

**HUNTERDON COUNTY
VOCATIONAL SCHOOL DISTRICT
BOARD OF EDUCATION**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2016

**Prepared by
Hunterdon County Vocational School District
Department of Administration**

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
BOARD OF EDUCATION**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2016

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**HUNTERDON COUNTY
VOCATIONAL SCHOOL DISTRICT**
www.HCVSD.org

Kim Metz, Ed.D., Superintendent
Corinne Steinmetz, Business Administrator
District Board Office
8 Bartles Corner Road, Ste. 201
Flemington, NJ 08822
908-788-1119
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November 15, 2016

Honorable President and
Members of the Board of Education
Hunterdon County Vocational School District
8 Bartles Corner Road, Suite 2
Flemington, NJ 09822

Dear Board Members:

The comprehensive annual financial report of the Hunterdon County Vocational Board School District for the fiscal year ended June 30, 2016 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. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and 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. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations", and the state Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations are included in the single audit section of this report.

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908-284-9824 Fax

Adult Education
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www.hcpolytech.org

www.hcpolytechadulted.org

County Vocational School District Partnership Grant \$590,000

The County Vocational School District Partnership Grant is a state-funded partnership program between county vocational schools and other entities to expand access and student opportunities for CTE secondary students. HCVSD was awarded one of the 39-month grant awards to develop a new four-year, full-time CTE program in computer science. Titled as the Computer Science and Software Engineering Academy, the academy is partnered with Delaware Valley Regional High School District utilizing the Project Lead the Way (PLTW) Computer Science four-year curriculum as the foundation. Beginning in September 2015, the first freshmen class had 34 students enrolled and a new freshman class of 21 students will start September 2016. The program will focus on dual college credits, related industry credentials, and real job experiences. Post-secondary partners include Raritan Valley Community College, Rowan University, Rutgers, the State University, Kean University and NJ Institute of Technology.

County Vocational School District Partnership Grant; Cohort #2, \$600,000

As a second grant opportunity through the New Jersey Department of Education, another 39-month grant award was received to develop and implement a second four-year full-time CTE program in biomedical sciences. Titled as the Biomedical Science Academy, the academy is partnered with North Hunterdon High School utilizing the Project Lead the Way (PLTW) Biomedical Sciences four-year curriculum as the foundation. The first freshmen class of 22 students will start September 2016. Similar to the CSA, the program will focus on dual college credits, related industry credentials, and real job experiences. Post-secondary partners include Raritan Valley Community College, Rowan University and Rutgers, the State University.

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

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

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

4. 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 voters of the municipality. Annual appropriated budgets are adopted for the general fund and the special revenue fund. The final budget amount as amended for the fiscal year is reflected in the financial section. Budgetary controls are meant to be complex enough to maintain fiscal integrity and insure compliance, but permit the District to be flexible enough to meet the demands of a dynamic marketplace and changing district and community needs.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as 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, 2016.

5. ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect that 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 the Financial Statements",

1. **REPORTING ENTITY AND ITS SERVICES:** The Hunterdon County Vocational School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 14. All funds and account groups of the District are included in this report. The Hunterdon County Vocational Board of Education and all its schools constitute the District's entire reporting entity.

The District provides a full range of educational services appropriate to grade levels 10 through 12.

2. **GRANTS:** During the 2015-16 school year the District was successful in obtaining grants to develop and implement vocational programs and services. Grants included:

YTTW – Youth Transition to Work - \$68,000

The Youth Transitions to Work (YTTW) competitive grant opportunity was offered by the N.J. Department of Labor. The focus was to increase registered apprentices in Veterinary & Laboratory Technician and establish a new apprenticeship program in Veterinarian Assistant. To register as an apprentice, students must obtain full-time employment with an employer in the field and attend post-secondary classes for related instruction from one to five years depending on the apprenticeable occupation. For this grant year, the program has been able to assist students in becoming registered apprentices with the US Department of Labor, Office of Apprenticeship as well as place additional students in trade-related employment.

Apprenticeship Coordinator (Hunterdon & Somerset Counties)- \$35,097

A goal of the Apprenticeship Coordinator grants is to fund an apprenticeship coordinator in every county in New Jersey to promote apprenticeship opportunities. The coordinator's role is to identify and establish new apprenticeship programs, provide technical assistance to secondary schools, employers, unions and colleges seeking to establish linkages and provide information to Workforce Investment Boards, One-Stop Centers and other governmental agencies, community-based and faith-based organizations. Based on the success of previous years and interest, for the third year HCVSD had the opportunity to be the lead agency for both Hunterdon and Somerset County's Apprenticeship Coordinator grants. The county apprenticeship coordinator was successful in carrying out their role and to supervise, approve and coordinate delivery of related instruction, maintain records and participate in apprenticeship related activities and events for both counties and increase the number of registered apprentices.

Perkins Secondary- \$39,226

Perkins Secondary funds were used to enhance and expand secondary CTE programs. This year funds were used to expand curriculums for the animal science, homeland security, dance, and energy technologies programs. In addition funds were used for professional development, a guidance counselor liaison group and special supplies.

Perkins Post Secondary - \$102,551

Post Secondary Perkins grant funds are used to enhance and expand post-secondary CTE programs. This year grant funds were used computers, professional development, and equipment including a welder, electrical trainer and brake lathe. Additional funds were used for online learning and classroom resources.

No Child Left Behind Title II - \$3,116

NCLB funds are used for professional development and teacher resources. This past year, funds were used for professional development/educational consultant.

Workforce Investment Board - \$80,000

The Greater Raritan Workforce Investment Board had offered a Youth Services grant program. The goal of the program was to improve educational achievement with industry-based recognized credentials, prepare youth for employment, and provide mentoring, guidance and counseling support. The grant funds consisted of three components; a Hunterdon and Somerset Community Outreach Service Programs and a Youth Work Readiness/Subsidized Employment Program. HCVSD took on the role as Hunterdon County's community outreach services. HCVSD obtained the Outreach Service Program for Hunterdon County. As part of the grant funds, an Outreach Community Specialist was employed to identify youth that were eligible for receiving services and meet a set of criteria. Once identified, the Youth Employment Services (YES) Program assessed the applicant's work readiness and developed an Individualized Services Strategy that included specific career goals and actions to be taken to meet the overall goals of the grant. The grant funds were also used to market the program to residents of the county.

6. **CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements" Note 1. The District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where funds are secured in accordance with the Act.

7. **RISK MANAGEMENT:** The Board carried various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. Refer to the insurance schedule for more information.

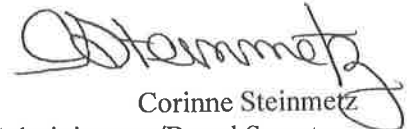
8. **INDEPENDENT AUDIT:** State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Bedard, Kurowieki & Co., CPA's, was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 and the related OMB Circular A-133 and state Treasury Circular Letter 04-04 OMB. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

9. **ACKNOWLEDGEMENTS:** We would like to express our appreciation to the members of the Hunterdon County Vocational District Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of the district's financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

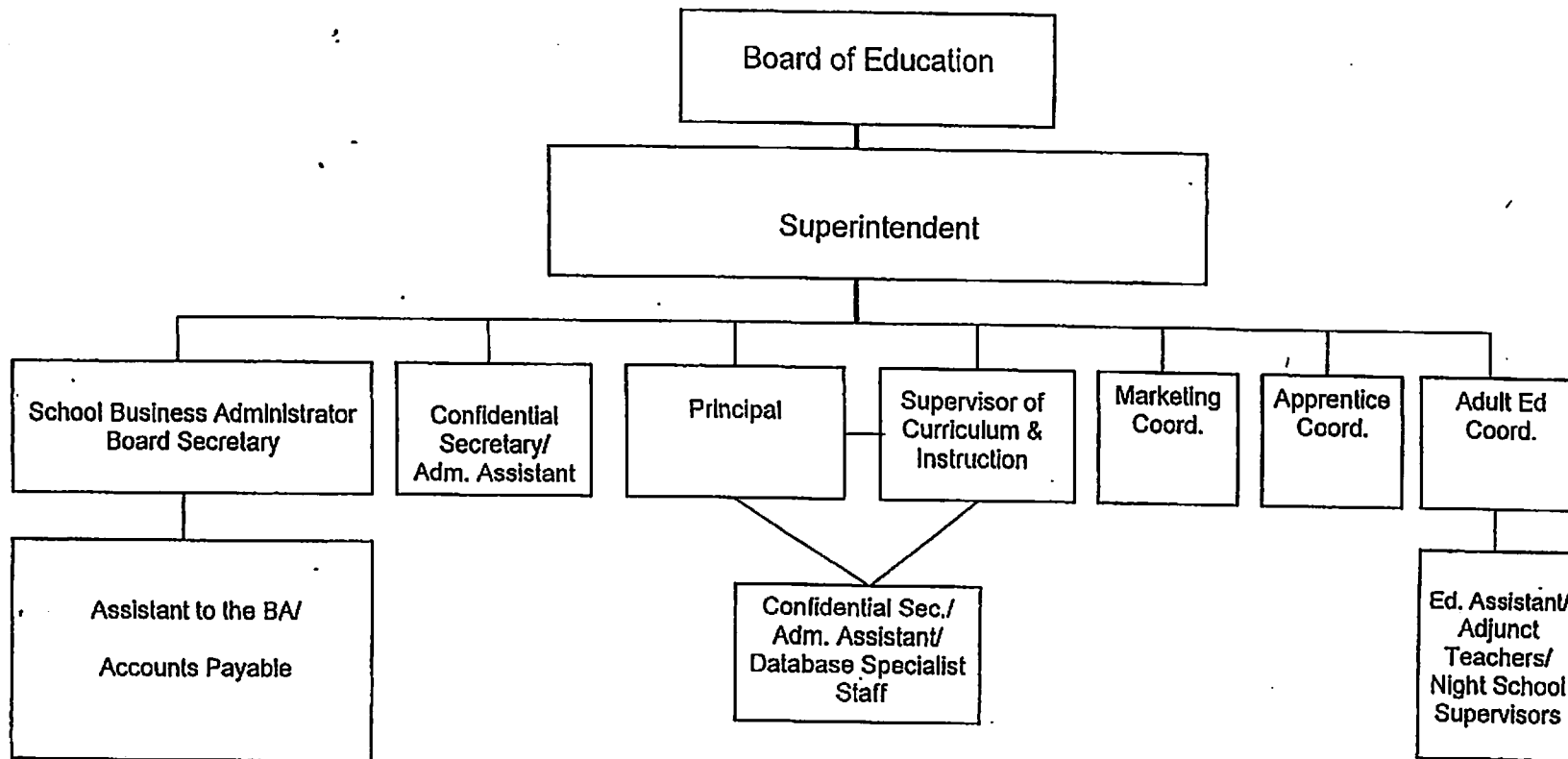
Respectfully submitted,



Dr. Kimberly Metz
Superintendent



Corinne Steinmetz
Business Administrator/Board Secretary



HUNTERDON COUNTY POLYTECH
Organizational Chart

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Flemington, New Jersey
Consultants & Advisors
June 30, 2016

<u>Members of the Board of Education</u>	<u>Title</u>	<u>Term Expires</u>
Elizabeth Martin	President	2019
Michael Yates	Vice-President	2016
John Phillips		2017
David Bright		2018
Ridgeley Hutchinson		2018
Kevin Gilman		2018
Juan Torres	Interim Co. Ex. Superintendent	No Term

Other Officials

Dr. Kimberly Metz	Superintendent
Corinne Steinmetz	Board Secretary/School Business Administrator
Vex & Gage Labor & Employment Law Firm	Solicitor
John King	Freeholder Liaison
John Lanza	Freeholder Liaison

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Flemington, New Jersey
Consultants & Advisors
June 30, 2016

AUDIT FIRM

Bedard, Kurowicki & Co.
114 Broad Street
Flemington, NJ 08822

ATTORNEY

Howard A. Vex, Esq.
The Vex Labor & Employment Law Firm
2001 Route 46, Suite 310
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OFFICIAL DEPOSITORY

Investors Bank
Three Bridges, NJ 08887



Bedard, Kurowicki & Co.

Certified Public Accountants, PC

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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Hunterdon County Vocational School District (the District), in the County of Hunterdon, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Board'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.

Auditors' 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2016, 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 and budgetary comparison information identified in the table of contents 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 District's basic financial statements. The combining and individual non-major fund financial statements and Schedule of Expenditures of Federal Awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the Schedule of State Financial Assistance as required by NJ OMB 15-08 and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, Schedule of Expenditures of Federal Awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the Schedule of State Financial Assistance as required by NJ OMB 15-08, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting 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, Schedule of Expenditures of Federal Awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the Schedule of State Financial Assistance as required by NJ OMB 15-08 is 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 it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 5, 2016 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

Bedard, Kurowicki & Co.
BEDARD, KUROWICKI & CO., CPA'S, PC



William M. Colantano
Certified Public Accountant
Registered Municipal Accountant

December 5, 2016
Flemington, New Jersey

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED**

The discussion and analysis of Hunterdon County Vocational School District's (HCVSD) provides an overall review to the School District's financial activities for the year ended June 30, 2016. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the School District's financial performance. Information contained in this section is qualified by the more detailed information contained elsewhere in the district's financial statements, notes to financial statements and any accompanying materials. To the extent this discussion contains any forward-looking statements of the district's plans, objectives, expectations and prospects, the actual results could differ materially from those discussed herein.

HCVSD was created by resolution of the Hunterdon County Board of Chosen Freeholders on May 12, 1992. The District is fiscally independent. Policymaking and legislative authority are vested in the Board of Education consisting of five members. The Board of Education is responsible, among other things, for developing policy, adopting the budget, supervising committees and hiring the superintendent. The superintendent and business administrator are responsible for carrying out the policies of the Board of Education and overseeing the day-to-day operations of the District. The Board of Education is appointed by the Freeholders. It had been the custom that a representative from each sending school district is appointed, and serves a four-year term.

The 2015-2016 school year saw another great year for enrollment due in large part to the continuous efforts of HCVSD to reach out to the community and sending districts to educate them about the advantages of attending the county vocational school. Many of the programs for the upcoming school year are already at capacity. We are expecting the 2016-2017 school year enrollment to be the highest in HCVSD history.

As a county vocational school, reorganization occurs the first week of November each year. Elizabeth Martin was elected as the incumbent President of the board and Michael Yates as Vice President.

Superintendent Kimberly Metz continued her efforts to inform the freeholders and the sending districts of the current status of HCVSD and its' vision for the future. Dr. Metz also spearheaded a strategic planning project with the board. Board members, Freeholders, staff, members of the community, local business owners, Hunterdon County school districts and various other professionals participated in this exciting endeavor by attending meetings and providing invaluable feedback throughout the year.

Financial Highlights

Key financial highlights for 2016 are as follows:

- General Revenues accounted for \$3,555,085 in revenue, or 49.10% of all revenues. Program specific revenues in the form of charges for services, (including tuition) and operating and capital grants accounted for \$3,685,325 or 50.90% of total revenues of \$ 7,240,410.
- The school district has \$6,584,215 in expenses; only \$3,685,325 of these expenses was offset by program specific charges for services (including tuition), grants or contributions, with the remainder, primarily property taxes, supporting the programs.
- Among major funds, the General Fund had \$6,063,576 in revenues and \$5,192,221 in expenditures. The General Fund's balance increased by \$849,355 from the previous year.

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED**

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can view the HCVSD in the context of a financial whole, an entire operating entity. The financial statements then proceed to provide an increasingly detailed look at specific financial activities.

These financial statements are comprised of three elements: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School district, presenting both an aggregate view of the School district’s finances and a longer term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of HCVSD the General Fund is by far the most significant fund.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School district as a whole looks at all financial transactions and asks, “How did we do financially during 2016?” The Statement of Net Position and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into consideration 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 position. This change in net position is important because it tells the reader whether the financial position of the School District has or has not improved. Changes in the District’s financial position may be the result of many factors, including the School District’s property tax base, current laws in New Jersey restricting revenue growth, facility status, required educational programs and other factors.

The Statement of Net Position and Activities is separated into two distinct kinds of activities.

- Governmental Activities - All of the School Districts programs and services are reported here including, but not limited to, instruction, support services, facility rentals and related charges, and extracurricular activities.
- Business-Type Activities - This service is provided on a charge for goods or services basis, to recover all the expenses of the goods or services provided. The Special services enterprise fund is reported as a business activity.

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED**

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the District's funds. The District's governmental funds include the General Fund, and Special Revenue Fund.

Governmental Funds

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 years. These funds are reported using an accounting method called modified accrual 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 District's general government operations and the basic services it provides. Governmental fund information helps to 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.

The School District as a Whole

Recall that 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 2016 compared to 2015.

	6/30/2016	6/30/2015	Variance	
			Dollars	Percent
ASSETS				
Current & Other Assets	\$ 5,375,688	\$ 4,919,338	\$ 456,350	9.28%
Capital Assets	10,833,606	10,134,842	698,764	6.89%
Total Assets	<u>16,209,294</u>	<u>15,054,180</u>	<u>1,155,114</u>	7.67%
Deferred Outflows of Resources	<u>380,248</u>	<u>112,077</u>	<u>268,171</u>	239.27%
LIABILITIES				
Long Term Liabilities	2,385,598	2,037,737	347,861	17.07%
Other Liabilities	<u>1,119,740</u>	<u>788,291</u>	<u>331,449</u>	42.05%
Total Liabilities	<u>3,505,338</u>	<u>2,826,028</u>	<u>679,310</u>	24.04%
Deferred Inflows of Resources	<u>209,145</u>	<u>307,912</u>	<u>(98,767)</u>	-32.08%
NET POSITION				
Net Investment in Capital Assets	10,833,606	10,134,842	698,764	6.89%
Restricted	2,262,173	2,537,456	(275,283)	-10.85%
Unrestricted	<u>(220,720)</u>	<u>(639,981)</u>	<u>419,261</u>	-65.51%
Total Net Position	<u>\$12,875,059</u>	<u>\$12,032,317</u>	<u>\$ 842,742</u>	7.00%

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED**

Current Assets have increased \$456,350 and Unrestricted Net Position has increased \$419,261.

The negative balance in unrestricted net assets is not a negative reflection on the District's financial condition, but is the result of reporting required by GASB Statement No. 68 Accounting and Financial Reporting for Pensions which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the State.

Table 2 shows changes in net position for fiscal year 2016.

**Table 2
Changes in Net Position**

	6/30/2016	6/30/2015	Variance	
			Dollars	Percent
REVENUES				
Program Revenues:				
Charges for Services	\$ 3,046,375	\$2,630,979	\$ 415,396	15.79%
Operating Grants	638,950	361,928	277,022	76.54%
Capital Grant	-	300,208	(300,208)	-100.00%
General Revenues:				
County Taxes	1,582,001	1,550,979	31,022	2.00%
Unrestricted Grants	1,952,665	1,637,854	314,811	19.22%
Investment Income	5,589	13,055	(7,466)	-57.19%
Other	14,830	13,248	1,582	11.94%
Total Revenues	7,240,410	6,508,251	732,159	11.25%
PROGRAM EXPENSES				
Instruction:				
Regular	2,913,377	2,646,187	267,190	10.10%
Special	183,287	170,026	13,261	7.80%
Other	47,409	33,784	13,625	40.33%
Support Services:				
Student & Instructional Related Services	1,126,684	873,426	253,258	29.00%
General & Business Administration	599,850	623,530	(23,680)	-3.80%
School Administration	385,320	342,646	42,674	12.45%
Maintenance	765,388	825,958	(60,570)	-7.33%
Transportation	12,200	17,062	(4,862)	-28.50%
Special Schools	40,725	500,115	2,791	7.36%
Special Services	460,654	43,321	(39,461)	-7.89%
Interest and other charges	49,321	37,934	6,000	13.85%
Total Expenses	6,584,215	6,113,989	470,226	7.69%
Special Item:				
Insurance proceeds	99,432	-	99,432	*
Increase (Decrease) in Net Position	\$ 755,627	\$ 394,262	\$ 361,365	91.66%

Undefined = *

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED**

Governmental Activities

County taxes made up 23.60% of revenues for Governmental Funds for fiscal year 2016. The district's total revenues for Governmental Funds were \$6,702,526 for the fiscal year ended June 30, 2016. Tuition revenue in a total amount of \$3,022,636 accounted for 45.10% of total revenues. The remaining revenues for Governmental Funds were from interest on investments, state aid, federal grants, and miscellaneous income.

Business-Type Activities

Special services

Special services programs had operating revenues of \$23,739 and operating expenses of \$49,321, resulting in a net loss of \$25,582 for fiscal year 2016.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

**Table 3
Cost of Governmental Services**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>6/30/2016</u>	<u>6/30/2015</u>
Instruction	\$ 3,144,073	\$ 2,849,997	\$ 227,414	\$ 303,943
Support Services:				
Student & Instructional Related	1,126,684			
Services		873,426	708,892	601,112
General & Business Administration	599,850	623,530	600,168	585,914
School Administration	385,320	342,646	385,512	322,982
Plant Operations & Maintenance	765,388	825,958	765,388	823,393
Pupil Transportation	12,200	17,062	12,200	17,062
Interest and other charges	40,725	37,934	135,800	37,934
Special Schools	460,654	500,115	37,934	122,453
Customized Training	49,321	43,321	25,582	6,081
	<u>\$ 6,584,215</u>	<u>\$ 6,113,989</u>	<u>\$2,898,890</u>	<u>\$2,820,874</u>

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED**

- Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student including extracurricular activities.
- Pupils and instructional services include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.
- General administration, school administration and business include expenses associated with administrative and financial supervision of the District.
- Maintenance and operation of facilities activities involve the rental of the facilities, cost of utilities, and maintaining equipment in effective working condition.
- Curriculum and staff development includes expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.
- Pupil transportation includes activities involved with the conveyance of students to and from school activities and field trips.

The District's Revenues

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. Revenues came primarily from four sources: tax levy, tuition, state aid, and federal and state grants. The major source of operating revenue, about 71.79% continues to be from local sources including tax levy, outside tuition, and miscellaneous revenues. State aid and federal aid represents about 28.21% of the total revenues.

The following schedule represents a summary of the revenues of the General and Special Revenue Funds for the fiscal year ended June 30, 2016.

Revenue	Amount	Percent of Total
Local sources	\$ 4,811,870	71.79%
State sources	1,848,314	27.58%
Federal sources	42,342	0.63%
Total	\$ 6,702,526	100.00%

The District's Expenditures

The following schedule represents a summary of General Fund and Special Revenue Fund, expenditures for the fiscal year ended June 30, 2016.

Expenditures	Amount	Percent of Total
Current:		
Instruction	\$ 2,133,280	32.56%
Undistributed expenditures	3,101,738	47.34%
Capital Outlay	844,340	12.89%
Interest and Other Charges	37,934	0.58%
Adult Vocational	434,751	6.64%
Total	\$ 6,552,043	100.00%

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED**

General Fund Budgeting Highlights

The School District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of modified accrual and encumbrance accounting. The most significant budgeted fund is the General Fund.

The School District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal year 2016, the School District amended its General Fund budget as needed. The School district uses program based budgeting and the budgeting systems are designed to tightly control program budgets but provide flexibility for program management.

For the general Fund, budget basis revenue and other financing sources was \$771,383, over the original budgeted estimates of \$4,956,831. This difference was due primarily to additional tuition revenue and extraordinary special education aid.

Capital Assets

Table 4 provides a summary of the School District's capital assets net of depreciation at 6/30/16 with a comparison to 6/30/15.

**Table 4
Capital Assets (Net of Depreciation)**

	6/30/2016	6/30/2015	Variance	
			Dollars	Percent
Land	\$ 1,129,855	\$ 1,129,855		
Construction in Progress	772,472	51,600	\$ 720,872	1397.04%
Buildings & Improvements	8,360,377	8,510,294	(149,917)	-1.76%
Machinery & Equipment	551,368	507,883	43,485	8.56%
Vehicles	19,534	22,325	(2,791)	-12.50%
	<u>\$10,833,606</u>	<u>\$10,221,957</u>	<u>\$ 611,649</u>	<u>5.98%</u>

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED**

For the Future

Space is still the dominant problem facing HCVSD. Initiating new and emerging programs to meet the need of a changing economy present a tremendous challenge in terms of space and revenue. For the past five years, and again for the 2015-2016 school year, HCVSD has kept the local tax levy flat. Additional space, programs, and personnel will require increased revenue in the coming years.

As the Freeholder board changes so does the perceived role of HCVSD change. Each new Freeholder board presents different challenges. HCVSD board members and administration continue to move ahead for the betterment of vocational education in the county.

HCVSD continues to stay abreast of all relevant technological changes occurring in the work place. Our goal is to keep our students current with these advances. Our students will be able to enter the workforce and/or continue their education with every advantage afforded by a first rate technological school.

Contacting the School District

This financial report is designed to provide our citizens, and taxpayers, with a general overview of the School District's finances and to show the School Districts accountability for the money it receives. If you have questions about this report or need additional information contact the Office of the School Business Administrator, Hunterdon County Vocational School District, 8 Bartles Corner Road - Suite 2, Flemington, New Jersey 08822.

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.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Statement of Net Position
June 30, 2016

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 1,291,463	\$ 403,025	\$ 1,694,488
Receivables, net	1,409,074	-	1,409,074
Other assets	10,000	-	10,000
Restricted assets	2,262,126	-	2,262,126
Capital assets, net (Note 3)			
Land	1,129,855	-	1,129,855
Capital assets not being depreciated	772,472	-	772,472
Other capital assets, net of depreciation	8,931,279	-	8,931,279
Total assets	<u>15,806,269</u>	<u>403,025</u>	<u>16,209,294</u>
Deferred outflows of resources			
Deferred amount on pension activity	<u>380,248</u>	<u>-</u>	<u>380,248</u>
Liabilities			
Accounts payable	16,176	-	16,176
Unearned revenue	1,102,595	969	1,103,564
Long-term liabilities (Note 4)			
Due beyond one year	<u>2,385,598</u>	<u>-</u>	<u>2,385,598</u>
Total liabilities	<u>3,504,369</u>	<u>969</u>	<u>3,505,338</u>
Deferred inflows of resources			
Deferred amount on pension liability	<u>209,145</u>	<u>-</u>	<u>209,145</u>
Net position			
Net investment in capital assets	10,833,606	-	10,833,606
Restricted for			
Capital reserve	1,822,026	-	1,822,026
Maintenance reserve	440,100	-	440,100
Capital projects	47	-	47
Unrestricted	<u>(622,776)</u>	<u>402,056</u>	<u>(220,720)</u>
Total net position	<u>\$ 12,473,003</u>	<u>\$ 402,056</u>	<u>\$ 12,875,059</u>

See accompanying notes to financial statements.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2016

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
			Charges for Services	Operating Grants & Contribution	Capital Grants & Contribution	Governmental Activities	Business-Type Activities	Total
Governmental activities								
Instruction								
Regular	\$ 2,178,583	\$ 734,794	\$ 2,697,500	\$ 220,539	\$ -	\$ 4,662	\$ -	\$ 4,662
Special education	112,327	70,960	-	-	-	(183,287)	-	(183,287)
Other instruction	44,054	3,355	-	-	-	(47,409)	-	(47,409)
Support services								
Students & instruction related services	955,086	171,598	-	418,411	-	(708,273)	-	(708,273)
General & business administration services	490,619	109,231	-	-	-	(599,850)	-	(599,850)
School administration services	297,075	88,245	-	-	-	(385,320)	-	(385,320)
Plant operations & maintenance	755,793	9,595	-	-	-	(765,388)	-	(765,388)
Pupil transportation	12,200	2,791	-	-	-	(14,991)	-	(14,991)
Special Schools	434,751	25,903	325,136	-	-	(135,518)	-	(135,518)
Interest on long-term debt	37,934	-	-	-	-	(37,934)	-	(37,934)
Total governmental activities	<u>5,318,422</u>	<u>1,216,472</u>	<u>3,022,636</u>	<u>638,950</u>	<u>-</u>	<u>(2,873,308)</u>	<u>-</u>	<u>(2,873,308)</u>
Business-type activities								
Special services	49,321	-	23,739	-	-	-	(25,582)	(25,582)
Total business-type activities	<u>49,321</u>	<u>-</u>	<u>23,739</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25,582)</u>	<u>(25,582)</u>
Total primary government	<u>\$ 5,367,743</u>	<u>\$ 1,216,472</u>	<u>\$ 3,046,375</u>	<u>\$ 638,950</u>	<u>\$ -</u>	<u>(2,873,308)</u>	<u>(25,582)</u>	<u>(2,898,890)</u>
			General revenues, special items & transfers					
			County taxes levied for general purposes			1,582,001	-	1,582,001
			Federal & State aid not restricted			1,952,665	-	1,952,665
			Investment earnings			5,589	-	5,589
			Insurance Proceeds			99,432	-	99,432
			Miscellaneous income			14,830	-	14,830
			Total general revenues, special items & transfers			<u>3,654,517</u>	<u>-</u>	<u>3,654,517</u>
			Change in net position			781,209	(25,582)	755,627
			Net position - beginning			11,691,794	427,638	12,119,432
			Net position - ending			<u>\$ 12,473,003</u>	<u>\$ 402,056</u>	<u>\$ 12,875,059</u>

See accompanying notes to financial statements.

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 type.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2016

	General Fund	Special Revenue Fund	Capital Project Fund	Total Governmental Funds
Assets				
Cash & cash equivalents	\$ 1,291,463	\$ -	\$ -	\$ 1,291,463
Due from other funds	368,297	-	22,000	390,297
Receivables from other governments				
State	-	1,062,717	270,187	1,332,904
Other	11,381	-	-	11,381
Other accounts receivable	-	64,789	-	64,789
Security deposit	10,000	-	-	10,000
Restricted cash & cash equivalents	2,262,126	-	-	2,262,126
Total assets	\$ 3,943,267	\$ 1,127,506	\$ 292,187	\$ 5,362,960
Liabilities and fund balances				
Liabilities				
Due to other funds	\$ 22,000	\$ 76,157	\$ 292,140	\$ 390,297
Accounts payable	9,572	6,604	-	16,176
Unearned revenue	57,850	1,044,745	-	1,102,595
Total liabilities	89,422	1,127,506	292,140	1,509,068

See accompanying notes to financial statements.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Balance Sheet (continued)
Governmental Funds
June 30, 2016

	General Fund	Special Revenue Fund	Capital Project Fund	Total Governmental Funds
Liabilities and fund balances				
Fund balances				
Restricted fund balance				
Capital projects fund balance	\$ -	\$ -	\$ 47	\$ 47
Excess surplus - designated for subsequent year's expenditures	294,213	-	-	294,213
Excess surplus - current year	850,639	-	-	850,639
Committed fund balance				
Capital reserve	1,822,026	-	-	1,822,026
Maintenance reserve	440,100	-	-	440,100
Assigned fund balance				
Encumbrances	965	-	-	965
Designated for subsequent year's expenditures	259,411	-	-	259,411
Unassigned fund balance	186,491	-	-	186,491
Total fund balances	3,853,845	-	47	3,853,892
 Total liabilities and fund balances	 \$ 3,943,267	 \$ 1,127,506	 \$ 292,187	

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

Capital assets used in government activities are not financial resources
and therefore are not reported in the funds. The cost of the assets
are \$13,887,018 and the accumulated depreciation is \$3,053,412. 10,833,606

Deferred outflows and inflows of resources related to pensions are
applicable to future periods and, therefore, are not reported in the funds 171,103

Long-term liabilities, including bonds payable and compensated absences
are not due & payable in the current period & therefore are not reported
as liabilities in the funds (2,385,598)

Total net position of governmental activities \$ 12,473,003

See accompanying notes to financial statements.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
Revenues				
Local sources				
County tax levy	\$ 1,582,001	\$ -	\$ -	\$ 1,582,001
Tuition charges				
Individuals	325,136	-	-	325,136
Other LEAs	2,697,500	-	-	2,697,500
Interest on investments	5,589	-	-	5,589
Miscellaneous	14,830	186,814	-	201,644
	<u>4,625,056</u>	<u>186,814</u>	<u>-</u>	<u>4,811,870</u>
State sources	1,438,520	409,794	-	1,848,314
Federal sources	-	42,342	-	42,342
Total revenues	<u>6,063,576</u>	<u>638,950</u>	<u>-</u>	<u>6,702,526</u>
Expenditures				
Current				
Instructional				
Regular instruction	2,066,761	111,822	-	2,178,583
Special education instruction	112,327	-	-	112,327
Other instruction	44,054	-	-	44,054
Support service & undistributed costs				
Student & instruction related services	540,361	414,725	-	955,086
General & business administrative services	490,619	-	-	490,619
School administrative services	297,075	-	-	297,075
Plant operations & maintenance	755,793	-	-	755,793
Pupil transportation	12,200	-	-	12,200
Unallocated benefits	389,281	-	-	389,281

See accompanying notes to financial statements.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances (continued)
Governmental Funds
For the Fiscal Year Ended June 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
Expenditures (cont'd)				
Capital outlay	\$ 11,065	\$ 112,403	\$ 720,872	\$ 844,340
Debt service				
Interest & other charges	37,934	-	-	37,934
Special Schools	434,751	-	-	434,751
Total expenditures	<u>5,192,221</u>	<u>638,950</u>	<u>720,872</u>	<u>6,552,043</u>
Excess (deficit) of revenues over (under) expenditures	<u>871,355</u>	<u>-</u>	<u>(720,872)</u>	<u>150,483</u>
Other financing sources (uses)				
Transfer in (out)	<u>(22,000)</u>	<u>-</u>	<u>22,000</u>	<u>-</u>
Net change in fund balance	849,355	-	(698,872)	150,483
Fund balances, July 1	<u>3,004,490</u>	<u>-</u>	<u>698,919</u>	<u>3,703,409</u>
Fund balances, June 30	<u><u>\$ 3,853,845</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 47</u></u>	<u><u>\$ 3,853,892</u></u>

See accompanying notes to financial statements.

HUNTERDON COUNTY VOCATIONAL 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, 2016

Total net changes in fund balances - governmental fund (from B-2) \$ 150,483

Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures.

However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expenses. This is the amount by which capital outlays exceeds depreciation in the period:

Capital outlays	\$ 844,340	
Insurance proceeds	99,432	
Depreciation expense	<u>(332,123)</u>	611,649

Governmental funds report district pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

(17,884)

In the Statement of Activities, compensated absences & early retirement benefits 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 a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.

36,961

Change in net position of governmental activities

\$ 781,209

See accompanying notes to financial statements.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Statement of Fund Net Position
Proprietary Funds
June 30, 2016

	<u>Special Services</u>
Assets	
Current assets	
Cash and cash equivalents	\$ 403,025
Total assets	<u>403,025</u>
Liabilities	
Accounts payable	969
Total liabilities	<u>969</u>
Net position	
Unrestricted	<u>402,056</u>
Total net position	<u><u>\$ 402,056</u></u>

See accompanying notes to financial statements.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2016

	<u>Special Services</u>
Operating revenues	
Charges for services	
Program fees	\$ 23,739
Total operating revenues	<u>23,739</u>
Operating expenses	
Salaries	19,683
Support services - employee benefits	21,641
Supplies and materials	7,847
Miscellaneous expenditures	150
Total operating expenses	<u>49,321</u>
Change in net position	(25,582)
Net position, beginning	<u>427,638</u>
Net position, ending	<u><u>\$ 402,056</u></u>

See accompanying notes to financial statements.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2016

	Special Services
Cash flows from operating activities	
Receipts from customers (net)	\$ 23,739
Payments to vendors (net)	(48,802)
Net cash provided by (used for) operating activities	(25,063)
Net increase (decrease) in cash and cash equivalents	(25,063)
Cash and cash equivalents, beginning	428,088
Cash and cash equivalents, ending	\$ 403,025
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	
Operating income (loss)	\$ (25,582)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities	
Increase (decrease) in accounts payable	519
Net cash provided by (used for) operating activities	\$ (25,063)

See accompanying notes to financial statements.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Statement of Fiduciary Net Position
June 30, 2016

	Unemployment Compensation Fund	Private Purpose Scholarship Fund	Student Activity Agency Fund	Payroll Agency Fund
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Assets				
Cash and cash equivalents	\$ 52,126	\$ 20,300	\$ 189,799	\$ 70,754
Total assets	<u>\$ 52,126</u>	<u>\$ 20,300</u>	<u>\$ 189,799</u>	<u>\$ 70,754</u>
 Liabilities				
Due to student groups	\$ -	\$ -	\$ 189,799	\$ -
Accounts payable	380	-	-	-
Summer pay	-	-	-	64,722
Flexible spending	-	-	-	3,470
Payroll deductions and withholdings	-	-	-	2,562
Total liabilities	<u>380</u>	<u>-</u>	<u>\$ 189,799</u>	<u>\$ 70,754</u>
 Net position				
Held in trust for unemployment claims & other purposes	<u>\$ 51,746</u>	<u>\$ 20,300</u>		

See accompanying notes to financial statements.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Combining Statement of Changes in Fiduciary Net Position
Governmental Funds

	Unemployment Compensation Fund	Private Purpose Scholarship Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Additions			
Contributions			
Employee contributions	\$ 4,445	\$ -	\$ 4,445
Awards and donations	-	200	200
Investment earnings - interest	189	75	264
Total additions	<u>4,634</u>	<u>275</u>	<u>4,909</u>
Deductions			
Scholarship awards	-	1,000	1,000
Unemployment claims	8,704	-	8,704
Total deductions	<u>8,704</u>	<u>1,000</u>	<u>9,704</u>
Change in net position	(4,070)	(725)	(4,795)
Net position, beginning of the year	<u>55,816</u>	<u>21,025</u>	<u>76,841</u>
Net position, end of the year	<u>\$ 51,746</u>	<u>\$ 20,300</u>	<u>\$ 72,046</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies

The financial statements of the Board of Education (Board) of the Hunterdon County Vocational School District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

The basic financial statements include:

Management's Discussion and Analysis (MD&A) providing an analysis of the Districts overall financial position and results of operations.

Basic financial statements prepared using full-accrual accounting for all of the District's activities.

A. Reporting entity

The District is a component unit of the County of Hunterdon, established to function as an educational institution to provide vocational education to the students of Hunterdon County. The Board consists of five appointed members and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District. The District had an approximate enrollment at June 30, 2016 of 265 students.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Changes in Net Position) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to students or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for Governmental Funds, Proprietary Funds, and Fiduciary Funds, even though the latter are excluded from the government-wide financial statements. The District has elected to treat all of its Governmental Funds as major funds and they are reported as separate columns in the fund financial statements.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the Proprietary Fund and Fiduciary Fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, early retirement, arbitrage rebates, and post-employment healthcare benefits, are recorded only when payment is due.

Taxes, tuition and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. As under New Jersey State statute, a county is required to remit to its school district the entire property tax balance, 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 money under the established payment schedule and the unpaid amount is considered to be accounts receivable. All other revenue items are considered to be measurable and available only when the District receives cash.

Amounts reported as program revenues include 1) charges to students for tuition, fees, rental, material, supplies, or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, and unrestricted State aids.

Proprietary Funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operations.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted, as they are needed.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

The District reports the following major Governmental funds:

General Fund - The General Fund is the general operating fund of the District and 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. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expense by Board resolution

Special Revenue Fund - The District accounts for the proceeds of specific revenue sources from State and Federal Government (other than major Capital Projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes in the Special Revenue Fund.

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from financing provided by the County of Hunterdon and State grants.

Additionally, the District reports the following fund types:

Proprietary fund types

Proprietary Fund - The focus of Proprietary Fund measurement is upon determination of net income, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the Proprietary Funds of the District:

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Enterprise Fund - The Enterprise Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges; or, where the 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 District's Enterprise Fund is comprised of the Special Services Fund.

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

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 & vehicles	4 Years
Heavy trucks & vehicles	6 Years

Fiduciary Fund Types

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. Agency Funds are custodial in nature and do not involve measurement of results of operations. The following is a description of the Trust and Agency Funds of the District.

Unemployment Compensation Trust Fund - This fund is used to account for the portion of employee deductions for unemployment compensation required to be deposited and accumulated for future unemployment claims under the "Benefit Reimbursement Method."

Student Activities Agency Fund - This fund is used to account for funds derived from activities of pupil organizations and accumulated for payment of student group activities.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Payroll Agency Fund - This fund accounts for the withholding and remittance of employee salary deductions.

Private Purpose Scholarship Fund - This fund is used to account for scholarship accounts donated to the District to be utilized for scholarship awards to qualifying students.

D. 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 and to the Board of School Estimate. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line-item accounts within each fund. Line-item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum Chart of Accounts referenced in NJAC 6:20-2A.2(m)1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2016 were insignificant.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For Governmental Funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last State aid payment for budgetary purposes only and the Special Revenue Fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the Governmental Fund types. Unencumbered appropriations lapse at fiscal year-end.

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

E. 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.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

E. Encumbrances (continued)

Open encumbrances in the Special Revenue Fund for which the District has received advances are reflected in the balance sheet as unearned revenues at fiscal year-end.

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

F. Tuition receivable

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

G. Short-term interfund receivable/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.

H. Inventories and prepaid items

Inventories and prepaid items, which benefit future periods, other than those recorded in the Enterprise Fund are recorded as expenditures during the year of purchase.

Enterprise Fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid items in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2016.

I. Capital assets

Capital assets, which include land, land improvements, buildings and improvements, vehicles and furniture and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

All reported capital assets, except for land and construction in progress, of the District are depreciated using the straight-line method over the following estimated lives:

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)
I. Capital assets (continued)

Assets	Years
Buildings	45
Building improvements & portable classroom	45
Land improvements	20
Furniture	15
Maintenance equipment	15
Musical instruments	10
Athletic equipment	10
Audio visual equipment	10
Vehicles	4 - 8
Office equipment	5 - 10
Computer equipment	5 - 10

J. Compensated absences

The District accounts for compensated absences (i.e., unused vacation and sick leave) as directed by Governmental Accounting Standards Board statement number 16 (GASB 16), "Accounting for Compensated Absences." A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

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

The liability for compensated absences was accrued using the vesting method, whereby the liability is calculated by vesting balances as of the balance sheet date for which a payment is probable. Salary related payments for the employer's share of Social Security and Medicare taxes are included.

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

K. Unearned revenue

Unearned revenue in the General Fund and Special Revenue Fund represents cash, which has been received but not yet earned. See Note 1 (E) regarding the Special Revenue Fund.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

L. Long-term obligations

In the government-wide financial statements and in internal service fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable Statement of Net Position.

Bonds issued on behalf of the School District are the responsibility of the County of Hunterdon and are reported in the County's financial statements.

M. Fund balances - Governmental Funds

In the fund financial statements, Governmental Funds report the following classifications of fund balance:

- Non-Spendable - includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.
- Restricted - includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.
- Committed - includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.
- Assigned - includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator.
- Unassigned - includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned:

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

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

N. 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.

O. Allocation of indirect expenses

Certain expenses, which have not been charged to a specific function in the District's fund financial statements, have been allocated to the functions for the government-wide statements. Employee benefits, on-behalf TPAF pension contributions, reimbursed TPAF Social Security contributions and compensated absences accruals have been allocated based on salaries by function. Depreciation expense which was not specifically identified by function has been allocated based on the current year expenses by function.

Note 2 - Deposits 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 amortized 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. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the District has adopted a cash management plan that 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.

NJSA 17:9-41 e.t. seq. establishes the requirements for the security of deposits of Governmental Units. The statute requires that no Governmental Unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both State and national banks) and saving banks 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 full amount of their deposits to the Governmental Units.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 2 - Deposits and cash equivalents and investments (continued)

Deposits at June 30, 2016 appear in the financial statements as summarized below:

Cash		\$ 4,289,593
	<u>Ref.</u>	
Cash		
Governmental Funds, Balance Sheet	B-1	\$ 3,553,589
Enterprise Funds, Statement of Net Position	B-4	403,025
Fiduciary Funds, Statement of Net Position	B-7	332,979
Total cash		\$ 4,289,593

Deposits - The District's carrying amount of bank deposits at June 30, 2016 is \$4,289,593 and the bank balance is \$4,424,147. Of the bank balance, \$250,000 is covered by Federal Depository Insurance and \$4,174,147 is insured by GUDPA.

GASB Statement No. 40 "Deposit and Investment Risk Disclosures" requires State and local governments to communicate key information about deposit and investment risks. Required disclosures are as follows:

1. Custodial credit risk disclosures are required for:
 - Deposits that are uninsured and either (a) uncollateralized or (b) collateralized with securities held by the pledging financial institution, or its trust department or agent but not in the government's name
 - Investment securities that are uninsured, are not registered in the name of the government, and are held by either (a) the counterparty or (b) the counterparty's trust department or agent but not in the government's name
2. Credit quality ratings for investments in debt securities, external investment pools, money market funds, bond mutual funds, and other pooled investments of fixed-income securities. As the District has no such investments, this disclosure is not applicable.
3. Disclosure of investments by amount and issuer for any issuer that represents five percent or more of total investments. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds or pools. This disclosure is reported below under Concentration of Credit Risk.
4. Interest rate risk disclosures are required for all debt investments and non-money market like pools. As the District has no such investments, this disclosure is not applicable.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 2 - Deposits and cash equivalents and investments (continued)

5. Investments that are exposed to foreign currency risk should be disclosed. As the District has no such investments this disclosure is not applicable.

Concentration of credit risk

The State of New Jersey does not place any limit on the amount that the District may invest with any one issuer. As of June 30, 2016, the District had no investments.

Note 3 - Capital assets

Capital asset activity for the fiscal year ended June 30, 2016 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 1,129,855	\$ -	\$ -	\$ 1,129,855
Construction in progress	51,600	720,872	-	772,472
Total	<u>1,181,455</u>	<u>720,872</u>	<u>-</u>	<u>1,902,327</u>
Capital assets, being depreciated				
Land improvements	180,777	-	-	180,777
Building & improvements	10,593,332	99,431	-	10,692,763
Furniture & equipment	906,532	123,469	-	1,030,001
Buses & other vehicles	81,150	-	-	81,150
Total	<u>11,761,791</u>	<u>222,900</u>	<u>-</u>	<u>11,984,691</u>
Accumulated depreciation				
Land improvements	108,467	9,039	-	117,506
Building & improvements	2,155,348	240,309	-	2,395,657
Furniture & equipment	398,649	79,984	-	478,633
Buses & other vehicles	58,825	2,791	-	61,616
Total	<u>2,721,289</u>	<u>332,123</u>	<u>-</u>	<u>3,053,412</u>
Total capital assets, being depreciated, net	<u>9,040,502</u>	<u>(109,223)</u>	<u>-</u>	<u>8,931,279</u>
Governmental activities capital assets, net	<u>\$ 10,221,957</u>	<u>\$ 611,649</u>	<u>\$ -</u>	<u>\$ 10,833,606</u>

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 3- Capital assets (continued)

Depreciation expense was charged to governmental functions in the current year as follows:

Instruction		
Other instruction	\$	151,811
Regular Vocational		8,627
Other		3,383
Support services		
Student & instruction		73,344
General & business administration		37,676
School administration		22,813
Plant maintenance		1,084
Transportation		-
Special schools		26,185
Total depreciation expense, governmental activities	\$	332,123

Note 4 - Long-term debt

Long-term liability activity for the year ended June 30, 2016 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
PERS net pension liability	\$ 1,484,922	\$ 384,822	\$ -	\$ 1,869,744	\$ -
Compensated absences payable	552,815	-	36,961	515,854	-
Total governmental activities long-term liabilities	\$ 2,037,737	\$ 384,822	\$ 36,961	\$ 2,385,598	\$ -

Note 5 - Pension plans

Description of systems

Substantially all of the Board's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Teachers' Pension and Annuity Fund (TPAF), Public Employees' Retirement System (PERS) and the Defined Contribution Retirement Program (DCRP). The PERS and TPAF systems are sponsored and administered by the State of New Jersey. The DCRP system is administered by Prudential Financial for the Division of Pensions and Benefits. The Teachers' Pension and Annuity Fund retirement system is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other related non-contributing employers. The Public Employees Retirement System and Defined Contribution Retirement Program are considered cost sharing multiple-employer plans.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 5 - Pension plans (continued)

A. Public employees' retirement systems (PERS)

Plan description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

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

The following represents the membership tiers for PERS:

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

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

Allocation methodology and reconciliation to financial statements

Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the State and local groups of the plan.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 5 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Allocation methodology and reconciliation to financial statements (continued)

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the Schedule of Employer Allocations are applied to amounts presented in the Schedules of Pension Amounts by employer. The allocation percentages for each group as of June 30, 2015 and 2014 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal years ended June 30, 2015 and 2014, respectively.

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented in the Division's Schedule of Employer Allocations and applied to amounts presented in the Schedule of Pension Amounts by Employer are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2015 and 2014. Employer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the Schedule of Pension Amounts by Employer may result in immaterial differences.

Contributions

The contribution policy for PERS is set by NJSA 15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. 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 years 2015 and 2014, the State's pension contribution was less than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, PL 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The Actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 5 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Collective net pension liability and actuarial information

Components of net pension liability

The components of the District's allocable share of the net pension liability for PERS as of June 30, 2015 and 2014 are as follows:

	2015	2014
Total pension liability	\$ 3,590,694	\$ 3,098,805
Plan fiduciary net position	1,720,950	1,613,883
Net pension liability	\$ 1,869,744	\$ 1,484,922

Plan fiduciary net position as a percentage of the total pension liability	47.93%	52.08%
--	--------	--------

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate		3.04%
Salary increases (based on age)		
2012 - 2021		2.15% - 4.40%
Thereafter		3.15% - 5.40%
Investment rate of return		7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and 1 year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 5 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Long-term expected rate of return

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees, and the Actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grad Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad U.S. Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Commodities	1.00%	5.32%
Global Debt ex U.S.	3.50%	-0.40%
REIT	4.25%	5.12%

Discount rate

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 5 - Pension plans (continued)

A. Public employees' retirement systems (PERS) (continued)

Sensitivity of the collective net pension liability to changes in the discount rate

The following presents the collective net pension liability of the District as of June 30, 2015 and 2014, respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

	2015
At current discount rate (4.90%)	\$ 1,869,744
At a 1% lower rate (3.90%)	2,323,863
At a 1% higher rate (5.90%)	1,489,014
	2014
At current discount rate (5.39%)	\$ 1,484,922
At a 1% lower rate (4.39%)	1,868,083
At a 1% higher rate (6.39%)	1,163,165

Collective deferred outflows of resources and deferred inflows of resources

At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 44,606	\$ -
Changes of assumptions	200,796	-
Net difference between projected and actual earnings on pension plan investments		30,062
Changes in proportion and differences between District contributions and proportionate share of contributions	63,327	179,083
District contributions subsequent to the measurement date	71,609	-
Total	\$ 380,248	\$ 209,145

The amount reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e., for the school year ending June 30, 2016, the plan measurement date is June 30, 2015) of \$71,609 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the year ended June 30, 2015:

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 5 - Pension plans (continued)

A. Public employees' retirement systems (PERS) (continued)

Collective deferred outflows of resources and deferred inflows of resources (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Deferred outflows of resources				
Changes of assumptions	\$ 49,038	\$ 248,890	\$ 52,526	\$ 245,402
Deferred inflows of resources				
Difference between projected and actual earnings on pension plan investments	92,935	(49,548)	13,325	30,062
Net of deferred outflows/(inflows)				\$ 215,340

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding employer specific amounts, deferrals from District contributions subsequent to the measurement date, and deferrals from change on proportion) will be recognized in pension expense as follows:

Year ending June 30,

2016	\$ 39,203
2017	39,203
2018	39,203
2019	62,436
2020	35,295
Total	\$ 215,340

Pension expense

For the year ended June 30, 2016, the District recognized net pension expense of \$89,493, which represents the District's proportionate share of allocable plan pension expense of \$122,655, less the net amortization of deferred amounts from changes in proportion of \$26,936, and less other adjustments to the net pension liability of \$6,226. The components of allocable pension expense, which exclude amounts attributable to employer paid member contributions and pension expense related to specific liabilities of individual employers, for the District for the year ending June 30, 2015 are as follows:

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 5 - Pension plans (continued)
A. Public employees' retirement systems (PERS) (continued)
Pension expense (continued)

Service cost	\$ 73,467
Interest on total pension liability	175,083
Member contributions	(40,639)
Administrative expense	1,365
Expected investment return net of investment expense	(125,097)
Pension expense related to specific liabilities of individual employers	(726)
Recognition of deferred inflows/outflows of resources	
Amortization of assumption changes or inputs	43,076
Amortization of expected versus actual experience	9,450
Amortization of projected versus actual investment earnings on pension plan investments	(13,324)
Pension expense	\$ 122,655

B. Teacher's pension and annuity fund (TPAF)

Plan description

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, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

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

The following represents the membership tiers for TPAF:

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

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 5 - Pension plan (continued)

B. Teacher's pension and annuity fund (TPAF) (continued)

Plan description (continued)

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

Special funding situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with NJSA 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 non-employer 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 non-employer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

For purposes of reporting required by GASB Statement No. 68, Accounting and Financial Reporting for Pensions, the District's proportionate share of allocable net pension liability, employer pension expense and related revenue, non-employer contributions and their allocable proportionate percentage for fiscal years ending June 30, 2015 and 2014 is as follows:

	2015	2014
Net pension liability	\$ 8,420,469	\$ 7,692,234
Employer pension expense and related revenue	514,145	413,914
Non-employer contribution	71,599	61,137
Allocable proportionate percentage	0.0133226274%	0.0143923334%

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 5 - Pension plans (continued)

C. Defined contribution retirement program

The Defined Contribution Retirement Program (DCRP) was established under the provisions Ch. 92, PL 2007 and expanded under the provisions of Ch. 89, PL 2008 and Ch. 1, PL 2010 to provide eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Employees eligible to enroll in the program include the following: First, employees enrolled in the Public Employees Retirement System (PERS) or Teachers Pension and Annuity Fund (TPAF) on or after July 1, 2007 who earn salary in excess of maximum compensation limits. Also, employees otherwise eligible to enroll in the TPAF and PERS who do not earn the minimum salary (\$8,300 in 2016) but who earn salary of at least \$5,000 annually are eligible to participate. The program administrator, Prudential Financial, makes information regarding the program available on its New Jersey Defined Contribution Program Web Site: www.prudential.com/njdcrp.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statement and required supplementary information for TPAF and PERS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

Contribution requirements

The contribution policy is set by State statutes and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Significant legislation which became effective October 1, 2011, will gradually increase the employee contribution rate for PERS and TPAF members. Effective October 1, 2011, the rate increased from 5.50% to 6.50% of annual contractual compensation for employees enrolled in the TPAF and PERS pension plans. The rate will increase each year on the first of July over a seven year phase-in period until the withholding rate reaches 7.50% effective July 1, 2018. Contribution rates for DCRP provide for employee contributions of 5.50% of annual contractual compensation as defined. Employers are required to contribute at an actuarially determined rate in TPAF, PERS and DCRP. The actuarially determined contribution includes funding for cost-of-living adjustments, non-contributory death benefits and post-retirement medical premiums. Under current statute, the Board is a noncontributing employer of the TPAF.

Three-year trend information for TPAF (paid on behalf of the District):

<u>Year Funding</u>	<u>TPAF Benefit Cost</u>	<u>Percentage of APC Contributed</u>
06/30/16	\$ 242,704	100%
06/30/15	186,371	100%
06/30/14	160,717	100%

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 5 - Pension plans (continued)
C. Defined contribution retirement program (continued)
Three-year trend information for PERS:

Year Funding	Annual Pension Cost	Percentage of APC Contributed
06/30/16	\$ 71,609	100%
06/30/15	65,383	100%
06/30/14	72,510	100%

During the year ended June 30, 2016, the State of New Jersey contributed \$131,917 to the TPAF for post-retirement medical benefits, \$5,257 for non-contributory insurance premiums and \$105,530 for normal costs and accrued liability costs on behalf of the Board. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$109,905 during the year ended June 30, 2016 for the employer's share of Social Security contributions for TPAF members calculated on their base salaries. These amounts have been included in the financial statements and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB 68.

Note 6 - Post-retirement benefits

Chapter 384 of PL 1987 and Ch. 6 of PL 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. PL 2007, Ch. 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2015, there were 107,314 retirees eligible for post-retirement medical benefits, and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with Ch. 62, PL 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning the fiscal year 1994.

The State is also responsible for the cost attributable to Ch. 126, PL 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a Board of Education or County College with 25 years of service. In fiscal year 2015, the State paid \$214.1 million toward Ch. 126 benefits for 19,056 eligible retired members.

GASB Statement 45 requires certain disclosures relating to governmental entities obligations for other post-employment benefits (OPEB), which are post-employment benefits other than pensions. The District's only material OPEB obligation is for healthcare provided to eligible retirees through the NJ State Health Benefits Program.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Post-retirement benefits (continued)

Plan Description - The School District contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under NJSA 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code, SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. The School District adopted a resolution to participate in the SHBP. The State Health Benefits Commission is the executive body established by the statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, PO Box 295, Trenton, NJ 08625-0295 by visiting their website at (www.nj.gov/treasury/pensions).

Funding Policy - Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis. Information regarding the State's annual contributions, annual OPEB cost and net OPEB obligations is available through the State as noted in the previous paragraph.

Note 7 - Deferred compensation

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403 (b). The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

Valic
Met-Life
AXA Equitable

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 8 - Interfund receivable and payables
 Interfund balances as of June 30, 2016 were as follows:

	Receivable	Payable
General Fund	\$ 368,297	\$ 22,000
Special Revenue Fund	-	76,157
Capital Projects Fund	22,000	292,140
	\$ 390,297	\$ 390,297

The interfund between the General and Special Revenue Fund represent a required loan due to a delay in receipt of grant funds. The interfund between the General and Capital Projects Fund represent a required loan due to a delay in receipt of grant funds.

Note 9 - Contingent liabilities
 In the opinion of management there are no matters pending that will have a material adverse effect on the financial position of the District.

Note 10 - Risk management
 The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability, and student accident and surety bonds. There was no significant reduction in insurance coverage from coverage of the prior year. The District did not have any insurance settlements which exceeded insurance coverage for the past three years. A complete Schedule of Insurance Coverage can be found in the Statistical Section of the Comprehensive Annual Financial Report.

New Jersey Unemployment Compensation Insurance - The District has elected to fund its NJ Unemployment Compensation Insurance under the “Benefit Reimbursement Method.” Under this plan, the District is required to reimburse the NJ Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, and interest earnings, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District’s Unemployment Trust Fund for the current and previous two years:

Fiscal Year	Board Contrib.	Interest Earnings	Employee Contrib.	Amount Reimbursed	Ending Balance
2016 - 2017	\$ -	\$ 189	\$ 4,445	\$ 8,704	\$ 51,746
2014 - 2015	15,500	206	4,632	20,570	55,816
2013 - 2014	15,000	233	4,641	35,068	56,048

Note 11 - Fund balances - budgetary basis
 As described in Note 1 N-Fund Equity (Fund Balance) may be restricted, committed or assigned. An analysis of the General Fund balance on June 30, 2016 and 2015 is as follows:

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 11 - Fund balances - budgetary basis (continued)

	2016	2015
Restricted		
Excess surplus - Represents amount in excess of allowable percentage of expenditures. In accordance with State statute, the excess surplus is designated for utilization in succeeding year's budgets.	\$ 851,959	\$ 294,213
Excess surplus - Designated for subsequent year's expenditures - Represents amount appropriated in the succeeding years budgets.	294,213	263,452
Committed		
Capital reserve account - Represents funds restricted to capital projects in the Districts long range facilities plan.	1,822,026	1,838,437
Maintenance reserve account - Represents funds accumulated for the required maintenance of a facility in accordance with the EFCFA. (NJSA18A:76-9).	440,100	100
Assigned		
Designated surplus - Designated for subsequent year's expenditures - Represents amount appropriated in the succeeding year's budget to reduce tax requirements.	259,411	362,088
Year-end encumbrance - Represents fund balance committed for purchase orders that have been issued but goods or services were not received as of June 30,	965	25,329
Unassigned		
Undesignated - Represents fund balance which has not been restricted or designated.	291,697	310,150
Total fund balance	\$ 3,960,371	\$ 3,093,769

Note 12 - Legal reserve accounts

A Capital Reserve Account was established by the District 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 Districts approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the Department of Education, a District may increase the balance in the capital reserve by appropriating funds in the annual General Fund budget certified for taxes. A District may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to NJSA 19:60-2. Pursuant to NJAC 6A:26-9.1(d)1, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 12 - Legal reserve accounts (continued)

Beginning in fiscal year 2008, Districts are allowed as per NJSA 18A:7F-41(a) & 41(b) to deposit to the legal reserves by Board resolution during the month of June for any unanticipated revenue and/or unexpended line-item appropriation amounts. Pursuant to this State statute, the District deposited \$440,000 to their Maintenance Reserve Account by Board resolution in June 2016 as summarized in the following schedule. The following Schedule is a summarization of the Legal Reserve Accounts for the current year:

Reserve Type	Beginning Balance	District Contrib.	Interest Earnings	Return Unused Withdrawal	Withdrawal	Ending Balance
Capital	\$ 1,838,437	\$ -	\$ 5,589	\$ -	\$ 22,000	\$ 1,822,026
Maintenance	100	440,000	-	-	-	440,100
Total	<u>\$ 1,838,537</u>	<u>\$ 440,000</u>	<u>\$ 5,589</u>	<u>\$ -</u>	<u>\$ 22,000</u>	<u>\$ 2,262,126</u>

Note 13 - Calculation of excess surplus

In accordance with NJSA 18A:7F-7, as amended by PL 2004, Ch. 73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund balance at the fiscal year-end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2016 is \$850,639.

Note 14 - Lease Payable

Effective July 1, 2005, the District entered into a five-year lease for 15,000 square feet of property located in the Bartles Corner Business Park, Raritan Township, NJ. The term of the lease was from July 1, 2004 to June 30, 2011 with an annual rental payment of \$172,500. The lease has been extended for an additional three years with an annual rental of \$189,750 with the right to extend the lease for additional two years. In addition to the annual rent, the District is also responsible for a proportionate share of the real estate taxes and common area charges.

Note 15 - Recent accounting pronouncements not yet effective

The following is a list of recent accounting pronouncements which are not yet effective as of the year-end date of this report:

In August 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 77 "*Tax Abatement Disclosures*". This statement, which is effective for reporting periods beginning after December 15, 2015, is not expected to have a material impact on the District's financial reporting.

In December 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 78 "*Pension's Provided through Certain Multiple-Employer Defined Benefit Pension Plans*". This statement, which is effective for reporting periods beginning December 15, 2015, is not expected to have a material impact on the District's financial reporting.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 15 - Recent accounting pronouncements not yet effective

In December 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 79 “*Certain External Investment Pools and Pool Participants*”. This statement, which is effective for reporting periods beginning December 15, 2015, is not expected to have a material impact on the District’s financial reporting.

In January 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 80 “*Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*”. This statement, which is effective for reporting periods beginning June 15, 2016, is not expected to have a material impact on the District’s financial reporting.

In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 82 “*Pension Issues - an amendment of GASB Statements No. 67 and No. 73*”. This statement is effective for reporting periods beginning June 15, 2016, except for the requirements of Paragraph 7 in a circumstance in which an employer’s pension liability is measured as of a date other than the employer’s most recent fiscal year-end. In that circumstance, the requirements of Paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. This statement is not expected to have a material impact on the District’s financial reporting.

In August 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 77 “*Tax Abatement Disclosures*”. This statement, which is effective for fiscal periods beginning December 15, 2015, is not expected to have an effect on the District’s financial reporting.

Note 16 - Subsequent events

The District has evaluated subsequent events through December 5, 2016, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.

Note 17 - Restatement of prior year net position

During the fiscal year ending June 30, 2016, the District has determined a restatement of the prior year net position is necessary. Due to ongoing updates to the District's capital asset inventory and the timing of the inventory report, adjustments to the inventory report value are necessary. The following is a summary of the District's restatement of net position as of June 30, 2016:

	Governmental Activities
Net position, June 30, 2015 as originally stated	\$ 11,604,679
Add: increase in capital assets	87,115
Net position, June 30, 2015 as restated	\$ 11,691,794

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 18 - Deficit balance in unrestricted net position

The District is reporting a deficit balance in unrestricted net position for governmental activities as of June 30, 2016 of \$(622,776) on Schedule A-1 "Statement of Net Position". The deficit balance is not a negative reflection on the District's financial condition, but is the result of reporting required by GASB Statement No. 68 Accounting and Financial Reporting for Pensions which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the State.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local sources					
County tax levy	\$ 1,582,001	\$ -	\$ 1,582,001	\$ 1,582,001	\$ -
Other Tuition	266,427	-	266,427	325,136	58,709
Tuition from other LEAs within the state	2,174,760	-	2,174,760	2,697,500	522,740
Unrestricted miscellaneous revenues	-	-	-	14,830	14,830
Interest earned on capital reserve funds	3,000	-	3,000	5,589	2,589
Total	4,026,188	-	4,026,188	4,625,056	598,868
State sources					
Categorical special education aid	132,571	-	132,571	132,571	-
Equalization aid	241,040	-	241,040	241,040	-
Categorical security aid	17,448	-	17,448	17,448	-
Adjustment aid	529,253	-	529,253	535,424	6,171
Aid for adult and post-graduate programs	-	-	-	172,515	172,515
Other State aids	10,331	-	10,331	4,160	(6,171)
TPAF Pension (on-behalf)	-	-	-	110,787	110,787
TPAF Social Security (reimbursed)	-	-	-	109,905	109,905
TPAF Post retirement benefits	-	-	-	131,917	131,917
Total	930,643	-	930,643	1,455,767	525,124
Total Revenues	\$ 4,956,831	\$ -	\$ 4,956,831	\$ 6,080,823	\$ 1,123,992
EXPENDITURES					
Current					
Regular programs - undistributed instruction					
Purchased technical services	\$ 161	\$ (161)	\$ -	\$ -	\$ -
Other purchased services	230	(230)	-	-	-
General supplies	5,588	(5,588)	-	-	-
Other objects	980	(980)	-	-	-
Total	6,959	(6,959)	-	-	-
Special education					
Resource room/resource center					
General supplies	207	(207)	-	-	-
Total	207	(207)	-	-	-
Total special education	207	(207)	-	-	-
Regular vocational programs - instruction					
Salaries of teachers	1,056,812	11,751	1,068,563	1,018,993	49,570
Other salaries for instruction	34,738	96	34,834	34,834	-
Purchased professional educational services	239,200	212,542	451,742	370,907	80,835
Purchased technical services	62,150	(1,016)	61,134	51,260	9,874
Other purchased services	113,250	4,119	117,369	114,382	2,987
General supplies	131,500	2,447	133,947	119,927	14,020
Textbooks	30,000	8,341	38,341	37,457	884
Other objects	15,000	(6,932)	8,068	1,494	6,574
Total	1,682,650	231,348	1,913,998	1,749,254	164,744

See independent auditors' report.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Special vocational programs - instruction					
Salaries of teachers	\$ 106,220	\$ 945	\$ 107,165	\$ 107,165	\$ -
Other salaries for instruction	-	400	400	400	-
Purchased professional educational services	1,000	-	1,000	-	1,000
Purchased technical services	1,500	-	1,500	-	1,500
Other purchased services	1,750	(277)	1,473	62	1,411
General supplies	8,000	(2,121)	5,879	4,410	1,469
Textbooks	1,250	-	1,250	92	1,158
Other objects	1,000	-	1,000	198	802
Total	<u>120,720</u>	<u>(1,053)</u>	<u>119,667</u>	<u>112,327</u>	<u>7,340</u>
School-sponsored co/extra curricular activities - instruction					
Salaries	22,034	3,564	25,598	25,598	-
Purchased services	1,300	5,183	6,483	6,183	300
Supplies and materials	1,000	(620)	380	-	380
Other objects	7,850	4,423	12,273	12,273	-
Total	<u>32,184</u>	<u>12,550</u>	<u>44,734</u>	<u>44,054</u>	<u>680</u>
Total instruction regular	<u>\$ 1,842,720</u>	<u>\$ 235,679</u>	<u>\$ 2,078,399</u>	<u>\$ 1,905,635</u>	<u>\$ 172,764</u>
Undistributed expenditures - attendance & social work					
Salaries	\$ 144,005	\$ 6,274	\$ 150,279	\$ 150,279	\$ -
Purchased professional and technical services	1,000	(997)	3	-	3
Other purchased services	250	6,042	6,292	6,292	-
Supplies and materials	3,000	(2,575)	425	2	423
Other objects	13,050	-	13,050	6,695	6,355
Total	<u>161,305</u>	<u>8,744</u>	<u>170,049</u>	<u>163,268</u>	<u>6,781</u>
Undistributed expenditures - health services					
Salaries	5,000	-	5,000	2,189	2,811
Purchased professional and technical services	30,000	-	30,000	30,000	-
Other purchased services	460	1,140	1,600	1,517	83
Supplies and materials	6,000	370	6,370	4,926	1,444
Other objects	750	(370)	380	-	380
Total	<u>42,210</u>	<u>1,140</u>	<u>43,350</u>	<u>38,632</u>	<u>4,718</u>
Undistributed expenditures - guidance					
Salaries of other professional staff	71,000	(6,589)	64,411	33,305	31,106
Purchased professional educational services	850	(100)	750	-	750
Other purchased services	1,450	581	2,031	889	1,142
Supplies and materials	2,500	(481)	2,019	139	1,880
Other objects	500	-	500	49	451
Total	<u>76,300</u>	<u>(6,589)</u>	<u>69,711</u>	<u>34,382</u>	<u>35,329</u>

See independent auditors' report.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Undistributed expenditures - improvement of inst. service					
Salaries of supervisor of instruction	\$ 99,850	\$ -	\$ 99,850	\$ 82,547	\$ 17,303
Salaries of secretarial & clerical assist	44,989	(630)	44,359	20,015	24,344
Salaries of facilitators, math & literacy coaches	50,000	-	50,000	-	50,000
Other purchased professional & technical services	3,000	(700)	2,300	1,025	1,275
Other purchased services	5,919	-	5,919	4,031	1,888
Supplies and materials	3,000	(1,264)	1,736	1,394	342
Other objects	2,500	2,594	5,094	5,094	-
Total	209,258	-	209,258	114,106	95,152
Undistributed expenditures - edu. media service/sch. library					
Purchased professional and technical services	80,000	-	80,000	69,614	10,386
Supplies and materials	24,000	(165)	23,835	2,775	21,060
Other objects	6,000	165	6,165	5,655	510
Total	110,000	-	110,000	78,044	31,956
Undistributed expenditures - instructional staff training services					
Other purchased services	3,260	-	3,260	260	3,000
Supplies and materials	1,203	-	1,203	566	637
Other objects	1,000	-	1,000	59	941
Total	5,463	-	5,463	885	4,578
Undistributed expend. - support service - general admin.					
Salaries	212,260	-	212,260	210,000	2,260
Legal services	45,000	-	45,000	6,064	38,936
Audit fees	17,500	-	17,500	17,500	-
Other purchased professional services	5,500	807	6,307	6,307	-
Purchased technical services	1,500	59	1,559	1,559	-
Communications/Telephone	12,000	(1,663)	10,337	1,073	9,264
BOE other purchased services	18,170	(59)	18,111	16,953	1,158
Misc purch services	16,025	(808)	15,217	9,443	5,774
General supplies	16,293	-	16,293	14,462	1,831
BOE in-house training/meeting supplies	1,000	-	1,000	-	1,000
Miscellaneous expenditures	15,460	1,748	17,208	15,506	1,702
BOE membership dues and fees	500	(85)	415	-	415
Total	361,208	(1)	361,207	298,867	62,340
Undistributed expend. - support service - school admin.					
Salaries of principals/assistant principals	129,150	-	129,150	125,602	3,548
Salaries of other professional staff	41,000	32,685	73,685	73,685	-
Salaries of secretarial and clerical assistants	27,890	-	27,890	25,417	2,473
Other salaries	3,000	-	3,000	-	3,000
Purchased professional and technical services	8,000	(6,500)	1,500	989	511
Other purchased services	28,025	(2,396)	25,629	23,862	1,767
Supplies and materials	15,000	(9,262)	5,738	4,710	1,028
Other objects	3,760	(1,500)	2,260	1,735	525
Total	255,825	13,027	268,852	256,000	12,852

See independent auditors' report.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Undistributed expenditures - central services					
Salaries	\$ 149,500	\$ (74,500)	\$ 75,000	\$ 55,400	\$ 19,600
Purchased professional services	30,000	74,500	104,500	64,013	40,487
Purchased technical services	1,000	-	1,000	-	1,000
Miscellaneous purchased services	4,000	472	4,472	1,756	2,716
Supplies and materials	3,704	-	3,704	2,152	1,552
Other objects	5,000	(472)	4,528	-	4,528
Total	<u>193,204</u>	<u>-</u>	<u>193,204</u>	<u>123,321</u>	<u>69,883</u>
Undistributed expend. - required maint. for school facilities					
Salaries	20,000	(3,687)	16,313	4,125	12,188
Cleaning, repair, and maintenance services	57,040	12,954	69,994	69,793	201
Total	<u>77,040</u>	<u>9,267</u>	<u>86,307</u>	<u>73,918</u>	<u>12,389</u>
Undistributed expenditures - custodial services					
Salaries	92,251	-	92,251	88,313	3,938
Cleaning, repair, and maintenance service	101,176	(11,775)	89,401	31,345	58,056
Rental of land & bldg. other than lease purch agreement	367,630	2,508	370,138	307,845	62,293
Other purchased property services	6,300	755	7,055	6,468	587
Insurance	21,000	2,466	23,466	23,466	-
General supplies	27,413	(4,046)	23,367	17,128	6,239
Energy (natural gas)	70,000	-	70,000	23,412	46,588
Energy (electricity)	137,500	-	137,500	101,337	36,163
Energy (oil)	5,000	-	5,000	1,610	3,390
Total	<u>828,270</u>	<u>(10,092)</u>	<u>818,178</u>	<u>600,924</u>	<u>217,254</u>
Undistributed expenditures - security					
Salaries	41,500	-	41,500	38,500	3,000
Purchased professional and technical services	-	736	736	736	-
General supplies	1,000	(152)	848	-	848
Other objects	860	(584)	276	-	276
Total	<u>43,360</u>	<u>-</u>	<u>43,360</u>	<u>39,236</u>	<u>4,124</u>
Undistributed expenditures - student transportation service					
Salaries for pupil trans (other than between home & school)	8,000	-	8,000	-	8,000
Cleaning, repair, & maint. services	3,000	-	3,000	280	2,720
Contract service (oth. than between home & school) - vend	13,274	1	13,275	10,633	2,642
General supplies	1,500	-	1,500	963	537
Other objects	1,000	-	1,000	214	786
Total	<u>26,774</u>	<u>1</u>	<u>26,775</u>	<u>12,090</u>	<u>14,685</u>
Allocated benefits - employee benefits					
Vocational programs - instruction					
Social Security contributions	25,000	-	25,000	5,579	19,421
Other retirement contributions - PERS	12,878	-	12,878	6,893	5,985
Unemployment compensation	15,000	(5,352)	9,648	-	9,648
Workmen's compensation	16,000	5,352	21,352	18,850	2,502
Health benefits	284,600	22,202	306,802	283,582	23,220
Tuition reimbursement	20,000	(17,531)	2,469	2,469	-
Other employee benefits	14,607	(4,672)	9,935	134	9,801
Total	<u>388,085</u>	<u>(1)</u>	<u>388,084</u>	<u>317,507</u>	<u>70,577</u>

See independent auditors' report.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Attendance and social work services					
Social Security contributions	\$ 2,695	\$ 164	\$ 2,859	\$ 2,859	\$ -
Other retirement contributions - PERS	4,530	(164)	4,366	4,288	78
Workmen's compensation	1,300	-	1,300	1,300	-
Health benefits	67,945	-	67,945	67,551	394
Tuition reimbursement	1,984	-	1,984	-	1,984
Total	<u>78,454</u>	<u>-</u>	<u>78,454</u>	<u>75,998</u>	<u>2,456</u>
Health services					
Social Security contributions	400	-	400	-	400
Total	<u>400</u>	<u>-</u>	<u>400</u>	<u>-</u>	<u>400</u>
Other supp services - guidance					
Social Security contributions	5,450	-	5,450	2,451	2,999
Unemployment compensation	500	-	500	-	500
Workmen's compensation	500	262	762	762	-
Health benefits	32,143	(262)	31,881	20,658	11,223
Total	<u>38,593</u>	<u>-</u>	<u>38,593</u>	<u>23,871</u>	<u>14,722</u>
Improvement of instruction services					
Social Security contributions	3,630	-	3,630	1,382	2,248
Other retirement contributions - PERS	858	-	858	572	286
Workmen's compensation	1,500	-	1,500	1,458	42
Health benefits	19,816	-	19,816	7,763	12,053
Tuition reimbursement	17,480	-	17,480	-	17,480
Total	<u>43,284</u>	<u>-</u>	<u>43,284</u>	<u>11,175</u>	<u>32,109</u>
Support services - general administration					
Social Security contributions	4,870	-	4,870	3,789	1,081
Other retirement contributions - PERS	9,500	-	9,500	8,500	1,000
Workmen's compensation	2,750	-	2,750	2,054	696
Health benefits	44,071	(5,322)	38,749	31,006	7,743
Other employee benefits	-	5,322	5,322	1,000	4,322
Total	<u>61,191</u>	<u>-</u>	<u>61,191</u>	<u>46,349</u>	<u>14,842</u>
Support services - school administration					
Social Security contributions	5,275	2,533	7,808	7,808	-
Other retirement contributions - PERS	7,500	7,619	15,119	15,119	-
Workmen's compensation	1,500	510	2,010	2,010	-
Health benefits	39,381	(8,733)	30,648	15,338	15,310
Tuition reimbursement	3,000	(1,930)	1,070	-	1,070
Other employee benefits	800	-	800	800	-
Total	<u>57,456</u>	<u>(1)</u>	<u>57,455</u>	<u>41,075</u>	<u>16,380</u>

See independent auditors' report.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Support services - central services					
Social Security contributions	\$ 6,000	\$ -	\$ 6,000	\$ 4,155	\$ 1,845
Other retirement contributions - PERS	13,000	4,547	17,547	16,913	634
Workmen's compensation	1,700	-	1,700	740	960
Health benefits	32,600	(32,600)	-	-	-
Tuition reimbursement	5,000	-	5,000	-	5,000
Other employee benefits	5,000	-	5,000	274	4,726
Total	<u>63,300</u>	<u>(28,053)</u>	<u>35,247</u>	<u>22,082</u>	<u>13,165</u>
Operation and maintenance of plant service					
Social Security contributions	8,400	3,243	11,643	11,643	-
Other retirement contributions - PERS	14,000	(10,994)	3,006	-	3,006
Workmen's compensation	5,000	-	5,000	-	5,000
Health benefits	30,100	1,252	31,352	30,072	1,280
Other employee benefits	6,000	(2,120)	3,880	-	3,880
Total	<u>63,500</u>	<u>(8,619)</u>	<u>54,881</u>	<u>41,715</u>	<u>13,166</u>
Student transportation services					
Social Security contributions	600	-	600	-	600
Other retirement contributions - PERS	1,200	-	1,200	-	1,200
Workmen's compensation	200	-	200	110	90
Total	<u>2,000</u>	<u>-</u>	<u>2,000</u>	<u>110</u>	<u>1,890</u>
Total allocated benefits - employees	<u>\$ 796,263</u>	<u>\$ (36,674)</u>	<u>\$ 759,589</u>	<u>\$ 579,882</u>	<u>\$ 179,707</u>
Unallocated benefits - employee benefits					
Unused sick payment to terminated/retired staff	\$ -	\$ 36,672	\$ 36,672	\$ 36,672	\$ -
Total	<u>-</u>	<u>36,672</u>	<u>36,672</u>	<u>36,672</u>	<u>-</u>
On-behalf TPAF pension contribution	-	-	-	110,787	(110,787)
On-behalf TPAF post retirement medical benefits	-	-	-	131,917	(131,917)
Reimbursed TPAF Social Security contribution	-	-	-	109,905	(109,905)
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>352,609</u>	<u>(352,609)</u>
Total undistributed expenditures	<u>\$ 3,186,480</u>	<u>\$ 15,495</u>	<u>\$ 3,201,975</u>	<u>\$ 2,802,836</u>	<u>\$ 399,139</u>
Total current	<u>\$ 5,029,200</u>	<u>\$ 251,174</u>	<u>\$ 5,280,374</u>	<u>\$ 4,708,471</u>	<u>\$ 571,903</u>
Capital outlay					
Equipment					
Vocational programs					
Vocational programs - regular programs	\$ 45,000	\$ -	\$ 45,000	\$ 11,065	\$ 33,935
Total equipment	<u>45,000</u>	<u>-</u>	<u>45,000</u>	<u>11,065</u>	<u>33,935</u>
Facilities acquisition and construction service					
Assessment for debt service on SDA funding	37,934	-	37,934	37,934	-
Total facilities acquisition and construction service	<u>37,934</u>	<u>-</u>	<u>37,934</u>	<u>37,934</u>	<u>-</u>
Total capital outlay	<u>\$ 82,934</u>	<u>\$ -</u>	<u>\$ 82,934</u>	<u>\$ 48,999</u>	<u>\$ 33,935</u>

See independent auditors' report.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Special schools					
Vocational evening-local-instruction					
Salaries of teachers	\$ 170,000	\$ (2,879)	\$ 167,121	\$ 156,825	\$ 10,296
Purchased professional and technical services	12,580	-	12,580	2,973	9,607
Other purchased services	2,500	278	2,778	2,778	-
General supplies	46,582	(5,098)	41,484	24,652	16,832
Textbooks	17,700	9,333	27,033	22,747	4,286
Other objects	6,724	(1,528)	5,196	625	4,571
Total	<u>256,086</u>	<u>106</u>	<u>256,192</u>	<u>210,600</u>	<u>45,592</u>
Vocational evening-local-support serv.					
Salaries	113,279	(18,807)	94,472	88,832	5,640
Personal services - employee benefits	75,950	19,223	95,173	94,428	745
Purchased professional and technical services	8,150	(6,272)	1,878	800	1,078
Other purchased services	31,776	10,745	42,521	39,586	2,935
Supplies and materials	6,000	(4,993)	1,007	505	502
Other objects	1,325	-	1,325	-	1,325
Total	<u>236,480</u>	<u>(104)</u>	<u>236,376</u>	<u>224,151</u>	<u>12,225</u>
Total special schools	<u>\$ 492,566</u>	<u>\$ 2</u>	<u>\$ 492,568</u>	<u>\$ 434,751</u>	<u>\$ 57,817</u>
Total expenditures	<u>\$ 5,604,700</u>	<u>\$ 251,176</u>	<u>\$ 5,855,876</u>	<u>\$ 5,192,221</u>	<u>\$ 663,655</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (647,869)</u>	<u>\$ (251,176)</u>	<u>\$ (899,045)</u>	<u>\$ 888,602</u>	<u>\$ 1,787,647</u>
Other financing sources (uses)					
Capital reserve - transfer to capital projects fund	-	-	-	(22,000)	(22,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(22,000)</u>	<u>(22,000)</u>
Excess (deficiency) of revenues & other financing sources					
Over (under) expenditures & other financing uses	(647,869)	(251,176)	(899,045)	866,602	1,765,647
Fund balances, July 1	3,093,769	-	3,093,769	3,093,769	-
Fund balances, June 30	<u>\$ 2,445,900</u>	<u>\$ (251,176)</u>	<u>\$ 2,194,724</u>	<u>\$ 3,960,371</u>	<u>\$ 1,765,647</u>
Recapitulation of excess (deficiency) of revenues over (under) expenditures					
Adjustment for prior year encumbrances	\$ (25,329)	\$ -	\$ (25,329)	\$ (25,329)	\$ -
Interest deposit to capital reserve	3,000	-	3,000	5,589	2,589
Withdrawal from capital reserve	-	-	-	(22,000)	(22,000)
Increase in maintenance reserve	-	440,000	440,000	440,000	-
Budgeted fund balance	(625,540)	(691,176)	(1,316,716)	468,342	1,785,058
Total	<u>\$ (647,869)</u>	<u>\$ (251,176)</u>	<u>\$ (899,045)</u>	<u>\$ 866,602</u>	<u>\$ 1,765,647</u>

See independent auditors' report.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Recapitulation of fund balance					
Restricted fund balance					
Excess surplus - designated for subsequent year's expenditures				\$ 294,213	
Excess surplus - current year				850,639	
Committed fund balance					
Capital reserve				1,822,026	
Maintenance reserve				440,100	
Assigned fund balance					
Designated for subsequent year's expenditures				259,411	
Year-end encumbrances				965	
Unassigned fund balance				<u>293,017</u>	
 Fund balance per budgetary basis				 3,960,371	
 Reconciliation to governmental statements (GAAP)					
Last State aid payments not recognized on GAAP basis				<u>(106,526)</u>	
 Fund balance per governmental funds (GAAP)				 <u><u>\$ 3,853,845</u></u>	

See independent auditors' report.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Federal sources	\$ 42,342	\$ -	\$ 42,342	\$ 42,342	\$ -
State sources	1,410,894	10,069	1,420,963	402,537	(1,018,426)
Local sources	188,778	-	188,778	162,736	(26,042)
Total revenues	\$ 1,642,014	\$ 10,069	\$ 1,652,083	\$ 607,615	\$ (1,044,468)
Expenditures					
Instruction					
Salaries	\$ 7,339	\$ (3,633)	\$ 3,706	\$ 3,706	\$ -
Other purchased services	7,180	-	7,180	25	7,155
Supplies	251,064	7,405	258,469	88,328	170,141
Other objects	33,000	-	33,000	-	33,000
Total	298,583	3,772	302,355	92,059	210,296
Support services					
Salaries	293,955	(11,302)	282,653	158,136	124,517
Employee benefits	29,675	(2)	29,673	19,551	10,122
Purchased professional educational services	231,201	(116,908)	114,293	114,293	-
Purchased professional and technical services	365,264	(77,292)	287,972	18,427	269,545
Other purchased services	34,905	226,112	261,017	33,283	227,734
Promotion/Advertising	-	21,087	21,087	13,652	7,435
Travel	21,220	(7,502)	13,718	5,928	7,790
Supplies	18,305	18,898	37,203	12,586	24,617
Other objects	51,007	(22,110)	28,897	27,297	1,600
Total	1,045,532	30,981	1,076,513	403,153	673,360
Capital outlay					
Instructional equipment	253,958	(5,675)	248,283	108,717	139,566
Non-instructional equipment	43,940	(19,008)	24,932	3,686	21,246
Total	297,898	(24,683)	273,215	112,403	160,812
Total expenditures	\$ 1,642,013	\$ 10,070	\$ 1,652,083	\$ 607,615	\$ 1,044,468

See independent auditors' report.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to Required Supplementary Information
Budgetary Comparison Schedule

Explanation of Differences Between Budgetary Inflows and
Outflows and GAAP Revenues and Expenditures

<u>Sources/Inflows of Resources</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 6,080,823	\$ 607,615
Difference - Budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized:		
Outstanding encumbrances prior year	-	31,612
Outstanding encumbrances current year	-	(277)
The last State aid payment is 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 expenses (GASB 33):		
State aid receivable prior year	89,279	-
State aid receivable current year	(106,526)	-
Total revenues (GAAP Basis)	<u>\$ 6,063,576</u>	<u>\$ 638,950</u>
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 5,192,221	\$ 607,615
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized:		
Outstanding encumbrances prior year	-	31,612
Outstanding encumbrances current year	-	(277)
Total expenditures (GAAP Basis)	<u>\$ 5,192,221</u>	<u>\$ 638,950</u>

See independent auditors' report.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability - Teacher's Pension and Annuity Fund
Last Ten Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
District's proportion of the net pension liability (asset) - percentage	N/A	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A	N/A
District's proportion of the net pension liability (asset) - value	N/A	\$ -	\$ -	\$ -	N/A	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	N/A	8,420,469	7,692,234	7,931,977	N/A	N/A	N/A	N/A	N/A	N/A
Total	\$ -	\$ 8,420,469	\$ 7,692,234	\$ 7,931,977	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	N/A	\$ 1,391,968	\$ 1,362,171	\$ 1,231,182	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	28.71%	33.64%	33.76%	N/A	N/A	N/A	N/A	N/A	N/A

See independent auditors' report.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Schedule of Pension Contributions - Teacher's Pension and Annuity Fund
Last Ten Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contribution	\$ 110,787	\$ 72,027	\$ 60,886	\$ 101,414	\$ 54,687	\$ 5,617	\$ 6,110	\$ 5,908	\$ 141,528	\$ 78,016
Contributions in relation to the contractually required contribution	(110,787)	(72,027)	(60,886)	(101,414)	(54,687)	(5,617)	(6,110)	(5,908)	(141,528)	(78,016)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 1,467,889	\$ 1,391,968	\$ 1,362,171	\$ 1,231,182	\$ 1,310,220	\$ 1,439,127	\$ 1,658,543	\$ 1,696,572	\$ 1,713,900	\$ 1,822,284
Contributions as a percentage of covered employee payroll	7.55%	5.17%	4.47%	8.24%	4.17%	0.39%	0.37%	0.35%	8.26%	4.28%

See independent auditors' report.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability - Public Employees Retirement System
Last Ten Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
District's proportion of the net pension liability (asset) - percentage	N/A	0.0083292254%	0.0079311189%	0.9290231900%	N/A	N/A	N/A	N/A	N/A	N/A
District's proportion of the net pension liability (asset) - value	N/A	\$ 1,869,744	\$ 1,484,922	\$ 1,775,548	N/A	N/A	N/A	N/A	N/A	N/A
District's covered employee payroll	N/A	531,819	532,069	536,849	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	351.58%	279.08%	330.74%	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	47.93%	52.08%	48.72%	N/A	N/A	N/A	N/A	N/A	N/A

See independent auditors' report.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Schedule of Pension Contributions - Public Employees Retirement System
Last Ten Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contribution	\$ 71,609	\$ 65,383	\$ 70,000	\$ 66,882	\$ 50,190	\$ 43,304	\$ 34,790	\$ 38,415	\$ 24,980	\$ 11,835
Contributions in relation to the contractually required contribution	(71,609)	(65,383)	(70,000)	(66,882)	(50,190)	(43,304)	(34,790)	(38,415)	(24,980)	(11,835)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 627,714	\$ 531,819	\$ 532,069	\$ 536,849	\$ 519,615	\$ 520,000	\$ 410,188	\$ 381,780	\$ 394,335	\$ 440,697
Contributions as a percentage of covered employee payroll	11.41%	12.29%	13.16%	12.46%	9.66%	8.33%	8.48%	10.06%	6.33%	2.69%

See independent auditors' report.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Required Supplementary Information - Part III
(Unaudited)
June 30, 2016

Note 1 - Special funding situation - TPAF

The participating employer allocations included in the Supplemental Schedule of Employer Special Funding Allocations and the Supplemental Schedule of Special Funding amounts by Employer for each local employer are provided as each local employer is required to record in their financial statements, as an expense and corresponding revenue, their proportionate share of the pension expense allocated to the State of New Jersey (the State) under the special-funding situation and include their proportionate share of the net pension liability in their respective notes to their financial statements. For this purpose, the proportionate share was developed based on actual contributions made to the Teachers' Pension and Annuity Fund allocated to employers based upon covered payroll and adjusted by expected State Early Retirement Incentive contributions for the respective fiscal year.

SPECIAL REVENUE FUND

DETAIL STATEMENTS

The special revenue fund is used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted expenditures for specific purposes.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2016

	Youth Community Outreach	NJ LWD County Apprenticeship	Youth Transitions to Work	County Vocational		Perkins			Haver Grant	Ingersoll Rand Foundation	United Way	NCLB Title IIA	Total
				Biomedical Partnership	Computers	Post Secondary	Secondary	Secondary Reserve					
Revenues													
Federal sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,234	\$ 13,992	\$ -	\$ -	\$ -	\$ 3,116	\$ 42,342
State sources	-	34,221	82,213	6,684	176,868	102,551	-	-	-	-	-	-	402,537
Local sources	104,088	-	-	-	-	-	-	-	50,000	8,259	389	-	162,736
Total revenues	\$ 104,088	\$ 34,221	\$ 82,213	\$ 6,684	\$ 176,868	\$ 102,551	\$ 25,234	\$ 13,992	\$ 50,000	\$ 8,259	\$ 389	\$ 3,116	\$ 607,615
Expenditures													
Instruction													
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,506	\$ -	\$ 1,200	\$ -	\$ -	\$ 3,706
Other purchased services	-	-	-	-	25	-	-	-	-	-	-	-	25
Supplies	-	-	23,735	87	46,735	7,383	5,368	-	-	5,020	-	-	88,328
Total	-	-	23,735	87	46,760	7,383	5,368	2,506	-	6,220	-	-	92,059
Support services													
Salaries	69,308	21,700	41,583		17,425		4,520	3,600					158,136
Employee benefits	11,548	1,661	3,848		1,286		260	467		92	389		19,551
Purchased professional educational services	-	-	-	6,337	92,796	15,160	-	-	-	-	-	-	114,293
Purchased professional and technical services	-	-	-	-	7,528	6,680	-	1,103	-	-	-	3,116	18,427
Other purchased services	2,500	225	6,107	260	3,065	18,110	669	400	-	1,947	-	-	33,283
Promotion/Advertising	6,884	4,319	2,449	-	-	-	-	-	-	-	-	-	13,652
Travel		628	711	-	582	2,218	1,789	-	-	-	-	-	5,928
Supplies	1,848	1,966	1,080	-	7,426	-	-	266	-	-	-	-	12,586
Other Objects	12,000	3,722	2,700	-	-	-	3,225	5,650	-	-	-	-	27,297
Total	104,088	34,221	58,478	6,597	130,108	42,168	10,463	11,486	-	2,039	389	3,116	403,153
Capital Outlay													
Instructional equipment	-	-	-	-	-	53,000	9,403	-	46,314	-	-	-	108,717
Non-instructional equipment	-	-	-	-	-	-	-	-	3,686	-	-	-	3,686
Total	-	-	-	-	-	53,000	9,403	-	50,000	-	-	-	112,403
Total expenditures	\$ 104,088	\$ 34,221	\$ 82,213	\$ 6,684	\$ 176,868	\$ 102,551	\$ 25,234	\$ 13,992	\$ 50,000	\$ 8,259	\$ 389	\$ 3,116	\$ 607,615

See independent auditors' report.

CAPITAL PROJECTS FUND

DETAIL STATEMENTS

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.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Project Expenditures
For the Fiscal Year Ended June 30, 2016

Description	Approval Date	Revised Budgetary Appropriations	Expenditures to Date		Unexpended Appropriations 06/30/16
			Prior Years	Current Year	
Electrical Service/Lighting Controls/PA System	4/23/2015	\$ 772,519	\$ 51,600	\$ 720,872	\$ 47
		<u>\$ 772,519</u>	<u>\$ 51,600</u>	<u>\$ 720,872</u>	<u>\$ 47</u>

See independent auditors' report.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budgetary Basis
For the Fiscal Year Ended June 30, 2016

Revenues and other financing sources	
Operating transfer - capital reserve	\$ 22,000
Total revenues	<u>22,000</u>
 Expenditures and other financing sources	
Purchased professional services	12,928
Construction services	<u>707,944</u>
Total expenditures	<u>720,872</u>
 Excess (deficiency) of revenues and other financing sources	
Over (under) expenditures and other financing uses	(698,872)
 Net position - beginning	<u>698,919</u>
 Net position - ending	<u><u>\$ 47</u></u>

See independent auditors' report.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status
Budgetary Basis
Electrical Service/Lighting Controls/PA System
For the Fiscal Year Ended June 30, 2016

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Local sources				
Operating transfer - capital reserve	\$ 450,311	\$ 22,000	\$ 472,311	\$ 472,311
State sources				
School development authority grant	300,208	-	300,208	300,208
Total revenues	<u>750,519</u>	<u>22,000</u>	<u>772,519</u>	<u>772,519</u>
Expenditures and other financing uses				
Purchased professional services	51,600	12,928	64,528	64,871
Construction services	-	707,944	707,944	707,648
Total expenditures	<u>51,600</u>	<u>720,872</u>	<u>772,472</u>	<u>772,519</u>
Excess (deficiency) of revenues over (under)				
Expenditures	<u>\$ 698,919</u>	<u>\$ (698,872)</u>	<u>\$ 47</u>	<u>\$ -</u>

Additional Project Information

Project number	2308-050-14-G3AV
Grant date	4/23/2015
Grant authorized	\$ 300,208
Grant issued	\$ 300,208
Original authorized cost	\$ 750,519
Additional authorized cost	\$ 22,000
Revised authorized cost	\$ 772,519
Percentage completion	99.99%

See independent auditors' report.

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.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Statement of Fund Net Position
Enterprise Fund
For the Fiscal Year Ended June 30, 2016

	<u>Special Services</u>
Assets	
Current assets	
Cash and cash equivalents	\$ 403,025
Total assets	<u>403,025</u>
Liabilities	
Accounts payable	969
Total liabilities	<u>969</u>
Net position	
Unrestricted	<u>402,056</u>
Total net position	<u><u>\$ 402,056</u></u>

See independent auditors' report.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Statement of Revenues, Expenses, and
Changes in Fund Net Position
Enterprise Fund
For the Fiscal Year Ended June 30, 2016

	Special Services
Operating revenues	
Charges for services	
Program fees	\$ 23,739
Total operating revenues	23,739
Operating expenses	
Salaries	19,683
Support services - employee benefits	21,641
Supplies and materials	7,847
Miscellaneous expenditures	150
Total operating expenses	49,321
Change in net position	(25,582)
Net position, beginning	427,638
Net position, ending	\$ 402,056

See independent auditors' report.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Statement of Cash Flows
Enterprise Fund
For the Fiscal Year Ended June 30, 2016

	Special Services
Cash flows from operating activities	
Receipts from customers	\$ 23,739
Payments to vendors (net)	(48,802)
Net cash provided by operating activities	(25,063)
Cash and cash equivalents, July 1	428,088
Cash and cash equivalents, June 30	\$ 403,025
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	
Operating income (loss)	\$ (25,582)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities	
Increase (decrease) in accounts payable	519
Net cash provided by (used for) operating activities	\$ (25,063)

See independent auditors' report.

FIDUCIARY FUND

DETAIL STATEMENTS

Fiduciary funds are used to account for funds received by the School District as an agent for individuals, private organizations, other government and/or other funds.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Fiduciary Funds
Combining Schedule of Net Position in Fiduciary Funds
June 30, 2016

	Unemployment Compensation Fund	Private Purpose Scholarship Fund	Student Activity Agency Fund	Payroll Agency Fund	Total
Assets					
Cash and cash equivalents	\$ 52,126	\$ 20,300	\$ 189,799	\$ 70,754	\$ 332,979
Total assets	52,126	20,300	189,799	70,754	332,979
Liabilities					
Due to student groups	-	-	189,799	-	189,799
Accounts Payable	380	-	-	-	380
Summer pay	-	-	-	64,722	64,722
Flexible Spending	-	-	-	3,470	3,470
Payroll deductions & withholdings	-	-	-	2,562	2,562
Total liabilities	380	-	189,799	70,754	260,933
Net position					
Held in trust for unemployment claims & other purposes	\$ 51,746	\$ 20,300	\$ -	\$ -	\$ 72,046

See independent auditors' report.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Fiduciary Funds
Combining Schedule of Changes in Fiduciary Net Position
June 30, 2016

	Unemployment Compensation Fund	Private Purpose Scholarship Fund	Total
Additions			
Contributions			
Employee withholdings	\$ 4,445	\$ -	\$ 4,445
Awards and donations	-	200	200
Investment earnings - interest	189	75	264
Total additions	<u>4,634</u>	<u>275</u>	<u>4,909</u>
Deductions			
Scholarship awards	-	1,000	1,000
Unemployment claims	<u>8,704</u>	<u>-</u>	<u>8,704</u>
Total deductions	<u>8,704</u>	<u>1,000</u>	<u>9,704</u>
Change in net position	(4,070)	(725)	(4,795)
Net position, beginning of the year	<u>55,816</u>	<u>21,025</u>	<u>76,841</u>
Net position, end of the year	<u>\$ 51,746</u>	<u>\$ 20,300</u>	<u>\$ 72,046</u>

See independent auditors' report.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Fiduciary Funds
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2016

	Balance 06/30/15	Additions	Deletions	Balance 06/30/16
Assets				
Cash and cash equivalents	\$ 192,783	\$ 149,763	\$ 152,747	\$ 189,799
Total assets	\$ 192,783	\$ 149,763	\$ 152,747	\$ 189,799
Liabilities				
Hunterdon Central Campus	\$ 49,125	\$ 45,936	\$ 54,527	\$ 40,534
Bartle's Corner Campus	128,240	70,967	62,125	137,082
Culinary arts	13,908	32,856	36,001	10,763
Marketing account	1,510	4	94	1,420
Total liabilities	\$ 192,783	\$ 149,763	\$ 152,747	\$ 189,799

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HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Fiduciary Funds
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2016

	Balance 06/30/15	Additions	Deletions	Balance 06/30/16
Assets				
Cash and cash equivalents	\$ 71,642	\$ 2,847,548	\$ 2,848,436	\$ 70,754
Total assets	\$ 71,642	\$ 2,847,548	\$ 2,848,436	\$ 70,754
Liabilities				
Summer pay	\$ 66,787	\$ 64,814	\$ 66,879	\$ 64,722
Flexible spending	3,614	3,156	3,300	3,470
Payroll deductions and withholdings	1,241	1,152,114	1,150,793	2,562
Net payroll	-	1,627,464	1,627,464	-
Total liabilities	\$ 71,642	\$ 2,847,548	\$ 2,848,436	\$ 70,754

See independent auditors' report.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Statistical Section J Series

CONTENTS	PAGE
FINANCIAL TRENDS	
These schedules contain trend information to help the reader understand how the District's financial performance and well being have changed over time.	J-1 to J-5
REVENUE CAPACITY	
This schedule contains trend information to help the reader assess the District's most significant local revenue sources, the property tax.	J-6
DEMOGRAPHIC AND ECONOMIC INFORMATION	
This schedule offers demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	J-7
OPERATING INFORMATION	
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	J-8 to J-10
Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports (CAFR) for the relevant year.	

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Net Position by Component
Last Ten Fiscal Years (Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Government activities										
Net investment in capital assets	\$ 11,910,784	\$ 11,789,666	\$ 11,575,589	\$ 11,364,335	\$ 11,064,040	\$ 10,827,852	\$ 10,599,330	\$ 10,364,814	\$ 10,134,842	\$ 10,833,606
Restricted	256,907	561,260	672,875	675,039	647,375	901,225	1,403,829	1,907,619	2,537,456	2,262,173
Unrestricted	1,237,659	893,493	682,463	515,299	936,188	1,093,737	1,089,099	(1,068,097)	(1,067,619)	(622,776)
Total governmental activities	<u>\$ 13,405,350</u>	<u>\$ 13,244,419</u>	<u>\$ 12,930,927</u>	<u>\$ 12,554,673</u>	<u>\$ 12,647,603</u>	<u>\$ 12,822,814</u>	<u>\$ 13,092,258</u>	<u>\$ 11,204,336</u>	<u>\$ 11,604,679</u>	<u>\$ 12,473,003</u>
Business-type activities										
Unrestricted	\$ 333,752	\$ 419,139	\$ 482,313	\$ 440,945	\$ 422,869	\$ 453,708	\$ 439,219	\$ 433,719	\$ 427,638	\$ 402,056
Total business-type activities	<u>\$ 333,752</u>	<u>\$ 419,139</u>	<u>\$ 482,313</u>	<u>\$ 440,945</u>	<u>\$ 422,869</u>	<u>\$ 453,708</u>	<u>\$ 439,219</u>	<u>\$ 433,719</u>	<u>\$ 427,638</u>	<u>\$ 402,056</u>
District-wide										
Net investment in capital assets	\$ 11,910,784	\$ 11,789,666	\$ 11,575,589	\$ 11,364,335	\$ 11,064,040	\$ 10,827,852	\$ 10,599,330	\$ 10,364,814	\$ 10,134,842	\$ 10,833,606
Restricted	256,907	561,260	672,875	675,039	647,375	901,225	1,403,829	1,907,619	2,537,456	2,262,173
Unrestricted	1,571,411	1,312,632	1,164,776	956,244	1,359,057	1,547,445	1,528,318	(634,378)	(639,981)	(220,720)
Total district-wide	<u>\$ 13,739,102</u>	<u>\$ 13,663,558</u>	<u>\$ 13,413,240</u>	<u>\$ 12,995,618</u>	<u>\$ 13,070,472</u>	<u>\$ 13,276,522</u>	<u>\$ 13,531,477</u>	<u>\$ 11,638,055</u>	<u>\$ 12,032,317</u>	<u>\$ 12,875,059</u>

See independent auditors' report.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Changes in Net Position
Last Ten Fiscal Years (Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities										
Instruction										
Vocational education	\$ 2,416,327	\$ 2,225,999	\$ 2,251,446	\$ 2,218,999	\$ 2,221,863	\$ 2,321,325	\$ 2,082,488	\$ 2,369,806	\$ 2,816,213	\$ 3,096,664
Other instruction	37,523	36,138	51,363	23,223	25,204	40,021	39,418	43,366	33,784	47,409
Support services										
Student & instruction related services	463,269	642,065	809,308	828,593	656,797	591,881	673,562	944,489	873,426	1,126,684
General & business administrative services	542,377	588,508	653,357	607,792	587,085	575,863	637,242	685,691	623,530	599,850
School administration	155,777	284,535	185,964	199,553	210,065	301,017	300,474	340,249	342,646	385,320
Plant operations & maintenance	700,407	788,016	720,901	753,658	681,217	672,771	660,480	753,556	825,958	765,388
Pupil transportation	23,649	24,772	29,424	24,533	24,497	19,047	16,462	21,935	17,062	14,991
Interest and other debt charges	-	-	-	-	47,529	27,640	37,934	37,934	37,934	37,934
Special schools	658,567	495,097	513,559	460,587	425,601	471,636	477,368	544,346	500,115	460,654
Total governmental activities expenses	<u>4,997,896</u>	<u>5,085,130</u>	<u>5,215,322</u>	<u>5,116,938</u>	<u>4,879,858</u>	<u>5,021,201</u>	<u>4,925,428</u>	<u>5,741,372</u>	<u>6,070,668</u>	<u>6,534,894</u>
Business-type activities										
Special services	232,076	236,055	253,086	48,608	265,846	230,932	234,416	18,438	43,321	49,321
Total business-type activities	<u>232,076</u>	<u>236,055</u>	<u>253,086</u>	<u>48,608</u>	<u>265,846</u>	<u>230,932</u>	<u>234,416</u>	<u>18,438</u>	<u>43,321</u>	<u>49,321</u>
Total district expenses	<u>\$ 5,229,972</u>	<u>\$ 5,321,185</u>	<u>\$ 5,468,408</u>	<u>\$ 5,165,546</u>	<u>\$ 5,145,704</u>	<u>\$ 5,252,133</u>	<u>\$ 5,159,844</u>	<u>\$ 5,759,810</u>	<u>\$ 6,113,989</u>	<u>\$ 6,584,215</u>

See independent auditors' report.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Changes in Net Position (continued)
Last Ten Fiscal Years (Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Program revenues										
Governmental activities										
Charges for services	\$ 1,791,494	\$ 1,707,986	\$ 1,649,513	\$ 1,817,082	\$ 2,112,051	\$ 2,186,689	\$ 2,035,062	\$ 2,365,917	\$ 2,593,739	\$ 3,022,636
Operating grants & contributions	359,475	283,552	506,749	494,030	323,628	340,553	364,725	441,442	361,928	638,950
Total governmental activities program revenues	<u>2,150,969</u>	<u>1,991,538</u>	<u>2,156,262</u>	<u>2,311,112</u>	<u>2,435,679</u>	<u>2,527,242</u>	<u>2,399,787</u>	<u>2,807,359</u>	<u>2,955,667</u>	<u>3,661,586</u>
Business-type activities										
Charges for services										
Special services	305,475	321,442	316,260	7,240	247,770	261,771	219,927	12,938	37,240	23,739
Total business-type activities program revenues	<u>305,475</u>	<u>321,442</u>	<u>316,260</u>	<u>7,240</u>	<u>247,770</u>	<u>261,771</u>	<u>219,927</u>	<u>12,938</u>	<u>37,240</u>	<u>23,739</u>
Total district - program revenues	<u>\$ 2,456,444</u>	<u>\$ 2,312,980</u>	<u>\$ 2,472,522</u>	<u>\$ 2,318,352</u>	<u>\$ 2,683,449</u>	<u>\$ 2,789,013</u>	<u>\$ 2,619,714</u>	<u>\$ 2,820,297</u>	<u>\$ 2,992,907</u>	<u>\$ 3,685,325</u>
Net (expense) revenues										
Governmental activities	\$ (2,846,927)	\$ (3,093,592)	\$ (3,059,060)	\$ (2,805,826)	\$ (2,444,179)	\$ (2,493,959)	\$ (2,525,641)	\$ (2,934,013)	\$ (3,115,001)	\$ (2,873,308)
Business-type activities	73,399	85,387	63,174	(41,368)	(18,076)	30,839	(14,489)	(5,500)	(6,081)	(25,582)
Total district-wide net expenses	<u>\$ (2,773,528)</u>	<u>\$ (3,008,205)</u>	<u>\$ (2,995,886)</u>	<u>\$ (2,847,194)</u>	<u>\$ (2,462,255)</u>	<u>\$ (2,463,120)</u>	<u>\$ (2,540,130)</u>	<u>\$ (2,939,513)</u>	<u>\$ (3,121,082)</u>	<u>\$ (2,898,890)</u>

See independent auditors' report.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Changes in Net Position (continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General revenues & other changes in net position										
Governmental activities										
County taxes levied for general purposes, net	\$ 1,349,206	\$ 1,448,174	\$ 1,448,174	\$ 1,448,174	\$ 1,448,174	\$ 1,448,174	\$ 1,448,174	\$ 1,520,579	\$ 1,550,979	\$ 1,582,001
Unrestricted grants & contributions	1,361,649	1,396,206	1,245,821	950,744	1,076,462	1,196,567	1,238,248	1,203,807	1,637,854	1,952,665
County of Hunterdon contribution - financing of capital projects	-	-	-	-	(14,819)	-	-	-	-	-
Investment earnings	135,935	78,553	20,417	6,954	2,803	17,472	11,310	12,462	13,055	5,589
Capital grants deobligated	2,362,338	-	-	-	-	-	-	-	300,208	-
Miscellaneous income	29,668	9,728	31,156	23,700	24,489	6,957	97,353	15,158	13,248	14,830
Gain (loss) on sale of capital assets	-	-	-	-	-	-	-	(367)	-	-
Operating transfer	64	-	-	-	-	-	-	-	-	-
Special item - insurance proceeds	-	-	-	-	-	-	-	-	-	99,432
Total governmental activities	<u>5,238,860</u>	<u>2,932,661</u>	<u>2,745,568</u>	<u>2,429,572</u>	<u>2,537,109</u>	<u>2,669,170</u>	<u>2,795,085</u>	<u>2,751,639</u>	<u>3,515,344</u>	<u>3,654,517</u>
Business-type activities										
Investment earnings	549	-	-	-	-	-	-	-	-	-
Operating transfer	(64)	-	-	-	-	-	-	-	-	-
Total business-type activities	<u>485</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total district-wide	<u>\$ 5,239,345</u>	<u>\$ 2,932,661</u>	<u>\$ 2,745,568</u>	<u>\$ 2,429,572</u>	<u>\$ 2,537,109</u>	<u>\$ 2,669,170</u>	<u>\$ 2,795,085</u>	<u>\$ 2,751,639</u>	<u>\$ 3,515,344</u>	<u>\$ 3,654,517</u>
Change in net position										
Governmental activities	\$ 2,391,933	\$ (160,931)	\$ (313,492)	\$ (376,254)	\$ 92,930	\$ 175,211	\$ 269,444	\$ (182,374)	\$ 400,343	\$ 781,209
Business-type activities	73,884	85,387	63,174	(41,368)	(18,076)	30,839	(14,489)	(5,500)	(6,081)	(25,582)
Total district	<u>\$ 2,465,817</u>	<u>\$ (75,544)</u>	<u>\$ (250,318)</u>	<u>\$ (417,622)</u>	<u>\$ 74,854</u>	<u>\$ 206,050</u>	<u>\$ 254,955</u>	<u>\$ (187,874)</u>	<u>\$ 394,262</u>	<u>\$ 755,627</u>

See independent auditors' report.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General fund										
Restricted	\$ 770,181	\$ 541,133	\$ 454,099	\$ 450,479	\$ 662,877	\$ 965,522	\$ 1,017,572	\$ 753,187	\$ 557,665	\$ 1,144,852
Committed	223,986	537,128	643,994	646,080	647,375	901,225	1,403,829	1,907,619	1,838,537	2,262,126
Assigned	657,552	475,586	418,133	240,213	379,383	293,009	240,735	226,217	387,417	260,376
Unassigned	200,466	209,848	151,863	146,711	174,075	162,714	161,137	185,381	220,871	186,491
Total general fund	<u>\$ 1,852,185</u>	<u>\$ 1,763,695</u>	<u>\$ 1,668,089</u>	<u>\$ 1,483,483</u>	<u>\$ 1,863,710</u>	<u>\$ 2,322,470</u>	<u>\$ 2,823,273</u>	<u>\$ 3,072,404</u>	<u>\$ 3,004,490</u>	<u>\$ 3,853,845</u>
All other governmental funds										
Restricted, reported in										
Capital projects fund	\$ 32,921	\$ 28,178	\$ 29,061	\$ 28,959	\$ -	\$ -	\$ -	\$ -	\$ 698,919	\$ 47
Total all other governmental funds	<u>\$ 32,921</u>	<u>\$ 28,178</u>	<u>\$ 29,061</u>	<u>\$ 28,959</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 698,919</u>	<u>\$ 47</u>

See independent auditors' report.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
County tax levy	\$ 1,349,206	\$ 1,448,174	\$ 1,448,174	\$ 1,448,174	\$ 1,448,174	\$ 1,448,174	\$ 1,448,174	\$ 1,520,579	\$ 1,550,979	\$ 1,582,001
Tuition charges	1,791,494	1,707,986	1,649,513	1,817,082	2,112,051	2,186,689	2,031,562	1,930,521	2,591,174	3,022,636
Interest earnings	135,935	78,553	20,417	6,954	2,803	17,472	11,310	12,462	13,055	5,589
Miscellaneous	35,527	15,728	46,156	29,700	29,349	8,952	202,916	531,562	97,650	201,644
State sources	1,383,689	1,447,192	1,286,592	1,003,063	1,198,220	1,421,405	1,458,565	1,492,498	1,759,636	1,848,314
Federal sources	331,640	226,566	465,978	435,711	197,010	113,720	42,345	53,508	44,603	42,342
Total revenues	5,027,491	4,924,199	4,916,830	4,740,684	4,987,607	5,196,412	5,194,872	5,541,130	6,057,097	6,702,526
Expenditures										
Instruction										
Vocational education	1,469,699	1,365,014	1,344,510	1,371,507	1,420,374	1,444,486	1,326,025	1,571,671	1,704,837	1,861,581
Other instruction	34,886	32,636	44,064	20,963	24,573	36,104	23,981	40,761	31,243	44,054
Support services										
Student & instruction related services	208,810	309,144	369,656	358,572	291,255	273,859	286,526	414,191	400,425	429,317
General administration	266,235	290,320	348,459	302,552	306,637	279,922	302,312	342,303	305,018	298,867
School administration services	112,318	198,591	136,062	149,449	152,417	184,756	206,338	232,579	227,751	256,000
Central services/business	135,631	150,292	144,255	154,283	144,336	148,640	164,837	161,354	148,329	123,321
Plant operations & maintenance	672,265	755,309	686,789	712,615	638,323	625,950	609,790	691,453	774,969	714,078
Pupil transportation	20,035	22,203	23,926	18,977	17,504	14,470	12,188	15,782	14,076	12,090
Employee benefits	619,025	607,083	534,013	607,212	619,517	604,741	547,990	527,221	560,839	616,554
On-behalf TPAF pension & Social Security contribution	370,931	377,254	267,295	251,384	241,494	271,816	313,342	277,324	293,713	352,609
Special schools - vocational evening	584,714	427,359	451,658	409,053	370,636	406,267	416,281	451,058	456,292	434,751
Capital outlay	20,582	189,887	143,866	74,795	9,135	78,448	81,800	86,926	57,138	11,065
Capital projects	2,321,015	8,788	10,251	-	14,162	-	-	-	51,600	720,872
Special revenue funds	359,475	283,552	506,749	494,030	323,628	340,553	364,725	441,442	361,928	638,950
Interest & other charges	-	-	-	-	47,529	27,640	37,934	37,934	37,934	37,934
Total expenditures	7,195,621	5,017,432	5,011,553	4,925,392	4,621,520	4,737,652	4,694,069	5,291,999	5,426,092	6,552,043

See independent auditors' report.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Changes in Fund Balances, Governmental Funds (continued)
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Excess (deficiency) of revenues over (under) expenditures	\$ (2,168,130)	\$ (93,233)	\$ (94,723)	\$ (184,708)	\$ 366,087	\$ 458,760	\$ 500,803	\$ 249,131	\$ 631,005	\$ 150,483
Other financing sources (uses)										
State sources - capital projects	2,362,338	-	-	-	-	-	-	-	-	-
County of Hunterdon contribution - financing of capital projects	-	-	-	-	(14,819)	-	-	-	-	-
Total other financing sources (uses)	2,362,338	-	-	-	(14,819)	-	-	-	-	-
Net change in fund balances	<u>\$ 194,208</u>	<u>\$ (93,233)</u>	<u>\$ (94,723)</u>	<u>\$ (184,708)</u>	<u>\$ 351,268</u>	<u>\$ 458,760</u>	<u>\$ 500,803</u>	<u>\$ 249,131</u>	<u>\$ 631,005</u>	<u>\$ 150,483</u>
Total non-capital expenditures	<u>\$ 4,854,024</u>	<u>\$ 4,818,757</u>	<u>\$ 4,857,436</u>	<u>\$ 4,850,597</u>	<u>\$ 4,550,694</u>	<u>\$ 4,631,564</u>	<u>\$ 4,574,335</u>	<u>\$ 5,167,139</u>	<u>\$ 5,279,420</u>	<u>\$ 5,782,172</u>

Source: District records

NOTE: Non-capital expenditures are total expenditures less capital outlay, capital projects and debt service.

See independent auditors' report.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
General Fund - Other Local Revenues by Source
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Tuition	\$ 1,791,494	\$ 1,707,986	\$ 1,649,513	\$ 1,817,082	\$ 2,112,051	\$ 2,186,689	\$ 2,031,562	\$ 2,271,525	\$ 2,591,174	\$ 3,022,636
Interest income	116,040	74,508	20,237	6,876	2,781	17,472	11,310	12,462	13,055	14,221
Prior year refunds	2,946	712	18,189	1,941	23,980	6,322	96	660	4,266	2,600
Prior year refunds - E Rate	-	4,339	3,070	4,465	-	-	6,050	8,328	2,769	-
Accounts payable canceled	23,961	2,036	3,361	4,449	91	-	89,755	-	-	-
Outstanding checks canceled	2,740	157	-	-	-	-	352	-	-	-
Close out old payroll account	-	484	-	-	-	-	-	-	-	-
Miscellaneous grants	-	-	-	-	-	-	-	4,650	-	-
Certified nurse assistant program	-	-	-	-	-	-	-	4,750	-	-
Community college culinary program	-	-	-	-	-	-	-	62,407	-	-
Miscellaneous other	85	-	-	-	-	266	-	2,520	3,689	-
Contributions	-	-	-	-	-	-	-	2,500	-	-
Fund 20 adjustment	-	-	1,092	281	193	-	-	-	-	-
Joint Insurance fund - surplus refund	-	-	-	1,394	-	-	-	-	-	3,548
Energy audit	-	-	-	11,170	-	-	-	-	-	-
Use of facilities	-	-	-	-	225	-	3,500	4,500	2,565	50
New Jersey anti bullying aid	-	-	-	-	-	369	-	-	-	-
Sale of scrap metal	-	-	1,944	-	-	-	-	-	-	-
Sale of surplus equipment & materials	-	2,000	3,500	-	-	-	1,100	1,000	2,524	-
Annual totals	\$ 1,937,266	\$ 1,792,222	\$ 1,700,906	\$ 1,847,658	\$ 2,139,321	\$ 2,211,118	\$ 2,143,725	\$ 2,375,302	\$ 2,620,042	\$ 3,043,055

Source: District records

See independent auditors' report.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Assesment Year	Net Assessed Values	Estimated Full Cash Valuations	Percentage of Net Assessed to Extimated Full Cash Valuations
2007	\$ 21,326,236,051	\$ 25,463,161,653	83.75%
2008	21,503,544,053	25,037,350,092	85.89%
2009	21,247,162,048	24,133,730,532	88.04%
2010	20,942,758,664	23,830,261,322	87.88%
2011	20,609,364,312	22,905,127,300	89.98%
2012	20,189,729,633	21,861,660,765	92.35%
2013	19,761,317,631	21,222,096,541	93.12%
2014	19,518,056,941	20,723,794,815	94.18%
2015	19,487,429,897	20,824,335,500	93.58%
2016	19,538,546,087	21,116,031,164	92.53%

Source: Abstract of Ratables, County Board of Taxation

See independent auditors' report.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Demographic and Economic Statistics
County of Hunterdon
Last Ten Fiscal Years

Year	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
2007	129,655	\$ 8,842,082,035	\$ 68,197	2.9%
2008	129,806	8,963,883,136	69,056	3.8%
2009	130,034	8,573,141,620	65,930	6.8%
2010	127,342	8,457,673,614	66,417	7.0%
2011	127,203	8,941,480,479	70,293	6.9%
2012	126,495	9,439,309,890	74,622	7.1%
2013	126,252	9,387,846,216	74,358	5.9%
2014	125,810	9,806,134,640	77,944	4.7%
2015	125,488	N/A	N/A	4.1%
2016	N/A	N/A	N/A	N/A

Sources:

- (a) Population information provided by the NJ Dept of Labor and Workforce
- (b) Personal income has been estimated based upon the municipal population and per capita personal income presented
- (c) Per capita personal income by county estimated based upon the 2010 census published by the U.S. Bureau of Economic Analysis.
- (d) Unemployment data provided by the NJ Dept of Labor and Workforce

See independent auditors' report.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Full Time Equivalent District Employees by Function/Program
Last Ten Fiscal Years

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Instruction	22.8	20.0	23.0	24.0	21.0	17.7	17.0	16.0	15.6	17.2
Health services										
Students & related services	3.8	4.1	5.2	5.0	2.9	3.6	3.6	7.0	6.0	6.0
Guidance	-	-	-	-	-	-	-	-	-	-
Child study team	-	-	-	-	-	-	-	-	-	-
Media center	-	-	-	-	-	-	-	-	-	-
General administration	2.8	1.9	2.0	2.2	2.3	1.8	1.8	2.0	2.0	1.8
School administration services	1.1	2.2	1.2	3.0	1.5	1.9	1.9	2.0	2.0	2.7
Business office	1.8	2.2	2.2	2.7	2.1	2.1	2.1	3.0	2.3	1.5
Other support staff	3.1	2.0	2.4	2.5	2.1	2.6	2.6	3.0	4.2	1
Plant operations & maintenance	1.2	1.2	1.4	2.4	2.5	2.5	2.5	2.0	2.9	2.9
Pupil transportation	0.2	0.2	0.2	0.1	0.1	0.1	0.1	-	0.1	0.1
Total	36.8	33.8	37.6	41.9	34.5	32.3	31.6	35.0	35.1	33.2

Source: District personnel records

See independent auditors' report.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Operating Statistics
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures (a)</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Full Time Teaching Staff (b)</u>	<u>Teacher Ratio</u>	<u>Average Daily Enrollment (ADE) (c)</u>	<u>Average Daily Attendance (ADA) (c)</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2007	487.7	\$ 4,269,310	\$ 8,754	5.07%	21.0	1 to 23.23	487.7	458.9	-0.57%	94.09%
2008	373.0	4,391,398	11,773	34.49%	17.0	1 to 21.95	373.0	350.9	-23.52%	94.08%
2009	507.1	4,405,776	8,688	-26.20%	20.0	1 to 25.36	507.1	473.0	35.95%	93.28%
2010	545.1	4,441,544	8,148	-6.22%	24.0	1 to 21.53	545.5	516.7	7.57%	94.72%
2011	503.8	4,180,058	8,297	1.83%	21.0	1 to 23.99	503.8	476.5	-7.64%	94.58%
2012	443.6	4,225,297	9,525	14.80%	17.7	1 to 25.07	443.6	416.8	-11.95%	93.96%
2013	411.0	4,158,054	10,117	6.21%	17.0	1 to 24.18	411.0	381.3	-7.35%	92.77%
2014 (d)	222.5	4,716,081	21,196	109.51%	17.0	1 to 13.08	222.5	211.4	-45.86%	95.01%
2015	243.1	4,823,128	19,840	-6.40%	15.6	1 to 13.39	243.1	231.7	9.26%	95.31%
2016	265.3	5,347,421	20,155	1.59%	17.5	1 to 27.48	265.3	252.5	9.14%	95.18%

Source: District records

- (a) Operating expenditures equal total expenditures less vocational evening school, capital expenditures and debt service.
- (b) Teaching staff includes only full-time equivalents or certificated staff.
- (c) Average Daily Enrollment and Average Daily Attendance are obtained from the School Register Summary (SRS).
- (d) Effective for the school year 2013-2014, the average daily enrollment and average daily attendance are based on a "shared" student basis

See independent auditors' report.

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2016
(UNAUDITED)**

	<u>Coverage</u>
School Package - School Alliance Insurance Fund	
Property Coverage (Group Policy Maximum)	\$ 250,000,000
General Liability	5,000,000
Excess Liability	5,000,000
Workers Compensation	5,000,000
Premise Pollution Liability	1,000,000
Crime & Fidelity	500,000
Student Accident - Monumental Life Insurance Co.	1,000,000
Public Employees' Faithful Performance - Selective Insurance	
Business Administrator's Bond	142,000
School Leaders Professional Liability - School Alliance Insurance Fund	5,000,000
Beautician Liability - Arch Insurance Company	
Each Incident	1,000,000
Aggregate	1,000,000
Health Care Facility Liability - Princeton Insurance Co	
Each Incident	1,000,000
Aggregate	3,000,000

Source: District records

See independent auditors' report.



Bedard, Kurowicki & Co.
Certified Public Accountants, PC
www.bkc-cpa.com

Independent Auditors' 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

Honorable President and
Members of the Board of Education
Hunterdon County Vocational School District
County of Hunterdon, 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 and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, and the aggregate remaining fund information of the Hunterdon County Vocational School District, County of Hunterdon, the State of New Jersey, (the District) as of and for the year ended June 30, 2016, and the related Notes to the Financial Statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 5, 2016.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* 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* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bedard, Kurowicki & Co.
BEDARD, KUROWICKI & CO., CPA'S, PC

William Colantano

William M. Colantano, Jr.
Public School Accountant
No. CS 0128

December 5, 2016
Flemington, New Jersey



Bedard, Kurowicki & Co.
Certified Public Accountants, PC
www.bkc-cpa.com

**Independent Auditors' Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by The Uniform Guidance and
New Jersey OMB Circular Letter 15-08**

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

Report on Compliance for Each Major Federal Program and State Program

We have audited the Hunterdon County Vocational School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the New Jersey OMB Circular Letter 15-08 that could have a direct and material effect on each of the District's major federal and New Jersey programs for the year ended June 30, 2016. Hunterdon County Vocational School District's major federal 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 statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal and State Programs

In our opinion, the Hunterdon County Vocational School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal and New Jersey programs for the year ended June 30, 2016.

Report on Internal Control over Compliance


Management of the Hunterdon County Vocational School District, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey OMB Circular 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 Hunterdon County Vocational School District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Bedard, Kurowicki & Co.
BEDARD, KUROWICKI & CO., CPA'S, PC


William M. Colantano, Jr.
Public School Accountant
No. CS 0128

December 5, 2016
Flemington, New Jersey

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards - Schedule A
For the Fiscal Year Ended June 30, 2016

Grantor/Program Title	Federal	FAIN Number	Project Number	Program or Award Amount	Grant		Balance 06/30/15	Carryover Amount	Cash Received	Budgetary Expenditure	Adjust- ment	Repayment	Balance June 30, 2016				
	CFDA Number				Period From	To						of Prior Year Balance	Accounts Receivable	Deferred Revenue	Due to Grantor		
U.S. Department of Education passed through State Department of Education Special revenue fund																	
NCLB Title II A	84.367A	S367A150029	NCLB-2308-16	\$3,116	07/01/15	06/30/16	\$ -	\$ -	\$ 3,116	\$ 3,116	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Carl D Perkins																	
Secondary	84.048A	S048A150030	PERK-2308-16	\$25,234	07/01/15	06/30/16	-	-	25,234	25,234	-	-	-	-	-	-	-
Secondary - reserve	84.048A	S048A150030	PERK-2308-16	13,992	07/01/15	06/30/16	-	-	13,992	13,992	-	-	-	-	-	-	-
Total special revenue fund							<u>-</u>	<u>-</u>	<u>42,342</u>	<u>42,342</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Federal financial assistance							<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,342</u>	<u>\$ 42,342</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance - Schedule B
For the Fiscal Year Ended June 30, 2016

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2015		Cash Received	Budgetary Expenditure	Adjustments/ Repayments	Balance June 30, 2016			Memo	
			From	To	Deferred Rev. (Accts. Rec)	Due to Grantor				Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure
State Department of Education														
General fund														
Special education categorical aid	16-495-034-5120-089	\$ 132,571	07/01/15	06/30/16	\$ -	\$ -	\$ 119,769	\$ 132,571	\$ -	\$ -	\$ -	\$ -	\$ (12,802)	\$ 132,571
Equalization aid	16-495-034-5120-078	241,040	07/01/15	06/30/16	-	-	217,764	241,040	-	-	-	-	(23,276)	241,040
Security aid	16-495-034-5120-084	17,448	07/15/15	06/30/16	-	-	15,763	17,448	-	-	-	-	(1,685)	17,448
Adjustment aid	16-495-034-5120-085	535,424	07/15/15	06/30/16	-	-	484,914	535,424	-	-	-	-	(50,510)	535,424
PARCC Readiness aid	16-495-034-5120-098	2,080	07/15/15	06/30/16	-	-	1,880	2,080	-	-	-	-	(200)	2,080
Per pupil growth aid	16-495-034-5120-097	2,080	07/15/15	06/30/16	-	-	1,880	2,080	-	-	-	-	(200)	2,080
Adult education program aid	16-100-034-5120-510	172,515	07/15/15	06/30/16	-	-	155,856	172,515	-	-	-	-	(16,659)	172,515
On behalf TPAF pension contribution - Teachers' pension & annuity fund	16-495-034-5094-002	105,530	7/1/2015	6/30/2016	-	-	105,530	105,530	-	-	-	-	-	105,530
On behalf TPAF pension contribution - Non-contributory insurance	16-495-034-5094-004	5,257	7/1/2015	6/30/2016	-	-	5,257	5,257	-	-	-	-	-	5,257
On behalf TPAF pension contribution - Post retirement medical	16-495-034-5094-001	131,917	7/1/2015	6/30/2016	-	-	131,917	131,917	-	-	-	-	-	131,917
Reimbursed TPAF Social Security contribution	16-495-034-5094-003	109,905	7/1/2015	6/30/2016	-	-	109,905	109,905	-	-	-	-	-	109,905
Total general fund					-	-	1,350,435	1,455,767	-	-	-	-	(105,332)	1,455,767
Special revenue fund														
Apprenticeship coordinator - Somerset	16-100-034-5062-032	9,500	7/1/2015	6/30/2016	-	-	4,280	9,500	-	(5,220)	-	-	-	9,500
Apprenticeship coordinator - Somerset	15-100-034-5062-032	28,500	7/1/2014	6/30/2015	(12,343)	-	22,904	10,561	-	-	-	-	-	28,500
Apprenticeship coordinator - Hunterdon	16-100-034-5062-032	6,750	7/1/2015	6/30/2016	-	-	3,237	6,750	-	(3,513)	-	-	-	6,750
Apprenticeship coordinator - Hunterdon	15-100-034-5062-032	20,250	7/1/2014	6/30/2015	(6,092)	-	13,502	7,410	-	-	-	-	-	20,250
Four year green program of study	14AG85G0	6,000	2/1/2014	1/31/2015	(6,000)	-	-	-	6,000	-	-	-	-	6,000
County vocational comp	15E00147	590,096	4/1/2015	6/30/2018	(3,849)	-	165,549	176,867	-	(424,547)	409,380	-	-	180,716
County vocational comp	16E00140	600,000	3/1/2016	6/30/2019	-	-	-	6,684	-	(600,000)	593,316	-	-	6,684
Perkins postsecondary	16-100-034-5062-032	102,551	7/1/2015	6/30/2016	-	-	102,551	102,551	-	-	-	-	-	102,551
Youth transition to work partnership (Dept of Labor & Workforce Development)	WDP 05-13-007	135,000	12/1/2012	8/31/2013	-	12	-	-	(12)	-	-	-	-	134,988
Youth transition to work partnership (Dept of Labor & Workforce Development)	14-100-034-5062-032	160,000	9/1/2013	8/31/2014	62	-	-	-	(62)	-	-	-	-	149,785
Youth transition to work partnership (Dept of Labor & Workforce Development)	15-100-034-5062-032	75,000	9/1/2014	8/31/2015	(45,058)	-	71,248	26,190	-	(3,752)	3,752	-	-	71,248
Youth transition to work partnership (Dept of Labor & Workforce Development)	16-100-034-5062-032	68,000	9/1/2015	8/31/2016	-	-	42,315	56,023	-	(25,685)	11,977	-	-	56,023
					(73,280)	12	425,586	402,536	5,926	(1,062,717)	1,018,425	-	-	772,995
Capital projects fund														
NJ School development authority														
Electrical service/lighting Controls/PA System	2308-050-14-G3AV	300,208	4/23/2015	6/30/2016	-	-	30,021	300,208	-	(270,187)	-	-	-	300,208
Total capital projects fund					-	-	30,021	300,208	-	(270,187)	-	-	-	300,208
Total State financial assistance					\$ (73,280)	\$ 12	\$ 1,806,042	\$ 2,158,511	\$ 5,926	\$ (1,332,904)	\$ 1,018,425	\$ -	\$ (105,332)	\$ 2,528,970
Less: On behalf TPAF pension system contributions								(242,704)						
Total for State financial assistance - major program determination								\$ 1,915,807						

See independent auditors' report.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Schedule of Awards and Financial Assistance
June 30, 2016

Note 1 - General

The accompanying Schedules of Financial Assistance present the activity of all Federal and State financial assistance programs of the Board of Education, Hunterdon County Vocational School District. The Board of Education is defined in Note 1 (A) to the Board's financial statements. All federal financial assistance received directly from Federal agencies, as well as federal financial assistance passed through other government agencies, is included on the Schedule of Federal Financial Assistance.

Note 2 - Basis of accounting

The accompanying Schedules of Financial Assistance are presented using 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 Notes 1 (C) and 1 (D) to the Board's financial statements.

Note 3 - Relationship of financial statements

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

The General Fund is presented in the accompanying Schedules on the Modified Accrual Basis with the exception of the revenue recognition of the last State aid payment in the current budget year, which is mandated pursuant to PL 2003, Ch. 97 (A3521). For GAAP purposes, that payment is not recognized until the subsequent budget year due to the State deferred 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 net adjustment to reconcile from the budgetary basis to the GAAP basis is \$17,247 for the General Fund and \$31,335 for the Special Revenue Fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General and Special Revenue Funds.

Financial assistance revenues are reported in the Board's financial statements on a GAAP basis as follows:

	<u>Local</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ -	\$ 1,438,520	\$ 1,438,520
Special Revenue Fund	186,814	42,342	409,794	638,950
	<u>\$ 186,814</u>	<u>\$ 42,342</u>	<u>\$ 1,848,314</u>	<u>\$ 2,077,470</u>

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Schedule of Awards and Financial Assistance
June 30, 2016

Note 4 - Relationship to Federal and State financial reports
Amounts reported in the accompanying schedules agree with the amounts reported in the related Federal and State financial reports.

Note 5 - Other
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, 2016. TPAF Social Security Contribution 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, 2016.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

Section I - Summary of Auditor's Results

Financial Statements

Type of Auditor's Report issued	<u>Unmodified</u>	
Internal Control Over Financial Reporting:		
1. Were material weakness(es) identified?	_____ Yes	<u>X</u> No
2. Were reportable conditions identified that are not considered to be material weaknesses?	_____ Yes	<u>X</u> No
Noncompliance material to General - Were purpose financial statements noted?	_____ Yes	<u>X</u> No

Federal Awards

Not Applicable

Internal Control Over Major Programs:		
1. Were material weakness(es) identified?	_____ Yes	_____ No
2. Were reportable conditions identified that are not considered to be material weaknesses?	_____ Yes	_____ No
What was the type of Auditor's Report Issued on Compliance for Major Programs?	_____	
Were any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	_____ Yes	_____ No

Identification of Major Programs:

CFDA Numbers	Amount	Name of Federal Program
<u>Not Applicable</u>	<u>Not Applicable</u>	<u>Not Applicable</u>

What was the dollar threshold used to distinguish between Type A and Type B programs? _____

Did the auditee qualify as a low-risk auditee? _____ Yes _____ No

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

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

State Awards

What was the dollar threshold used to distinguish between Type A and Type B programs? \$ 750,000

Did the auditee qualify as a low-risk auditee? X Yes No

What was the type of Auditor's Report Issued on Compliance for Major Programs? Unmodified

Internal Control Over Major Programs:

- 1. Were material weakness(es) identified? Yes X No
- 2. Were reportable conditions identified that are not considered to be material weaknesses? Yes X No

Were any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 15-08? Yes X No

Identification of Major Programs:

<u>GMIS Numbers</u>	<u>Amount</u>	<u>Name of State Program</u>
<u>16-495-034-5120-085</u>	<u>\$ 529,253</u>	<u>Adjustment aid</u>
<u>2308-050-14-G3AV</u>	<u>300,208</u>	<u>NJSDA Project</u>

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

Section II - Financial Statement Findings

There were no findings or questioned costs for the year ended June 30, 2016.

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

There were no findings or questioned costs for the year ended June 30, 2016.

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HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

Schedule of Prior Year Findings and Questioned Costs

There were no prior year findings or questioned costs.