

| | 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) | \$ - | \$ - | \$ - | \$ 255,446 | \$ (255,446) |
| On-behalf TPAF Long-Term Disability Insurance (non-budgeted) | | | | 789 | (789) |
| On-behalf TPAF Pension Contributions (non-budgeted) | | | | 698,623 | (698,623) |
| On-behalf TPAF Pension Post-Retirement Contributions (non-budgeted) | | | | 259,176 | (259,176) |
| Total On-behalf Contributions | | | | 1,214,034 | (1,214,034) |
| Total Undistributed Expenditures | 5,109,066 | 8,913 | 5,117,979 | 5,853,304 | (735,325) |
| Total Current Expense | 10,250,906 | | 10,250,906 | 10,903,115 | (652,209) |
| Capital Outlay: | | | | | |
| Increase in Capital Reserve | 200,000 | (123,000) | 77,000 | | 77,000 |
| Interest Deposit to Capital Reserve | 100 | | 100 | | 100 |
| Total Equipment | 200,100 | (123,000) | 77,100 | | 77,100 |
| Facilities Acquisition and Construction Services: | | | | | |
| Lease Purchase Agreements-Principal | 310,946 | | 310,946 | 310,946 | |
| Assessment for Debt Service on SDA Funding | 925 | | 925 | 925 | |
| Total Facilities Acquisition and Construction Services | 511,971 | (123,000) | 311,871 | 311,871 | |
| Total Capital Outlay | 511,971 | (123,000) | 388,971 | 311,871 | 77,100 |
| Total Expenditures | 10,762,877 | (123,000) | 10,639,877 | 11,214,986 | (575,109) |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (336,284) | 123,000 | (213,284) | 1,003,319 | 1,216,603 |
| Other Financing Sources (Uses) | | | | | |
| Transfers to Food Service | | | | (27,786) | (27,786) |
| Transfers to Capital Projects Fund | (80,000) | (123,000) | (203,000) | (203,000) | |
| Cancellation of Prior Year Accounts Receivable | | | | | |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | (416,284) | | (416,284) | 772,533 | 1,188,817 |
| Fund Balances, July 1 | 743,073 | | 743,073 | 743,073 | |
| Fund Balances, June 30 | \$ 326,789 | \$ - | \$ 326,789 | \$ 1,515,606 | \$ 1,188,817 |
| Recapitulation: | | | | | |
| Restricted Fund Balance: | | | | | |
| Capital Reserve | | | | \$ 77,100 | |
| Capital Reserve Designated for Subsequent Years Expenditures | | | | 132,200 | |
| Excess Surplus | | | | 594,069 | |
| Assigned Fund Balance: | | | | | |
| Designated for Subsequent Years Expenditures | | | | 100,000 | |
| Unassigned Fund Balance | | | | | |
| | | | | 612,237 | |
| | | | | 1,515,606 | |
| Reconciliation to Governmental Funds Statements (GAAP): | | | | | |
| Last two State Aid Payments 2019-20 Not Recognized on GAAP Basis | | | | | |
| | | | | (541,149) | |
| | | | | \$ 974,457 | |

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT

Required Supplementary Information

Budgetary Comparison Schedule

Special Revenue Fund

For the Fiscal Year Ended June 30, 2020

| | Original Budget | Budget Amendments / Transfers | Final Budget | Actual | Variance Positive (Negative) Final to Actual |
|-------------------------------------|--------------------|-------------------------------------|------------------|------------------|--|
| REVENUES: | | | | | |
| State Sources: | | | | | |
| Perkins Post Secondary | \$ 52,551 | \$ - | \$ 52,551 | \$ 52,551 | \$ - |
| WIOA In School | 40,948 | (5,000) | 35,948 | 26,315 | (9,633) |
| WIOA Out of School | 78,000 | | 78,000 | 50,727 | (27,273) |
| County Bridge Grant | 118,811 | 1,500 | 120,311 | 65,752 | (54,559) |
| Total - State Sources | 290,310 | (3,500) | 286,810 | 195,345 | (91,465) |
| Federal Sources: | | | | | |
| Perkins Secondary and Reserve | 174,208 | (30,579) | 143,629 | 110,955 | (32,674) |
| Adult Basic Skills-LA & Sub-grantee | 625,122 | | 625,122 | 549,840 | (75,282) |
| I.D.E.A. | 100,210 | 40 | 100,250 | 100,250 | - |
| 21st Century | 648,585 | | 648,585 | 494,281 | (154,304) |
| No Child Left Behind: | | | | | |
| Title IA | 175,193 | 49,974 | 225,167 | 161,569 | (63,598) |
| Title IIA | 26,698 | 10,606 | 37,304 | 30,872 | (6,432) |
| Title IV | 10,938 | | 10,938 | 10,938 | - |
| Total - Federal Sources | 1,760,954 | 30,041 | 1,790,995 | 1,458,705 | (332,290) |
| Other Sources: | | | | | |
| Case Grant | | | | 6,999 | 6,999 |
| Total - Other Sources | | | | 6,999 | 6,999 |
| Total Revenues | 2,051,264 | 26,541 | 2,077,805 | 1,661,049 | (416,756) |

(Continued)

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2020

| | <u>Original Budget</u> | <u>Budget Amendments / Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative), Final to Actual</u> |
|--|----------------------------|--|-------------------------|------------------|--|
| EXPENDITURES: | | | | | |
| Instruction: | | | | | |
| Salaries of Teachers | \$ 504,097 | \$ 29,274 | \$ 533,371 | \$ 389,791 | \$ 143,580 |
| Purchased Professional & Technical Services | 141,051 | (16,520) | 124,531 | 77,737 | 46,794 |
| Other Purchased Services | 3,000 | | 3,000 | 2,237 | 763 |
| Travel | 3,000 | (1,500) | 1,500 | 218 | 1,282 |
| General Supplies | 35,080 | 11,375 | 46,455 | 37,668 | 8,787 |
| Supplies and Materials | 102,349 | 13,810 | 116,159 | 92,604 | 23,555 |
| Other Objects | 5,190 | (1,540) | 3,650 | 2,046 | 1,604 |
| Total Instruction | <u>793,767</u> | <u>34,899</u> | <u>828,666</u> | <u>602,301</u> | <u>226,365</u> |
| Support Services: | | | | | |
| Salaries of Other Professional Staff | 337,572 | (2,479) | 335,093 | 291,369 | 43,724 |
| Personal Services - Employee Benefits | 181,339 | 453 | 181,792 | 156,598 | 25,194 |
| Purchased Professional Educational Services | 473,000 | (21,159) | 451,841 | 379,531 | 72,310 |
| Purchased Professional Technical Services | 126,810 | 39,440 | 166,250 | 148,850 | 17,400 |
| Other Purchased Services | 21,596 | 1,156 | 22,752 | 11,652 | 11,100 |
| Transportation | 70,350 | (19,350) | 51,000 | 41,300 | 9,700 |
| Purchased Property Services | | 500 | 500 | 500 | |
| Supplies and Materials | 1,000 | | 1,000 | 711 | 289 |
| Travel | 23,330 | (11,787) | 11,543 | 5,309 | 6,234 |
| Total Support Services | <u>1,234,997</u> | <u>(13,226)</u> | <u>1,221,771</u> | <u>1,035,820</u> | <u>185,951</u> |
| Facilities Acquisition and Construction Services: | | | | | |
| Instructional Equipment | 22,500 | 4,868 | 27,368 | 22,928 | 4,440 |
| Total Facilities Acquisition & Construction Services | <u>22,500</u> | <u>4,868</u> | <u>27,368</u> | <u>22,928</u> | <u>4,440</u> |
| Total Expenditures | <u>2,051,264</u> | <u>26,541</u> | <u>2,077,805</u> | <u>1,661,049</u> | <u>416,756</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> |

**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, 2020

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) | \$ 12,218,305 | \$ 1,661,049 |
| Difference - Budget to GAAP: | | |
| Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized. | | |
| Current Year | | |
| Prior Year | | |
| The last two 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 | |
| The last two 19-20 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) | (541,149) | |
| | \$ 12,186,135 | \$ 1,661,049 |
| Uses / Outflows of Resources: | | |
| Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule | \$ 11,214,986 | \$ 1,661,049 |
| 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 | | |
| | \$ 11,214,986 | \$ 1,661,049 |
| Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2) | \$ 11,214,986 | \$ 1,661,049 |

**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>2019</u> | | <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 | 0.017762% | | 0.016760% | | 0.016287% | | 0.017041% | | 0.015153% | | 0.018610% | | 0.020479% |
| District's Proportionate Share of the Net Pension Liability | \$ 3,200,425 | \$ | 3,299,884 | \$ | 3,791,412 | \$ | 5,046,962 | \$ | 3,401,593 | \$ | 3,484,297 | \$ | 3,913,891 |
| District's Covered-Employee Payroll | \$ 1,112,645 | \$ | 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 | 287.64% | | 323.03% | | 321.48% | | 432.90% | | 296.69% | | 326.29% | | 334.54% |
| Plan Fiduciary Net Position as a percentage of the Total Pension Liability | 56.27% | | 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>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Contractually Required Contribution | \$ 173,918 | \$ 167,954 | \$ 154,272 | \$ 153,264 | \$ 130,277 | \$ 153,418 | \$ 154,303 |
| Contributions in relation to the Contractually Required Contribution | (173,918) | (167,954) | (154,272) | (153,264) | (130,277) | (153,418) | (154,303) |
| Contribution Deficiency (Excess) | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| District's Covered-Employee Payroll | \$ 1,112,645 | \$ 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 | 15.63% | 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>2019</u> | | <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 | 0.032145% | | 0.032054% | | 0.030413% | | 0.031832% | | 0.031078% | | 0.031268% | | 0.031849% |
| District's Proportionate Share of the Net Pension Liability | \$ 19,727,424 | \$ | 20,392,195 | \$ | 20,505,800 | \$ | 25,041,038 | | 19,642,384 | \$ | 16,711,990 | \$ | 16,096,024 |
| District's Covered-Employee Payroll | \$ 3,675,218 | \$ | 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 | 536.77% | | 592.31% | | 603.06% | | 516.45% | | 604.63% | | 520.22% | | 512.87% |
| Plan Fiduciary Net Position as a percentage of the Total Pension Liability | 26.95% | | 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

| | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|---|----------------------|----------------------|----------------------|
| Total OPEB Liability | | | |
| Service Cost | \$ 650,418 | \$ 690,096 | \$ 828,546 |
| Interest Cost | 493,589 | 511,427 | 436,834 |
| Changes of Benefit Terms | | | |
| Differences Between Expected and Actual Experiences | (1,475,803) | (950,866) | |
| Changes of Assumptions | 175,500 | (1,408,901) | (1,857,206) |
| Member Contributions | 10,711 | 11,346 | 11,729 |
| Gross Benefit Payments | (361,321) | (328,295) | (318,541) |
| Net Change in Total OPEB Liability | <u>(506,906)</u> | <u>(1,475,193)</u> | <u>(898,638)</u> |
| Total OPEB Liability - Beginning | 12,277,473 | 13,752,666 | 14,651,304 |
| Total OPEB Liability - Ending | <u>\$ 11,770,567</u> | <u>\$ 12,277,473</u> | <u>\$ 13,752,666</u> |
| Covered-Employee Payroll | \$ 4,787,863 | \$ 4,464,367 | \$ 4,579,668 |
| Total OPEB Liability as a Percentage of Covered-Employee Payroll | 245.84% | 275.01% | 300.30% |

Notes to Schedule:

Changes of Benefit Terms: None

Differences Between 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. The decrease in liability from June 30, 2018 to June 30, 2019 is due to changes in the census, claims and premiums experience.

Changes in Assumptions: 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. The decrease in the liability from June 30, 2018 to June 30, 2019 is due to the combined effect of the decrease in the assumed discount rate from 3.87% as of June 30, 2018 to 3.50% as of June 30, 2019; and changes in the trend, excise tax, updated decrements, future spouse election, PPO/HMO future retiree elections, salary scale and mortality 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, 2020

| | <u>Total</u> | <u>NCLB Title I, Part A 2019-20</u> | <u>Title II A</u> | <u>Title IV</u> | <u>21st Century 2019-20</u> | <u>21st Century 2018-19</u> | <u>Total Brought Forward</u> |
|---|---------------------|---|-------------------|------------------|-------------------------------------|-------------------------------------|--------------------------------------|
| REVENUES: | | | | | | | |
| Federal Sources | \$ 1,458,705 | \$ 161,569 | \$ 30,872 | \$ 10,938 | \$ 368,313 | \$ 125,968 | \$ 761,045 |
| State Sources | 195,345 | | | | | | 195,345 |
| Other Sources | 6,999 | | | | | | 6,999 |
| Total Revenues | <u>1,661,049</u> | <u>161,569</u> | <u>30,872</u> | <u>10,938</u> | <u>368,313</u> | <u>125,968</u> | <u>963,389</u> |
| EXPENDITURES: | | | | | | | |
| Instruction: | | | | | | | |
| Salaries of Teachers | 389,791 | 9,181 | | | 119,685 | 43,993 | 216,932 |
| Purchased Professional & Technical Services | 77,737 | | | | 10,200 | | 67,537 |
| Other Purchased Services | 2,237 | | | | 2,237 | | |
| Travel | 218 | | | | | | 218 |
| General Supplies | 37,668 | | | | | | 37,668 |
| Supplies and Materials | 92,604 | 10,128 | | 10,938 | 17,682 | 4,147 | 49,709 |
| Other Objects | 2,046 | | | | | | 2,046 |
| Total Instruction | <u>602,301</u> | <u>19,309</u> | | <u>10,938</u> | <u>149,804</u> | <u>48,140</u> | <u>374,110</u> |
| Support Services: | | | | | | | |
| Salaries of Other Professional Staff | 291,369 | 79,488 | 14,505 | | 105,373 | 42,282 | 49,721 |
| Personal Services - Employee Benefits | 156,598 | 42,072 | | | 58,678 | 30,724 | 25,124 |
| Purchased Professional Educational Services | 379,531 | | | | | | 379,531 |
| Purchased Professional Technical Services | 148,850 | 20,700 | 12,500 | | 12,500 | 2,500 | 100,650 |
| Other Purchased Services | 11,652 | | 3,867 | | | 1,628 | 6,157 |
| Transportation | 41,300 | | | | 41,300 | | |
| Purchased Property Services | 500 | | | | | | 500 |
| Supplies and Materials | 711 | | | | | | 711 |
| Travel | 5,309 | | | | 658 | 694 | 3,957 |
| Total Support Services | <u>1,035,820</u> | <u>142,260</u> | <u>30,872</u> | | <u>218,509</u> | <u>77,828</u> | <u>566,351</u> |
| Facilities Acquisition & Construction Services: | | | | | | | |
| Instructional Equipment | 22,928 | | | | | | 22,928 |
| Total Facilities Acquisition & Construction Services | <u>22,928</u> | | | | | | <u>22,928</u> |
| Total Expenditures | <u>\$ 1,661,049</u> | <u>\$ 161,569</u> | <u>\$ 30,872</u> | <u>\$ 10,938</u> | <u>\$ 368,313</u> | <u>\$ 125,968</u> | <u>\$ 963,389</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, 2020

| | <u>Total Carried Forward</u> | <u>I.D.E.A. 2019-20</u> | <u>County Bridge 2019</u> | <u>County Bridge 2020</u> | <u>Total Brought Forward</u> |
|---|--------------------------------------|-----------------------------|-----------------------------------|-----------------------------------|--------------------------------------|
| REVENUES: | | | | | |
| Federal Sources | \$ 761,045 | \$ 100,250 | | | \$ 660,795 |
| State Sources | 195,345 | | \$ 51,820 | \$ 13,932 | 129,593 |
| Other Sources | 6,999 | | | | 6,999 |
| Total Revenues | <u>963,389</u> | <u>100,250</u> | <u>51,820</u> | <u>13,932</u> | <u>797,387</u> |
| EXPENDITURES: | | | | | |
| Instruction: | | | | | |
| Salaries of Teachers | 216,932 | | 32,493 | 13,542 | 170,897 |
| Purchased Professional & Technical Services | 67,537 | | | | 67,537 |
| Other Purchased Services | | | | | |
| Travel | 218 | | | | 218 |
| General Supplies | 37,668 | | 15,903 | 390 | 21,375 |
| Supplies and Materials | 49,709 | | | | 49,709 |
| Other Objects | 2,046 | | | | 2,046 |
| Total Instruction | <u>374,110</u> | | <u>48,396</u> | <u>13,932</u> | <u>311,782</u> |
| Support Services: | | | | | |
| Salaries of Other Professional Staff | 49,721 | | | | 49,721 |
| Personal Services - Employee Benefits | 25,124 | | 3,424 | | 21,700 |
| Purchased Professional Educational Services | 379,531 | | | | 379,531 |
| Purchased Professional Technical Services | 100,650 | 100,250 | | | 400 |
| Other Purchased Services | 6,157 | | | | 6,157 |
| Transportation | | | | | |
| Purchased Property Services | 500 | | | | 500 |
| Supplies and Materials | 711 | | | | 711 |
| Travel | 3,957 | | | | 3,957 |
| Total Support Services | <u>566,351</u> | <u>100,250</u> | <u>3,424</u> | | <u>462,677</u> |
| Facilities Acquisition & Construction Services: | | | | | |
| Instructional Equipment | 22,928 | | | | 22,928 |
| Total Facilities Acquisition & Construction Services | <u>22,928</u> | | | | <u>22,928</u> |
| Total Expenditures | <u>\$ 963,389</u> | <u>\$ 100,250</u> | <u>\$ 51,820</u> | <u>\$ 13,932</u> | <u>\$ 797,387</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, 2020

| | <u>Total Carried Forward</u> | <u>WIOA In School</u> | <u>WIOA Out of School</u> | <u>Sub-Grantee Adult Basic Skills 2019-20</u> | <u>Lead Agent Adult Basic Skills 2019-20</u> | <u>Total Brought Forward</u> |
|---|--------------------------------------|-------------------------------|-----------------------------------|---|--|--------------------------------------|
| REVENUES: | | | | | | |
| Federal Sources | \$ 660,795 | | | \$ 362,717 | \$ 187,123 | \$ 110,955 |
| State Sources | 129,593 | \$ 26,315 | \$ 50,727 | | | 52,551 |
| Other Sources | 6,999 | | | | | 6,999 |
| Total Revenues | <u>797,387</u> | <u>26,315</u> | <u>50,727</u> | <u>362,717</u> | <u>187,123</u> | <u>170,505</u> |
| EXPENDITURES: | | | | | | |
| Instruction: | | | | | | |
| Salaries of Teachers | 170,897 | 17,400 | 40,867 | 103,355 | | 9,275 |
| Purchased Professional & Technical Services | 67,537 | 6,718 | 8,718 | 3,150 | | 48,951 |
| Other Purchased Services | | | | | | |
| Travel | 218 | | | 218 | | |
| General Supplies | 21,375 | | | 2,705 | | 18,670 |
| Supplies and Materials | 49,709 | 2,197 | 1,142 | | | 46,370 |
| Other Objects | 2,046 | | | | | 2,046 |
| Total Instruction | <u>311,782</u> | <u>26,315</u> | <u>50,727</u> | <u>109,428</u> | | <u>125,312</u> |
| Support Services: | | | | | | |
| Salaries of Other Professional Staff | 49,721 | | | 39,181 | | 10,540 |
| Personal Services - Employee Benefits | 21,700 | | | 21,700 | | |
| Purchased Professional Educational Services | 379,531 | | | 192,408 | 187,123 | |
| Purchased Professional Technical Services | 400 | | | | | 400 |
| Other Purchased Services | 6,157 | | | | | 6,157 |
| Transportation | | | | | | |
| Purchased Property Services | 500 | | | | | 500 |
| Supplies and Materials | 711 | | | | | 711 |
| Travel | 3,957 | | | | | 3,957 |
| Total Support Services | <u>462,677</u> | | | <u>253,289</u> | <u>187,123</u> | <u>22,265</u> |
| Facilities Acquisition & Construction Services: | | | | | | |
| Instructional Equipment | 22,928 | | | | | 22,928 |
| Total Facilities Acquisition & Construction Services | <u>22,928</u> | | | | | <u>22,928</u> |
| Total Expenditures | <u>\$ 797,387</u> | <u>\$ 26,315</u> | <u>\$ 50,727</u> | <u>\$ 362,717</u> | <u>\$ 187,123</u> | <u>\$ 170,505</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, 2020

| | <u>Total Carried Forward</u> | <u>Perkins Secondary 2019-20</u> | <u>Perkins Secondary Reserve 2019-20</u> | <u>Perkins Post Secondary 2019-20</u> | <u>Total Brought Forward</u> |
|---|--------------------------------------|--|--|---|--------------------------------------|
| REVENUES: | | | | | |
| Federal Sources | \$ 110,955 | \$ 82,239 | \$ 28,716 | | |
| State Sources | 52,551 | | | \$ 52,551 | |
| Other Sources | 6,999 | | | | \$ 6,999 |
| Total Revenues | <u>170,505</u> | <u>82,239</u> | <u>28,716</u> | <u>52,551</u> | <u>6,999</u> |
| EXPENDITURES: | | | | | |
| Instruction: | | | | | |
| Salaries of Teachers | 9,275 | 9,275 | | | |
| Purchased Professional & Technical Services | 48,951 | 18,697 | | 30,254 | |
| Other Purchased Services | | | | | |
| Travel | | | | | |
| General Supplies | 18,670 | | | 11,671 | 6,999 |
| Supplies and Materials | 46,370 | 17,654 | 28,716 | | |
| Other Objects | 2,046 | 2,046 | | | |
| Total Instruction | <u>125,312</u> | <u>47,672</u> | <u>28,716</u> | <u>41,925</u> | <u>6,999</u> |
| Support Services: | | | | | |
| Salaries of Other Professional Staff | 10,540 | 7,590 | | 2,950 | |
| Personal Services - Employee Benefits | | | | | |
| Purchased Professional Educational Services | | | | | |
| Purchased Professional Technical Services | 400 | 100 | | 300 | |
| Other Purchased Services | 6,157 | 3,500 | | 2,657 | |
| Transportation | | | | | |
| Purchased Property Services | 500 | | | 500 | |
| Supplies and Materials | 711 | | | 711 | |
| Travel | 3,957 | 449 | | 3,508 | |
| Total Support Services | <u>22,265</u> | <u>11,639</u> | | <u>10,626</u> | |
| Facilities Acquisition & Construction Services: | | | | | |
| Instructional Equipment | 22,928 | 22,928 | | | |
| Total Facilities Acquisition & Construction Services | <u>22,928</u> | <u>22,928</u> | | | |
| Total Expenditures | <u>\$ 170,505</u> | <u>\$ 82,239</u> | <u>\$ 28,716</u> | <u>\$ 52,551</u> | <u>\$ 6,999</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, 2020

| | <u>Total Carried Forward</u> | <u>CASE Grant 19-20</u> |
|---|--------------------------------------|---------------------------------|
| REVENUES: | | |
| Federal Sources | | |
| State Sources | | |
| Other Sources | \$ 6,999 | \$ 6,999 |
| Total Revenues | <u>6,999</u> | <u>6,999</u> |
| EXPENDITURES: | | |
| Instruction: | | |
| Salaries of Teachers | | |
| Purchased Professional & Technical Services | | |
| Other Purchased Services | | |
| Travel | | |
| General Supplies | 6,999 | 6,999 |
| Supplies and Materials | | |
| Other Objects | | |
| Total Instruction | <u>6,999</u> | <u>6,999</u> |
| Support Services: | | |
| Salaries of Other Professional Staff | | |
| Personal Services - Employee Benefits | | |
| Purchased Professional Educational Services | | |
| Purchased Professional Technical Services | | |
| Other Purchased Services | | |
| Transportation | | |
| Purchased Property Services | | |
| Supplies and Materials | | |
| Travel | | |
| Total Support Services | <u> </u> | <u> </u> |
| Facilities Acquisition & Construction Services: | | |
| Instructional Equipment | | |
| Total Facilities Acquisition & Construction Services | <u> </u> | <u> </u> |
| Total Expenditures | <u>\$ 6,999</u> | <u>\$ 6,999</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, 2020

| <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, 2020</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 |
| Various Improvements to High School | 9/24/2019 | 8,203,000 | | 538,652 | 7,664,348 |
| | | <u>\$ 11,352,364</u> | <u>\$ 3,125,101</u> | <u>\$ 538,652</u> | <u>\$ 7,688,611</u> |
| | Encumbrances | | | | \$ 7,061,759 |
| | Unencumbered Balance | | | | 626,852 |
| | Fund Balance | | | | <u>\$ 7,688,611</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, 2020

| Revenues and Other Financing Sources (Uses) | |
|---|----------------------------|
| Type 1 Bond Proceeds - Due from Salem County | \$ 8,000,000 |
| Transfer from Capital Reserve | 203,000 |
| Total Revenues | <u>8,203,000</u> |
| | |
| Expenditures and Other Financing Uses | |
| Construction Services | 434,948 |
| Professional Services | 103,704 |
| Total Expenditures | <u>538,652</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 7,664,348 |
| Fund Balance - July 1 | <u>24,263</u> |
| Fund Balance - June 30 | \$ <u><u>7,688,611</u></u> |

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
 Schedule of Project Revenues, Expenditures, Project Balance and Project Status--Budgetary Basis
 From Inception and for the Fiscal Year Ended June 30, 2020

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

Additional Project Information:

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

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, 2020

| | <u>Prior Years</u> | <u>Current Year</u> | <u>Totals</u> | <u>Revised Authorized Cost</u> |
|--|--------------------|---------------------|-------------------|--|
| Revenues and Other Financing Sources (Uses) | | | | |
| Bond Proceeds | \$ | \$ 8,000,000 | \$ 8,000,000 | \$ 8,000,000 |
| Transfer from Capital Reserve | | 203,000 | 203,000 | 203,000 |
| Total Revenues | | 8,203,000 | 8,203,000 | 8,203,000 |
| Expenditures and Other Financing Uses | | | | |
| Professional Services | | 585,540 | 585,540 | 971,000 |
| Construction Services | | 7,014,871 | 7,014,871 | 7,232,000 |
| Total Expenditures | | 7,600,411 | 7,600,411 | 8,203,000 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | \$ | \$ 602,589 | \$ 602,589 | \$ |

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 | \$ 8,203,000 |
| Additional Authorized Cost | 0 |
| Revised Authorized Cost | \$ 8,203,000 |
| Percentage Increase over Original Authorized Cost | 0.00% |
| Percentage Completion | 92.65% |
| Original Target Completion Date | 6/30/2021 |
| Revised Target Completion Date | 6/30/2021 |

PROPRIETARY FUND DETAIL STATEMENTS

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

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

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

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

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

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
 Enterprise Fund
 Combining Statement of Net Position
 June 30, 2020

| | <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 \$ | | \$ 35,922 | \$ 4,725 | \$ 79,702 | \$ 120,349 |
| Accounts Receivable: | | | | | |
| State | 584 | | | | 584 |
| Federal | 8,429 | | | | 8,429 |
| Other | | | 3,607 | 27,891 | 31,498 |
| Interfund Receivable | | | | 28,416 | 28,416 |
| Inventories | 28,389 | | | | 28,389 |
| Total Current Assets | <u>37,402</u> | <u>35,922</u> | <u>8,332</u> | <u>136,009</u> | <u>217,665</u> |
| Total Noncurrent Assets | | | | | |
| Total Assets | <u>37,402</u> | <u>35,922</u> | <u>8,332</u> | <u>136,009</u> | <u>217,665</u> |
| LIABILITIES: | | | | | |
| Current Liabilities: | | | | | |
| Accounts Payable | 26 | | | | 26 |
| Interfund Payable | 34,784 | 22,145 | 8,332 | | 65,261 |
| Unearned Revenue | 2,592 | | | | 2,592 |
| Total Current Liabilities | <u>37,402</u> | <u>22,145</u> | <u>8,332</u> | | <u>67,879</u> |
| Net Position: | | | | | |
| Invested in Capital Assets Net of Related Debt Unrestricted | | <u>13,777</u> | | <u>136,009</u> | <u>149,786</u> |
| Total Net Position | <u>\$</u> | <u>\$ 13,777</u> | <u>\$</u> | <u>\$ 136,009</u> | <u>\$ 149,786</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, 2020

| | <u>Business Type Activities- Enterprise Funds</u> | | | | <u>Total</u> |
|--|---|----------------------------|----------------------------|----------------------------|-------------------|
| | <u>Food Service</u> | <u>Regional Day School</u> | <u>The Learning Center</u> | <u>BCCEC/ ETTC Program</u> | |
| OPERATING REVENUES: | | | | | |
| Charges for Services: | | | | | |
| Daily Sales - Reimbursable Programs | \$ 39,441 | \$ | \$ | \$ | \$ 39,441 |
| Daily Sales - Non-Reimbursable Programs | 7,486 | | | | 7,486 |
| Tuition | | | 47,390 | | 47,390 |
| Other Revenue | 95,447 | 352,763 | | 62,705 | 510,915 |
| Total Operating Revenues | 142,374 | 352,763 | 47,390 | 62,705 | 605,232 |
| OPERATING EXPENSES: | | | | | |
| Salaries | 165,823 | 352,763 | 48,690 | 96,904 | 664,180 |
| Employee Benefits | | 22,145 | | | 22,145 |
| Cost of Sales - Reimbursable Programs | 117,451 | | | | 117,451 |
| Cost of Sales - Non Reimbursable Programs | 16,464 | | | | 16,464 |
| Purchased Educational Services | | | 149 | 16,348 | 16,497 |
| Rental | | | | 25,320 | 25,320 |
| Travel | | | | 171 | 171 |
| Other Purchased Services | 2,465 | | | | 2,465 |
| General Supplies | 14,791 | | 1,141 | 3,025 | 18,957 |
| Textbooks | | | | 921 | 921 |
| Miscellaneous | 345 | | | 1,499 | 1,844 |
| Total Operating Expenses | 317,339 | 374,908 | 49,980 | 144,188 | 886,415 |
| Operating Income / (Loss) | (174,965) | (22,145) | (2,590) | (81,483) | (281,183) |
| NONOPERATING REVENUES (EXPENSES): | | | | | |
| State Sources: | | | | | |
| State School Lunch Program | 2,092 | | | | 2,092 |
| Federal Sources: | | | | | |
| Food Distribution Program | 10,078 | | | | 10,078 |
| National School Lunch Program | 62,563 | | | | 62,563 |
| National School Breakfast Program | 23,424 | | | | 23,424 |
| Total Non-operating Revenues (Expenses) | 98,157 | | | | 98,157 |
| Income(Loss) before Operating Transfers | (76,808) | (22,145) | (2,590) | (81,483) | (183,026) |
| OTHER FINANCING USES: | | | | | |
| Transfers | 27,786 | | 2,590 | (2,590) | 27,786 |
| Net Position -- July 1 | 49,022 | 35,922 | | 220,082 | 305,026 |
| Net Position -- June 30 | \$ | \$ 13,777 | \$ | \$ 136,009 | \$ 149,786 |

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Enterprise Fund
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2020

| | 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 | \$ 172,606 | \$ 352,763 | \$ 54,704 | \$ 95,208 | \$ 675,281 |
| Payments to Employees | (165,823) | (352,763) | (48,690) | (96,904) | (664,180) |
| Payments for Employee Benefits | | | | | |
| Payments to Suppliers | (140,472) | | (3,879) | (48,437) | (192,788) |
| Net Cash Provided by (used for) Operating Activities | (133,689) | | 2,135 | (50,133) | (181,687) |
| Cash from (Used for) Operating Activities-Transfers | 27,786 | | 2,590 | (2,590) | 27,786 |
| Total Cash Provided by (Used for) Operating Activities | (105,903) | | 4,725 | (52,723) | (153,901) |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES: | | | | | |
| State Sources | 1,622 | | | | 1,622 |
| Federal Sources | 96,045 | | | | 96,045 |
| Net Cash Provided by (used for) Non-Capital Financing Activities | 97,667 | | | | 97,667 |
| 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) | | 4,725 | (52,723) | (56,234) |
| Cash and Cash Equivalents -- July 1 | 8,236 | 35,922 | | 132,425 | 176,583 |
| Cash and Equivalents -- June 30 | <u>\$ -</u> | <u>\$ 35,922</u> | <u>\$ 4,725</u> | <u>\$ 79,702</u> | <u>\$ 120,349</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | | | | |
| Operating Income (Loss) | \$ (174,965) | \$ (22,145) | \$ (2,590) | \$ (81,483) | \$ (281,183) |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities: | | | | | |
| Changes in Assets and Liabilities: | | | | | |
| Accounts Receivable (Increase)/Decrease | 30,232 | | 7,314 | 20,864 | 58,410 |
| Interfund Receivable (Increase)/Decrease | | | | 11,639 | 11,639 |
| Inventory (Increase)/Decrease | (6,851) | | | | (6,851) |
| Accounts Payable Increase/(Decrease) | (174) | | | (1,153) | (1,327) |
| Unearned Revenue Increase/(Decrease) | 2,469 | | | | 2,469 |
| Interfund Payable Increase/(Decrease) | 15,600 | 22,145 | (2,589) | | 35,156 |
| Net Cash Provided by (used for) Operating Activities | <u>\$ (133,689)</u> | <u>\$ -</u> | <u>\$ 2,135</u> | <u>\$ (50,133)</u> | <u>\$ (181,687)</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, 2020

| | <u>Agency Funds</u> | | |
|--|---------------------|------------------|-------------------|
| | <u>Student</u> | | |
| | <u>Activity</u> | <u>Payroll</u> | <u>Total</u> |
| ASSETS: | | | |
| Cash and Cash Equivalents | \$ 88,917 | \$ 16,143 | \$ 105,060 |
| Total Assets | <u>\$ 88,917</u> | <u>\$ 16,143</u> | <u>\$ 105,060</u> |
| LIABILITIES: | | | |
| Payable to Student Groups | \$ 88,917 | \$ | \$ 88,917 |
| Due to General Fund | | 5,694 | 5,694 |
| Payroll Deductions, Withholdings and Net Payroll | | 10,449 | 10,449 |
| Total Liabilities | <u>\$ 88,917</u> | <u>\$ 16,143</u> | <u>\$ 105,060</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, 2020

| | <u>Balance</u> <u>June 30, 2019</u> | <u>Cash</u> <u>Receipts</u> | <u>Cash</u> <u>Disbursements</u> | <u>Balance</u> <u>June 30, 2020</u> |
|---------|--|--------------------------------|-------------------------------------|--|
| Vo Tech | \$ 56,594 | \$ 187,898 | \$ 155,575 | \$ 88,917 |

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Fiduciary Funds
Payroll Agency Fund Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2020

| | <u>Balance</u> <u>June 30, 2019</u> | <u>Receipts</u> | <u>Disbursements</u> | <u>Balance</u> <u>June 30, 2020</u> |
|--|--|---------------------|----------------------|--|
| ASSETS: | | | | |
| Cash and Cash Equivalents | \$ 154,021 | \$ 6,668,130 | \$ 6,806,008 | \$ 16,143 |
| Total Assets | <u>\$ 154,021</u> | <u>\$ 6,668,130</u> | <u>\$ 6,806,008</u> | <u>\$ 16,143</u> |
| LIABILITIES: | | | | |
| Due to General Fund | \$ 40,460 | \$ | \$ 34,766 | \$ 5,694 |
| Payroll Deductions, Withholdings and Net Payroll | 113,561 | 6,668,130 | 6,771,242 | 10,449 |
| Total Liabilities | <u>\$ 154,021</u> | <u>\$ 6,668,130</u> | <u>\$ 6,806,008</u> | <u>\$ 16,143</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, 2020

| <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, 2019</u> | <u>Issued</u> | <u>Retired Current Year</u> | <u>Amount Outstanding June 30, 2020</u> |
|--|----------------------|----------------------|---|------------------------------|---|---------------|-----------------------------|---|
| 2014 Refinancing of Energy Savings Project | 4/14/14 | 11 yrs. | \$ 2,796,142 | 3.00% | \$ 1,815,369 | | \$ 248,427 | \$ 1,566,942 |
| 2016 Energy Project | 10/15/15 | 10 yrs | 650,000 | 2.875% | 381,938 | | 62,519 | 319,419 |
| | | | | | <u>\$ 2,197,307</u> | | <u>\$ 310,946</u> | <u>\$ 1,886,361</u> |

STATISTICAL SECTION

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

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|
| Governmental activities | | | | | | | | | | |
| Invested in capital assets, net of related debt | \$ 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 | \$ 9,819,092 |
| Restricted | 1,453,638 | 397,610 | 649,361 | 619,871 | 3,181,353 | 301,757 | 113,902 | 36,463 | 236,463 | 8,491,980 |
| Unrestricted (Deficit) | (188,850) | (101,023) | (119,188) | (107,055) | (3,780,914) | (3,659,585) | (3,765,084) | (3,676,497) | (4,407,271) | (3,903,438) |
| Total governmental activities Net Position | <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> | <u>\$ 14,407,634</u> |
| Business-type activities | | | | | | | | | | |
| Invested in capital assets, net of related debt | \$ 934,485 | \$ 876,290 | \$ 818,095 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Restricted | 4,930 | 23,309 | 17,886 | | | | | | | |
| Unrestricted | 229,198 | 370,868 | 535,945 | 892,355 | 951,241 | 802,460 | 501,184 | 361,387 | 305,026 | 149,786 |
| Total business-type activities Net Position | <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> | <u>\$ 149,786</u> |
| District-wide | | | | | | | | | | |
| Invested in capital assets, net of related debt | \$ 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 | \$ 9,819,092 |
| Restricted | 1,458,568 | 420,919 | 667,247 | 619,871 | 3,181,353 | 301,757 | 113,902 | 36,463 | 236,463 | 8,491,980 |
| Unrestricted (Deficit) | 40,349 | 269,845 | 416,757 | 785,300 | (2,829,673) | (2,857,125) | (3,263,900) | (3,315,110) | (4,102,245) | (3,753,652) |
| Total District Net Position | <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> | <u>\$ 14,557,420</u> |

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

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Expenses | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| Instruction | | | | | | | | | | |
| Regular | \$ 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 | \$ 1,890,517 |
| Special Vocational Programs | | | | | | | | | | |
| Vocational | 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 | 3,536,298 |
| Other Instruction | | | | | | | | | | |
| School Sponsored Co-Curricular Activities | 39,236 | 24,173 | 28,120 | 21,868 | 20,823 | 22,289 | 99,083 | 244,325 | 219,469 | 331,562 |
| Support Services: | | | | | | | | | | |
| Attendance and Social Work | 64,152 | 68,539 | 73,835 | 75,312 | 88,172 | 89,116 | 73,812 | 93,928 | 73,490 | 101,671 |
| Health Services | 53,618 | 54,825 | 55,242 | 56,496 | 61,459 | 59,872 | 60,425 | 62,835 | 63,615 | 63,723 |
| Speech, OT, PT and Related Services | | | | | | 6,072 | | | | |
| Students - Regular | 986,591 | 1,053,612 | 1,675,738 | 1,282,486 | 803,389 | 947,066 | 1,067,112 | 1,121,454 | 1,365,163 | 1,363,490 |
| Improvement of Instruction Services | 115,507 | 164,186 | 148,632 | 135,650 | 170,250 | 112,935 | 119,213 | 74,941 | 78,972 | 101,374 |
| Educational Media/School Library | 151,945 | 157,649 | 175,315 | 219,420 | 183,199 | 224,033 | 251,119 | | | |
| General Administration | 214,512 | 291,309 | 263,041 | 259,862 | 287,463 | 329,655 | 302,606 | 318,831 | 264,293 | 300,521 |
| School Administrative | 237,117 | 248,180 | 255,654 | 260,038 | 314,382 | 289,248 | 305,105 | 315,115 | 293,907 | 315,457 |
| Central Services | 444,854 | (302) | 304,308 | 279,719 | 95,866 | 162,128 | 137,627 | 221,276 | 151,613 | 223,275 |
| Administration Information Technology | | | | | | | | 293,193 | 285,161 | 260,220 |
| Operation and Maintenance of Plant Services | 995,817 | 80,495 | 925,595 | 852,937 | 1,084,502 | 1,173,851 | 1,152,736 | 1,245,136 | 1,252,378 | 1,178,874 |
| Student Transportation Services | 13,352 | | 15,056 | 13,134 | 14,538 | 26,610 | 22,069 | 26,848 | 41,458 | 18,176 |
| Unallocated benefits | 1,492,726 | | 1,871,773 | 1,453,811 | 2,840,999 | 3,246,493 | 4,390,059 | 4,061,994 | 4,480,770 | 3,567,684 |
| Capital Outlay | | | | | | | | | | |
| Special Schools | | | | | | 20,673 | | 54,809 | | |
| Interest on Long Term Debt | | | | | | 8,999 | 93,032 | 92,551 | 62,123 | 64,574 |
| Unallocated depreciation | 281,135 | 617,132 | 640,385 | 1,452,642 | 451,993 | 450,853 | 446,097 | 449,135 | 411,074 | 395,227 |
| Total governmental activities expenses | 9,537,364 | 7,373,638 | 10,919,869 | 10,814,435 | 11,144,178 | 11,806,833 | 13,341,638 | 13,500,563 | 14,380,648 | 13,712,643 |
| Business-type activities: | | | | | | | | | | |
| Food Service | 176,170 | 184,435 | 226,700 | 262,300 | 320,379 | 271,248 | 360,302 | 351,004 | 388,074 | 317,339 |
| Regional Day School | 1,444,478 | 1,353,544 | 1,120,210 | 588,610 | 527,374 | 398,855 | 336,762 | 299,394 | 289,335 | 374,908 |
| Summer Enrichment Program | 92,092 | 120,662 | 60,888 | 32,885 | | | | | | |
| BCCEC/ETTC | 97,998 | 162,525 | 286,422 | 183,126 | 355,677 | 393,172 | 515,721 | 342,564 | 218,243 | 144,188 |
| Transitional Production Workshop | | 841 | 145 | | | | | | | |
| Consolidated Services | 309,380 | 271,096 | 313,748 | | | | | | | |
| School Based Youth Services | 60,529 | 65,084 | 62,749 | 57,827 | 19,418 | 69,283 | 46,987 | 74,510 | 72,707 | 49,980 |
| Total business-type activities expense | 2,180,647 | 2,158,187 | 2,070,862 | 1,124,748 | 1,222,848 | 1,132,558 | 1,259,772 | 1,067,472 | 966,359 | 886,415 |
| Total district expenses | \$ 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 | \$ 14,599,058 |

Continued

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

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|-----------------------|---------------------|---------------------|---------------------|---------------------|----------------------|-----------------------|---------------------|---------------------|----------------------|
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Instruction (tuition) | \$ 395,344 | \$ 404,740 | \$ 654,536 | \$ 1,026,990 | \$ 1,526,201 | \$ 2,166,925 | \$ 2,199,217 | \$ 2,539,697 | \$ 2,707,264 | \$ 3,678,044 |
| Operating grants and contributions | 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 | 1,866,826 |
| Total governmental activities program revenues | <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> | <u>5,544,870</u> |
| Business-type activities: | | | | | | | | | | |
| Charges for services | | | | | | | | | | |
| Food service | 143,393 | 112,037 | 112,404 | 113,354 | 165,781 | 178,803 | 163,592 | 252,966 | 262,240 | 142,374 |
| Regional Day School | 1,389,762 | 1,202,642 | 1,325,281 | 1,145,218 | 521,970 | 547,187 | 411,670 | 299,394 | 325,257 | 352,763 |
| Summer Enrichment Program | 105,019 | 92,092 | 142,000 | 117,000 | 5,876 | | | | | |
| BCCEC/ETTC | 37,119 | 112,018 | 233,387 | 377,948 | 615,374 | 501,317 | 387,169 | 303,673 | 178,062 | 62,705 |
| Transitional Production Workshop | 5,877 | 1,761 | 1,635 | 390 | | | | | | |
| Consolidated Services | 248,410 | 309,380 | 300,733 | 284,111 | | | | | | |
| ETTC Program & The Learning Center | | 40,487 | 68,124 | 36,862 | 32,875 | 37,838 | 46,500 | 64,472 | 56,452 | 47,390 |
| Operating grants and contributions | 70,259 | 68,813 | 76,352 | 97,336 | 121,364 | 119,988 | 120,172 | 112,934 | 110,015 | 98,157 |
| Total business type activities program revenues | <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> | <u>703,389</u> |
| Total district program revenues | <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> | <u>\$ 6,248,259</u> |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental activities | \$ 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 | \$ 8,167,773 |
| Business-type activities | 76,907 | 218,957 | (189,054) | (1,047,471) | (240,392) | (252,575) | 130,669 | 34,033 | 36,333 | 183,026 |
| Total district-wide net expense | <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> | <u>\$ 8,350,799</u> |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| 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 |
| Federal and State Aid Unrestricted | 3,993,785 | | | | | | | | | |
| Federal and State Aid Restricted | 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 | 7,224,208 |
| Loss on Disposal of Capital Assets | | | | | | (1,637) | | | | |
| Bond Proceeds | | | | | | 3,149,364 | | | | 8,000,000 |
| Miscellaneous income | 111,895 | 44,924 | 163,309 | 25,072 | 60,040 | 932,499 | 13,226 | 90,737 | 91,501 | 85,052 |
| Prior Year Cancellations | | | | | | | | | (29,949) | |
| Transfers | | | | | | | 133,420 | | | (27,786) |
| Total governmental activities | <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> | <u>17,110,232</u> |
| Business-type activities: | | | | | | | | | | |
| Miscellaneous Income | 99 | 157 | 125 | 102 | 32 | 15 | | | | |
| Prior Period Cancellations | | | | | | | | | | |
| Capital Outlay Contributions | | 4,584 | | | | (103,414) | (11,906) | (105,764) | (20,028) | |
| Transfers | | | | | | | (133,420) | | | 27,786 |
| Total business-type activities | <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> | <u>27,786</u> |
| Total district-wide | <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> | <u>\$ 17,138,018</u> |
| Change in Net Position | | | | | | | | | | |
| Governmental activities | \$ (944,113) | \$ 1,143,855 | \$ 802,309 | \$ (521,705) | \$ (1,088,445) | \$ 2,255,954 | \$ (1,659,563) | \$ (84,575) | \$ (819,601) | \$ 8,942,459 |
| Business-type activities | (76,808) | (214,215) | 189,179 | 1,047,573 | 240,424 | 149,176 | (275,995) | (139,797) | (56,361) | (155,240) |
| Total district | <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> | <u>\$ 8,787,219</u> |

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

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|------------------------------------|---------------------|-------------------|-------------------|-------------------|---------------------|-------------------|-------------------|-------------------|-------------------|---------------------|
| General Fund | | | | | | | | | | |
| Restricted | \$ 260,627 | \$ 83,693 | \$ 340,496 | \$ 329,154 | \$ 228,304 | \$ 277,494 | \$ 89,639 | \$ 12,200 | \$ 212,200 | \$ 803,369 |
| Assigned | | | | | 10,391 | 131,482 | 493,019 | 282,876 | 336,284 | 100,000 |
| Unassigned (Deficit) | (143,670) | (6,827) | (28,471) | 16,725 | 59,355 | 53,992 | (43,941) | 61,259 | (314,390) | 71,088 |
| Total general fund | <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> | <u>\$ 974,457</u> |
| All Other Governmental Funds | | | | | | | | | | |
| Restricted reported in: | | | | | | | | | | |
| Capital Projects Fund | \$ 1,311,982 | \$ 351,785 | \$ 351,785 | \$ 290,717 | \$ 2,953,049 | \$ 24,263 | \$ 24,263 | \$ 24,263 | \$ 24,263 | \$ 7,688,611 |
| Total all other governmental funds | <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> | <u>\$ 7,688,611</u> |

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

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|-----------------------|-----------------------|---------------------|--------------------|---------------------|-----------------------|-------------------|---------------------|---------------------|---------------------|
| Revenues | | | | | | | | | | |
| County of Salem Budget Appropriation | \$ 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 | \$ 1,828,758 |
| Tuition charges | 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 | 3,678,044 |
| Unrestricted Miscellaneous Revenue | 44,924 | 172,709 | 25,072 | 60,040 | 33,237 | 24,605 | 104,375 | 105,095 | 99,692 | 92,051 |
| State sources | 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 | 6,789,626 |
| Federal sources | 1,218,141 | 1,550,087 | 1,829,304 | 1,083,254 | 711,713 | 917,824 | 955,106 | 1,013,640 | 1,488,127 | 1,458,705 |
| Other sources | | | | | 3,149,364 | | | | | |
| Total revenue | 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 | 13,847,184 |
| Expenditures | | | | | | | | | | |
| Instruction | | | | | | | | | | |
| Regular Instruction | 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 | 1,886,322 |
| Special Vocational Programs | | | | | | | | | | |
| Vocational education | 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 | 3,434,228 |
| Other Instruction | | | | | | | | | | |
| School Sponsored Co/Extra Curricular Activities | 39,236 | 24,173 | 28,120 | 21,868 | 20,823 | 22,289 | 99,083 | 244,325 | 219,469 | 331,562 |
| Support Services: | | | | | | | | | | |
| Attendance & Social Work | 64,152 | 68,539 | 73,835 | 75,312 | 88,172 | 89,116 | 73,812 | 93,928 | 73,490 | 101,671 |
| Health Services | 53,618 | 54,825 | 55,242 | 56,496 | 61,459 | 59,872 | 60,425 | 62,835 | 63,615 | 63,723 |
| Speech, OT, PT and Related Services | | | | | | 6,072 | | | | |
| Students - Regular | 986,591 | 1,053,612 | 1,675,738 | 1,282,486 | 803,389 | 947,066 | 1,067,112 | 1,121,454 | 1,365,163 | 1,363,490 |
| Improvement of Instruction Services | 115,507 | 164,186 | 148,632 | 135,650 | 170,250 | 112,935 | 119,213 | 74,941 | 78,972 | 101,374 |
| Educational Media/School Library | 151,945 | 157,649 | 175,315 | 219,420 | 183,199 | 224,033 | 251,119 | | 259,383 | |
| General Administration | 193,071 | 244,243 | 215,975 | 256,146 | 284,805 | 323,492 | 296,600 | 313,505 | 293,907 | 295,731 |
| School Administrative | 237,117 | 248,180 | 255,654 | 260,038 | 314,382 | 289,248 | 305,105 | 315,115 | 153,217 | 315,457 |
| Central Services | 413,033 | 383,020 | 303,383 | 278,092 | 95,866 | 162,128 | 144,248 | 228,914 | 1,407,682 | 233,809 |
| Operation and Maintenance of Plant Services | 959,147 | 872,938 | 846,215 | 851,069 | 1,089,659 | 991,183 | 1,053,827 | 1,503,007 | 41,458 | 1,308,571 |
| Student Transportation Services | 13,352 | 14,358 | 15,056 | 13,134 | 14,538 | 26,610 | 22,069 | 26,848 | 1,826,312 | 18,176 |
| Unallocated Benefits | 995,640 | 1,120,371 | 1,888,295 | 1,462,403 | 1,449,471 | 1,495,326 | 1,601,271 | 1,505,441 | 1,185,578 | 1,873,088 |
| On Behalf Contributions | 428,965 | 521,488 | 680,790 | 590,980 | 682,105 | 806,435 | 880,524 | 604,915 | | 1,214,034 |
| Adult Education | | | | | | | | 54,809 | | |
| Special Schools | | | | | | 20,673 | | | | |
| Capital outlay | 2,031,154 | 1,227,112 | 230,128 | 242,728 | 831,310 | 4,278,773 | 589,445 | 589,682 | 432,421 | 873,451 |
| Total expenditures | 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 | 13,414,687 |
| Excess (Deficiency) of revenues over (under) expenditures | (2,465,156) | (1,000,289) | (464,841) | (27,214) | 2,614,503 | (3,764,014) | (261,254) | (182,382) | (92,292) | 432,497 |
| Other Financing sources (uses) | | | | | | | | | | |
| Debt Issuance Proceeds | | | | | | 866,726 | 221,706 | | | 8,000,000 |
| Transfers | (21,000) | | | | | 133,420 | | | | (27,786) |
| Prior Year Cancellations | | | | | | | 115,297 | | (29,949) | |
| Total other financing sources (uses) | (21,000) | | | | | 1,000,146 | 337,003 | | (29,949) | 7,972,214 |
| Net change in fund balances | \$ (2,486,156) | \$ (1,000,289) | \$ (464,841) | \$ (27,214) | \$ 2,614,503 | \$ (2,763,868) | \$ 75,749 | \$ (182,382) | \$ (122,241) | \$ 8,404,711 |
| 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

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|-------------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| General Fund: | | | | | | | | | | |
| Tuition | \$ 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 | \$ 3,678,044 |
| Post Secondary | 12,400 | | | | | | | | | |
| Interest Earned on Capital Reserve Funds | 6,000 | | | | | | | | | |
| Interest on Investments | 1,124 | 2,972 | 2,195 | 1,270 | 1,699 | 1,751 | 1,269 | 1,367 | 3,903 | 3,212 |
| Child Care Revenue | | | | | | | | | | |
| Refunds of Prior Year Expenditures | 19,833 | 6,996 | 21,600 | 10,467 | | | | | | |
| Sale of Fixed Assets | | | | | | | | | | |
| Rentals | 1,000 | | | | | | 91,938 | 75,000 | 75,000 | 75,000 |
| Supplement Services Provider | 5,000 | | | | | | | | | |
| NJ Clean Energy Program | | 5,712 | | | | | | | | |
| PSE&G | 10,000 | | | | | | | | | |
| ESIP Incentive | | 144,610 | | | | | | | | |
| Miscellaneous | 1,967 | 3,019 | 1,277 | 41,191 | 17,535 | 11,475 | 943 | 14,370 | 12,598 | 6,840 |
| Total | <u>\$ 449,664</u> | <u>\$ 817,845</u> | <u>\$ 1,052,062</u> | <u>\$ 1,579,129</u> | <u>\$ 2,186,159</u> | <u>\$ 2,212,443</u> | <u>\$ 2,443,499</u> | <u>\$ 2,443,499</u> | <u>\$ 2,798,765</u> | <u>\$ 3,763,096</u> |

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

| Fiscal Year Ended June 30, | Governmental Activities | | | | | Business Type Activities | Total District | Percentage of Personal Income a | Per Capita a |
|----------------------------|----------------------------|------------------|----------------|-----------------|--------------------------------|--------------------------|----------------|---------------------------------|--------------|
| | General Obligation Bonds b | Early Retirement | Capital Leases | Short Term Loan | Bond Anticipation Notes (BANs) | Capital Leases | | | |
| 2020 | | | \$ 1,886,361 | | | | \$ 1,886,361 | 0.0704% | \$ 30.29 |
| 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 |

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> |
|-------------|-----------------------|----------------------------|---|----------------------------------|
| ** 2020 | 62,275 | \$ 2,679,193,742 | \$ 43,022 | 5.1% |
| 2019 | 62,385 | 2,679,149,430 | 43,022 | 4.8% |
| 2018 | 62,746 | 2,703,471,488 | 42,979 | 5.4% |
| 2017 | 62,883 | 2,278,059,816 | 42,979 | 7.0% |
| 2016 | 63,203 | 2,713,667,755 | 42,936 | 7.0% |
| 2015 | 63,732 | 2,733,647,116 | 42,893 | 7.1% |
| 2014 | 64,323 | 2,756,240,550 | 42,850 | 8.2% |
| 2013 | 64,786 | 2,673,199,932 | 41,262 | 8.8% |
| 2012 | 65,413 | 2,669,962,421 | 40,817 | 11.0% |
| 2011 | 65,875 | 2,688,885,750 | 40,818 | 10.8% |

(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

** Estimates

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

| <u>Function/Program</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>2020</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Instruction | | | | | | | | | | |
| Regular | 14 | 17 | 17 | 23 | 23 | 24 | 23 | 23 | 25 | 25 |
| Vocational | 21 | 22 | 22 | 18 | 18 | 18 | 22 | 22 | 21 | 21 |
| Support Services: | | | | | | | | | | |
| Student & instruction related services | 10 | 12 | 12 | 12 | 10 | 10 | 17 | 17 | 15 | 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 | 3 | 3 | 2 | 2 | 2 | 2 |
| Other administrative services | 5 | 3 | 3 | 3 | 2 | 2 | 4 | 4 | 4 | 4 |
| Central services | 7 | 4 | 2 | 2 | 4 | 4 | 6 | 7 | 7 | 7 |
| Administrative Information Technology | | | | 11 | 8 | 8 | 2 | 2 | 2 | 2 |
| Plant operations and maintenance | 12 | 11 | 11 | | 8 | 8 | 8 | 8 | 10 | 10 |
| Other: | | | | | | | | | | |
| Cafeteria | 3 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 5 | 4 |
| Regional Day School | 25 | 22 | 22 | 25 | | | | | | |
| Total | <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> | <u>93</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 | | | | |
| 2020 | 746 | \$ 12,541,236 | \$ 16,811 | 50.46% | 46 | na | na | 16.22 | 746.0 | 722.3 | 5.67% | 96.82% |
| 2019 | 706 | 12,193,016 | 17,271 | 54.57% | 46 | na | na | 15.35 | 706.0 | 671.0 | -7.74% | 95.04% |
| 2018 | 766 | 10,858,696 | 14,176 | 15.85% | 46 | na | na | 18.18 | 765.2 | 719.9 | -6.51% | 94.08% |
| 2017 | 818 | 10,553,978 | 12,902 | 5.44% | 45 | na | na | 18.18 | 818.5 | 778.8 | -7.09% | 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 | 2.33% | 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% |

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

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| <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 | 755 | 755 |
| Enrollment (Full-time equivalent) | 686 | 695 * | 859 | 884 | 808 | 903 | 818 | 766 | 706 | 746 |
| 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>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>2020</u> |
|--------------------------------|----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <u>* School Facilities</u> | <u>Project # (s)</u> | | | | | | | | | | |
| Salem County Vocational School | N/A | \$ 221,957 | \$ 181,183 | \$ 202,435 | \$ 254,598 | \$ 306,498 | \$ 289,052 | \$ 198,828 | \$ 281,068 | \$ 280,522 | \$ 272,631 |
| Total School Facilities | | <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> | <u>272,631</u> |
| Total | | <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> | <u>\$ 272,631</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
6/30/2020
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

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

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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, 2020, 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 December 18, 2020.

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 (internal control) as a basis for designing 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. Accordingly, we do not express an opinion on the effectiveness of the Salem County Vocational Technical Board of Education's internal control.

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

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 financial statements. 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.

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
December 18, 2020

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, 2020. 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 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*, 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 Federal and State 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, 2020.

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 as a basis for designing 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.

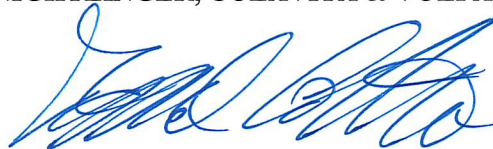
Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify 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 December 18, 2020. 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. Accordingly, this report 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, 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
December 18, 2020

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards, Schedule A
For the Fiscal Year Ended June 30, 2020

| 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, 2019 | | Budgetary Expenditures Pass Through Funds | Budgetary Expenditures Direct | Total Budgetary Expenditures (A) | Adjust/ ment | Balance June 30, 2020 | | | |
|--|---------------------------|---------------------------|--|-------------------------------|--------------|---------|---|------------------|---|-------------------------------------|---|-----------------|--------------------------|---------------------|---------------------------------------|--|
| | | | | | From | To | Unearned Revenue / (Accounts Receivable) | Cash Received | | | | | (Accounts Receivable) | Unearned Revenue | Due to Grantor at June 30, 2020 | |
| U.S. Department of Education: | | | | | | | | | | | | | | | | |
| Passed-Through State Department of Education: | | | | | | | | | | | | | | | | |
| Special Revenue Fund: | | | | | | | | | | | | | | | | |
| E.S.E.A.: | | | | | | | | | | | | | | | | |
| Title I | 84.010 | S010A190030 | ESEA464020 | \$ 175,193 | 7/1/19 | 9/30/20 | | \$ 132,808 | \$ (161,569) | | \$ (161,569) | | \$ (28,761) | | | |
| Title I | 84.010 | S010A180030 | ESEA464019 | 215,387 | 7/1/18 | 6/30/19 | \$ (84,197) | 75,424 | | | | \$ 8,773 | | | | |
| Title II Part A | 84.367A | S367A190029 | ESEA464020 | 37,304 | 7/1/19 | 9/30/20 | | 18,672 | (30,872) | (30,872) | | | (12,200) | | | |
| Title II Part A | 84.367A | S367A180029 | ESEA464019 | 39,375 | 7/1/18 | 6/30/19 | (16,800) | 16,800 | | | | | (10,938) | | | |
| Title IV Part A | 84.424 | S424A190031 | ESEA464020 | 10,938 | 7/1/19 | 9/30/20 | | | (10,938) | (10,938) | | | (10,938) | | | |
| Title IV Part A | 84.424 | S424A180031 | ESEA464019 | 12,399 | 7/1/18 | 6/30/19 | (12,399) | 12,399 | | | | | | | | |
| IDEA Cluster: | | | | | | | | | | | | | | | | |
| IDEA - Basic | 84.027 | H027A190100 | IDEA464020 | 100,250 | 7/1/19 | 9/30/20 | | 100,250 | (100,250) | (100,250) | | | | | | |
| Perkins - Secondary | 84.048A | V048A170030 | PERK 464020 | 107,399 | 7/1/19 | 6/30/20 | | 77,126 | (82,239) | (82,239) | | | (5,113) | | | |
| Perkins - Secondary | 84.048A | V048A180030 | PERK 464019 | 114,254 | 7/1/18 | 6/30/19 | (2,051) | 2,051 | | | | | | | | |
| Perkins - Secondary Reserve | 84.048A | V048A170030 | PERK 464020 | 29,846 | 7/1/19 | 6/30/20 | | 28,716 | (28,716) | (28,716) | | | | | | |
| 21st Century - Competitive | 84.287 | N/A | 20E00044 | 500,000 | 9/1/19 | 8/31/20 | | 121,723 | (368,313) | (368,313) | | | (246,590) | | | |
| 21st Century - Competitive | 84.287 | N/A | 19E00070 | 500,000 | 9/1/18 | 8/31/19 | (38,902) | 164,870 | (125,968) | (125,968) | | | | | | |
| Cares Act 2020/ESSER | 84.425D | S425D200027 | CARE464020 | 140,844 | 3/13/20 | 9/30/22 | | | | | | | | | | |
| Total U.S. Department of Education: | | | | | | | (154,349) | 750,839 | (908,865) | | (908,865) | 8,773 | (303,602) | | | |
| U.S. Department of Labor: | | | | | | | | | | | | | | | | |
| Passed-Through State Department of Labor and Workforce Development: | | | | | | | | | | | | | | | | |
| Adult Basic Skills | 84.002 | V002A190031 | Sub grantee | 459,000 | 7/1/19 | 6/30/20 | | 338,070 | (362,717) | (362,717) | | | (24,647) | | | |
| Adult Basic Skills | 84.002 | V002A180031 | Sub grantee | 518,000 | 7/1/18 | 6/30/19 | (145,820) | 145,820 | | | | | | | | |
| Adult Basic Skills | 84.002 | V002A190031 | Lead Agent | 187,123 | 7/1/19 | 6/30/20 | | 187,123 | (187,123) | (187,123) | | | | | | |
| Adult Basic Skills | 84.002 | V002A180031 | Lead Agent | 193,050 | 7/1/18 | 6/30/19 | (66,502) | 66,502 | | | | | | | | |
| Total U.S. Department of Labor: | | | | | | | (212,322) | 737,515 | (549,840) | | (549,840) | | (24,647) | | | |
| Total Special Revenue Fund: | | | | | | | (366,671) | 1,488,354 | (1,458,705) | | (1,458,705) | 8,773 | (328,249) | | | |
| U.S. Department of Agriculture: | | | | | | | | | | | | | | | | |
| Passed Through State Department of Education: | | | | | | | | | | | | | | | | |
| Enterprise Fund: | | | | | | | | | | | | | | | | |
| Non- Cash Assistance: | | | | | | | | | | | | | | | | |
| Food Distribution Program | 10.565 | Unknown | N/A | 12,670 | 7/1/19 | 6/30/20 | | 12,670 | (10,078) | (10,078) | | | \$ 2,592 | | | |
| Food Distribution Program | 10.565 | Unknown | N/A | 16,728 | 7/1/18 | 6/30/19 | 123 | | (123) | (123) | | | | | | |
| Child Nutrition Cluster: | | | | | | | | | | | | | | | | |
| Cash Assistance: | | | | | | | | | | | | | | | | |
| National School Breakfast Program | 10.553 | 201NJ304N1099 | N/A | 23,424 | 7/1/19 | 6/30/20 | | 20,160 | (23,424) | (23,424) | | | (3,264) | | | |
| National School Breakfast Program | 10.553 | 191NJ304N1099 | N/A | 24,401 | 7/1/18 | 6/30/19 | (1,684) | 1,684 | | | | | | | | |
| National School Lunch Program | 10.555 | 201NJ304N1099 | N/A | 62,563 | 7/1/19 | 6/30/20 | | 57,398 | (62,563) | (62,563) | | | (5,165) | | | |
| National School Lunch Program | 10.555 | 191NJ304N1099 | N/A | 66,821 | 7/1/18 | 6/30/19 | (4,133) | 4,133 | | | | | | | | |
| Total U.S Department of Agriculture and Enterprise Funds: | | | | | | | (5,694) | 96,045 | (96,188) | | (96,188) | | (8,429) | 2,592 | | |
| Total Federal Financial Awards: | | | | | | | \$ (372,365) | \$ 1,584,399 | \$ (1,554,893) | | \$ (1,554,893) | \$ 8,773 | \$ (336,678) | \$ 2,592 | | |

(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, 2020

| State Grantor/ Program Title | Grant or State Project Number | Program or Award Amount | Grant Period | | Balance | Cash Received | Budgetary Expenditures | Adjust/ ment | Balance June 30, 2020 | | Memo | |
|--|----------------------------------|-------------------------------|--------------|----------|---------------------|---------------------|---------------------------|-----------------|--------------------------|---------------------|--|-------------------------------------|
| | | | From | To | June 30, 2019 | | | | (Accounts Receivable) | Unearned Revenue | Budgetary Receivable June 30, 2020 | Cumulative Total Expenditures |
| State Department of Education (State Aid): | | | | | | | | | | | | |
| General Fund: | | | | | | | | | | | | |
| Special Education Aid | 20-495-034-5120-089 | \$ 583,368 | 7/1/19 | 6/30/20 | | \$ 525,041 | \$ (583,368) | \$ - | \$ (58,327) | | \$ (58,327) | \$ 583,368 |
| Special Education Aid | 19-495-034-5120-089 | 583,368 | 7/1/18 | 6/30/19 | \$ (58,326) | 58,326 | | | | | | |
| Equalization Aid | 20-495-034-5120-078 | 4,731,974 | 7/1/19 | 6/30/20 | | 4,258,858 | (4,731,974) | | (473,116) | | (473,116) | 4,731,974 |
| Equalization Aid | 19-495-034-5120-078 | 4,410,263 | 7/1/18 | 6/30/19 | (440,947) | 440,947 | | | | | | |
| Security Aid | 20-495-034-5120-084 | 97,075 | 7/1/19 | 6/30/20 | | 87,369 | (97,075) | | (9,706) | | (9,706) | 97,075 |
| Security Aid | 19-495-034-5120-084 | 97,075 | 7/1/18 | 6/30/19 | (9,706) | 9,706 | | | | | | |
| Reimbursed TPAF Social Security Contrib. | 20-495-034-5094-003 | 255,446 | 7/1/19 | 6/30/20 | | 242,572 | (255,446) | | (12,874) | | | 255,446 |
| Reimbursed TPAF Social Security Contrib. | 19-495-034-5094-003 | 246,375 | 7/1/18 | 6/30/19 | | | | | | | | |
| On Behalf Pension Contributions | 20-495-034-5094-002 | 698,623 | 7/1/19 | 6/30/20 | | 698,623 | (698,623) | | | | | 698,623 |
| On Behalf TPAF Post Retirmt. Medical | 20-495-034-5094-001 | 259,176 | 7/1/19 | 6/30/20 | | 259,176 | (259,176) | | | | | 259,176 |
| On-behalf TPAF Long-Term Disab. Ins. | 20-495-034-5094-004 | 789 | 7/1/19 | 6/30/20 | | 789 | (789) | | | | | 789 |
| Total General Fund: | | | | | (508,979) | 6,581,407 | (6,626,451) | | (554,023) | | (541,149) | 6,626,451 |
| Special Revenue Fund: | | | | | | | | | | | | |
| State Department of Education: | | | | | | | | | | | | |
| Carl D. Perkins - Post Secondary | PERK464019 | 88,644 | 7/1/19 | 6/30/20 | | 52,551 | (52,551) | | | | | 52,551 |
| Carl D. Perkins - Post Secondary | PERK464018 | 89,418 | 7/1/18 | 6/30/19 | 55 | | | (55) | | | | |
| Total Special Revenue Fund: | | | | | 55 | 52,551 | (52,551) | (55) | | | | 52,551 |
| State Department of Corrections | | | | | | | | | | | | |
| Pass-through Salem County: | | | | | | | | | | | | |
| BRIDGE Grant | Unknown | 68,488 | 4/1/19 | 12/31/19 | (16,666) | 68,486 | (51,820) | | | | | 68,486 |
| BRIDGE Grant | Unknown | 68,488 | 1/1/20 | 12/31/20 | | | (13,932) | | (13,932) | | | 13,932 |
| Total State Department of Corrections: | | | | | (16,666) | 68,486 | (65,752) | | (13,932) | | | 82,418 |
| State Department of Labor/Work Force Dev | | | | | | | | | | | | |
| Passed Through SC Board of Social Services: | | | | | | | | | | | | |
| WIOA - In School | I-YOUTH-1920 | 35,947 | 9/1/19 | 4/30/20 | | 19,073 | (26,315) | | (7,242) | | | 26,315 |
| WIOA - Out of School | O-YOUTH-1920 | 78,000 | 9/1/19 | 4/30/20 | | 48,680 | (50,727) | | (2,047) | | | 50,727 |
| WIOA - In School | I-YOUTH-1819 | 35,948 | 12/1/18 | 6/30/19 | (34,633) | 33,948 | | 685 | | | | |
| WIOA - Out of School | O-YOUTH-1819 | 39,000 | 12/1/18 | 6/30/19 | (35,665) | 27,300 | | 8,365 | | | | |
| Total State Department of Labor/Work Force Dev: | | | | | (70,298) | 129,001 | (77,042) | 9,050 | (9,289) | | | 77,042 |
| Total Special Revenue Fund: | | | | | (86,909) | 250,038 | (195,345) | 8,995 | (23,221) | | | 212,011 |
| Enterprise Fund: | | | | | | | | | | | | |
| State School Lunch Program | 20-100-010-3350-023 | 2,092 | 7/1/19 | 6/30/20 | | 1,508 | (2,092) | | (584) | | | 2,092 |
| State School Lunch Program | 19-100-010-3350-023 | 1,971 | 7/1/18 | 6/30/19 | (114) | 114 | | | | | | |
| Total Enterprise Funds: | | | | | (114) | 1,622 | (2,092) | | (584) | | | 2,092 |
| Total State Financial Assistance: | | | | | \$ (596,002) | \$ 6,833,067 | \$ (6,823,888) | \$ 8,995 | \$ (577,828) | | \$ (541,149) | \$ 6,840,554 |
| Less: On-Behalf TPAF Pension Contributions | | | | | | | | | | | | |
| On Behalf Pension Contributions | 20-495-034-5094-002 | 698,623 | 7/1/19 | 6/30/20 | | \$ 698,623 | \$ (698,623) | | | | | |
| On Behalf TPAF Post Retirmt. Medical | 20-495-034-5094-001 | 259,176 | 7/1/19 | 6/30/20 | | 259,176 | (259,176) | | | | | |
| On-behalf TPAF Long-Term Disab. Ins. | 20-495-034-5094-004 | 789 | 7/1/19 | 6/30/20 | | 789 | (789) | | | | | |
| Total State Financial Assistance - Major Program Determination: | | | | | | \$ 5,874,479 | \$ (5,865,300) | | | | | |

(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, 2020

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 (\$32,170) to reconcile from the budgetary basis to the GAAP basis for the General Fund and \$0 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, 2020

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

| | Federal | State | Total |
|-------------------------------------|---------------------|---------------------|---------------------|
| General Fund | \$ | \$ 6,594,281 | \$ 6,594,281 |
| Special Revenue Fund | 1,458,705 | 195,345 | 1,654,050 |
| Food Service Fund | 96,065 | 2,092 | 98,157 |
| Total Awards & Financial Assistance | <u>\$ 1,554,770</u> | <u>\$ 6,791,718</u> | <u>\$ 8,346,488</u> |

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5: FEDERAL AND STATE LOANS OUTSTANDING

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

NOTE 6: OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2020. 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, 2020.

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 \$8,773 and \$8,995, respectively.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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? _____ yes X 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 |
|----------------|----------------|------------------------------------|
| 84.002 | V002A190031 | Adult Education – Basic Skills |

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, 2020
(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> |
|-----------------------|-----------------------------------|
| 20-495-034-5120-078 | Equalization Aid |
| 20-495-034-5120-089 | Special Education Categorical Aid |
| 20-495-034-5120-084 | Security Aid |

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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: N/A

Criteria or specific requirement:

Condition:

Context:

Effect:

Cause:

Recommendation:

Views of responsible officials and planned corrective actions:

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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 AND QUESTIONED
COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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: 2019-1

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.

Current Status: Resolved

Finding: 2019-2

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.

Current Status: Resolved